Volume 5, Issue 5

THE LYFE ADVISOR

May 2022

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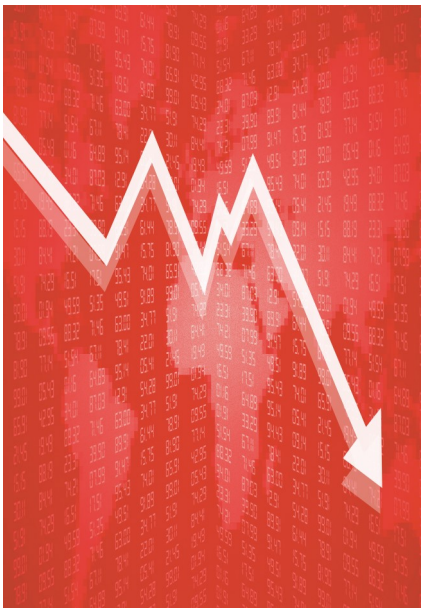

Inflation, Ukraine, and The Pandemic

How We Got To The New Normal Economy

By Thomas Shultz

Will we ever get back to normal?

Or, are we stuck in the new normal for an extended period of time?

Economically speaking in the U.S., the answer to the first question is "hopefully," and to the second question, "probably." In the wake of the two-year COVID-19 pandemic's massive effect on the global economy, Russia's recent invasion of Ukraine has added another seismic shock to the system. So here's what the new normal looks like now:

Steep gasoline prices; higher prices for food and just about everything else.

For months, record numbers of workers have been leaving their jobs, and as a result many have gained leverage. There's a huge demand for workers and wages are climbing rapidly.

The markets are sometimes whacky and investors are nervous.

U.S. consumer demand has been steadily impressive through these two once-in-a-lifetime geopolitical events, and when you combine that with log-jammed or fractured supply chains, inflation has soared to a 40-year high.

The Fed Goes On The Offensive

In an all-out effort to try to tame inflation, the Federal Reserve could make 12 to 15 rate hikes in the coming months. That kind of aggressiveness would mean increasing rates between 300 and 375 basis points **(3% to 3.75%)**, which is a sizable jump from the seven total increases **(1.75% to 2%)** analysts

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MAY

Get Ready For The Unexpected!

Inside This Issue

have been saying we should expect this year.

But the Fed's sharp moves increase the chances of a recession happening in 2022 — and could speed up the timeline, ushering in a recession well before the end of the year.

******Note to investors******

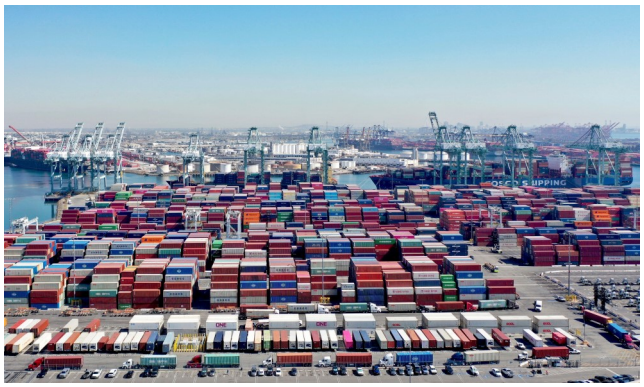
If you haven't met with your financial advisor lately to review your plan and go over your portfolio for unnecessary risk, it's probably a good idea to get on their schedule soon. We could be in for a rocky road ahead.

If you don't have a financial advisor, now is the time to probably get one. These next few years SHOULD not be a DIY project when it comes to your portfolio.

In truth, the Ukraine drama has only been an accelerating factor to push us into the problems the market is experiencing right now. For months we've expected a slowdown in the economy, inflation was on the march long before the Russians were, oil and gas prices have moved steadily upward through the past year, and consumers have been battered for over a year.

Looking at inflation now and the surrounding factors compared with two and three decades ago is like night and day. For many years leading up to the pandemic, the economy grew slowly but steadily, with low inflation and interest rates. The Federal Reserve chairman, Jerome H. Powell, recently said, "For the last quarter century, we've had a perfect storm of disinflationary forces. As we come out the other side of that, the question is: What will be the nature of that economy?"

A big difference between now and then – the normal days – is demand; it was consistently weak pre-pandemic, but now it's on steroids. When the coronavirus hit, governments around the globe spent massively to navigate businesses and workers through lockdowns. **The United States alone spent close to $5 trillion.** That money sparked more buying, but the supply chains were overwhelmed and couldn't keep pace. And the costs went up and up.



As the economy reopened, companies rehired to meet the surge in demand, workers left for higher pay, and some businesses passed along those costs to customers. And now you have an economy that no longer believes in moderation as it did back in the day – modest wage increases, lower prices and slow growth.

When Will It All Get Back To Normal?

Those who pine for a return to economic certainty and normalcy base their hope primarily on supply chains catching up and higher interest rates slowing spending.

Federal Reserve estimates indicate that rates won't have to rise over 3 percent to restore moderation to inflation and growth. ***(I don't necessarily agree with that)***

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Current trends such as the U.S. labor shortage, however, could stick around and continue to help drive inflation. While people aren't flocking back to work, those who are changing jobs are often getting higher wages, and consumer demand could stay high enough to influence companies to increase prices. The fact is that largely as a result of COVID-19, many people are earning more and spending more.

Even solving supply chain issues could keep prices high. More companies could choose to manufacture domestically, thus reducing globalization, which had kept prices and wages down for many years.

Referencing Fed chairman Jerome Powell's "perfect storm" comment concerning "disinflationary forces" over the last 25 years, you can apply his description to the two enormous geopolitical events challenging the global economy, and ours, now.

On the heels of the pandemic – though there's no guarantee it will stop kicking, by the way – the mess in Ukraine will continue to rile energy markets and contribute mightily to the levels of volatility we are experiencing.

History is marked by major milestones that changed America's economy. We are now living in one of those rare times. What **"normal"** will look like in a few years is about as hard to predict as what's happened in our world the past two years. But you can expect that this new normal – volatile and nerve-wracking as it is – will stick around a while.

If you'd like a second opinion on your current portfolio or are getting ready to retire and would like to see what retirement could look like for you, we would love the chance to show you our skills!

Thomas Shultz

May 2022

ALTERNATIVE BOND RATES

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7.00%

Dividend Paid Monthly*

60 Month Coupon

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Dividend Paid Monthly*

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THE LYFE ADVISOR

May 2022

CORALYN'S CORNER

Every month, my corner is to keep you updated on changes in our world, AZMedicare101.org, LyfeAdvisors and our family.

The month of April was a jam packed one for me, as I traveled for the first time for back to back weeks.

Myself and some of my closest friends finally got to take a well deserved "girl trip" that we had been planning since before the pandemic began.

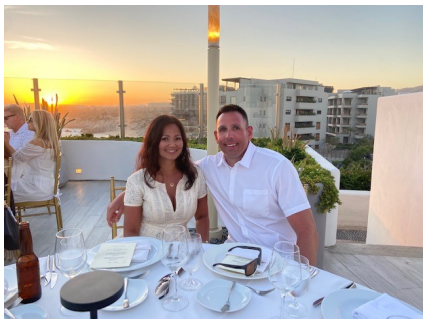
At our old neighborhood, we were blessed to live beside some of the best families I've met since living in Arizona. Now that we live on the other side of town, I don't get to see them as much as I would like so it was nice to get together with them all again and explore the city of Nashville.

We didn't just randomly pick Nashville, we went there because three of my friends were running in a city Marathon (no, I didn't run but cheered them on from the comfort of my hotel bed).

I had never been to Nashville before but if you know anything about me, I only consider a town to be great if the food is great and Nashville did not disappoint!

It was also really nice to see that the city was somewhat back to normal as these last 2 years have really taken a toll on everyone emotionally.

Just to get to hang out and not worry about the stresses of life back home for a few days was really nice. Thomas reminded me a lot of how



hard it was to be a single dad, but I told him to remember this next time you take me for granted (ha!).

One day after I returned, we were off again this time on a business meeting trip to Cabo! (Thomas came with me this time).

The resort we stayed at was the Marquis and the view from our hotel room was probably the best I've ever seen.

I know a lot of our clients frequent Cabo so I would recommend this resort as budget friendly and very quiet, which is what Thomas was hoping for.

The internet did not work very well at the hotel, which was a blessing and a curse. We couldn't get much work accomplished or see our son while there, but it was nice to be able to put the phone and computer away and just relax.

The highlight of the trip for me were the walks Thomas and I took nightly on the beach. One day we walked over 6 miles, which was great exercise but also great quiet time for the two of us.

Coralyn Shultz

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RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we enjoyed a recommendation from numerous clients called "T.C. Eggingtons" in Mesa, Arizona.

After several clients recommended this restaurant, my family and I finally made it to T.C. Eggington's.

We quickly realized we should have eaten there much sooner. This family run business opened its doors in November of 1985 by Thom and Kathy Coker. Many of the employees have been there for 20+ years including the head chef along with his sons. It is truly a family operation.

They are open daily 6:30 am to 2:30 pm serving breakfast and lunch. There is covered patio seating and you can make reservations.

The breakfast menu offers juices, smoothies and cocktails; 13 varieties of omelets including their signature dish the "Eggington omelet" because of their innovative use of Hollandaise sauce and "Parlour Creations" showcasing 5 Mexican dishes. They also offer a variety of egg benedicts, frittatas, girdle cakes (pancakes) including their famous Foster's French Toast and muffins. The lunch menu consists of the standard fare-hot and cold sandwiches, soup of the day and salads.

T.C. Eggington's is in Mesa on Alma School Road in the Fiesta Crossing Shopping Center. We were quickly seated, and you will notice there is chicken wire everywhere from the overhead lights to the menus.

My husband had the Piglet's Passion omelet with a side order of the Foster's French Toast. He had the single slice of toast instead of the two. I had the Spicy Spain omelet with salsa on the side. I have a low tolerance for hot salsas, and I am glad I did because for me it was hotter than I like. And you know what my mother ate—Biscuits and gravy, of course.

The omelets are served with English muffins or toast and your choice of parlour potatoes, fruit, sliced tomatoes or cottage cheese. We chose the potatoes which were wonderful. The portions are quite large so make sure you are hungry when you go.

Our server was wonderful, and the food came out quickly and was perfection. We will definitely go back again.

Rita Henderson

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Medicare Hack #32

BEWARE: Drug Prices Are On The Rise Even If Medicare.org Quotes A Certain Price

Something strange happened between the time Janet **(one of our clients)** signed up for a new Medicare prescription drug plan during last fall's enrollment period and when she tried to fill her first prescription in January.

She picked a Humana drug plan for its low prices, with help from her longtime insurance agent **(AZMedicare101)** and the Medicare Plan Finder **(provided via Medicare)**, an online pricing tool for comparing a dizzying array of options. But instead of the $70.09 she expected to pay for her dextroamphetamine, used to treat ADD, her pharmacist told her she owed $275.90.

"I didn't pick it up because I thought something was wrong," said Janet. "To me, when you purchase a plan, you have an implied contract," she said. "I say I will pay the premium on time for this plan. And they're going to make sure I get the drug for a certain amount."

But it often doesn't work that way. As early as three weeks after Medicare's drug plan enrollment period ends on Dec. 7th, insurance plans can change what they charge members for drugs — and they can do it repeatedly. Janet's prescription out-of-pocket cost has varied each month, and through March, she has already paid $433 more than she expected to.

A recent analysis by AARP, which is lobbying Congress to pass legislation to control drug prices, compared drugmakers' list prices between the end of December 2021 — shortly after the Dec. 7th sign-up deadline — and the end of January 2022, just a month after new Medicare drug plans began. Researchers found that the list prices for the 75 brand-name drugs most frequently prescribed to Medicare beneficiaries had risen as much as 8%.

Medicare officials acknowledge that manufacturers' prices and the out-of-pocket costs charged by an insurer can fluctuate. But no matter how high the prices go, most plan members can't switch to cheaper plans after Jan. 1st.

Drug manufacturers usually change the list price for drugs in January and occasionally again in July, which is true for any health insurance policy, not just Medicare drug plans.

Like a car's sticker price, a drug's list price is the starting point for negotiating discounts — in this case, between insurers or their pharmacy benefit managers and drug manufacturers. If the list price goes up, the amount the plan member pays may go up, too.

The discounts that insurers or their pharmacy benefit managers receive don't typically translate into lower prices at the pharmacy counter. Instead, these savings are used to reduce premiums or slow premium growth for all beneficiaries.

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Medicare's prescription drug benefit, which began in 2006, was supposed to take the surprise out of filling a prescription. But even when seniors have insurance coverage for drugs, many still can't afford them.

We hear consistently from people who just have absolute sticker shock when they see not only the full cost of the drug, but their cost sharing.

The potential for surprises is growing. More insurers have eliminated copayments — a set dollar amount for a prescription — and instead charge members a percentage of the drug price, or coinsurance.

CMS is also looking at ways to make drugs more affordable without waiting for Congress to act. On April 22, CMS unveiled a proposal to streamline access to the Medicare Savings Program, which helps 10 million low-income enrollees pay Medicare premiums and reduce cost sharing. Enrollees also receive drug coverage with reduced premiums and out-of-pocket costs.

The subsidies make a difference. Low-income beneficiaries who have separate drug coverage plans and receive subsidies are nearly twice as likely to take their medications as those without financial assistance.

When CMS approves plans to be sold to beneficiaries, the only part of drug pricing it approves is the cost-sharing amount — or tier — applied to each drug. Some plans have as many as six drug tiers.

In addition to the drug tier, what patients pay can also depend on the pharmacy, their deductible, their copayment or coinsurance — and whether they opt to abandon their insurance and pay cash.

After Janet left the pharmacy without her medication, she called us and we spent a week making phone calls to her drug plan, pharmacy, Social Security and Medicare but still couldn't find out why the cost was so high. Janet finally just had to give in and pay it because she needs the meds and can't function without them.

Need Help With Medicare?
CALL US at
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Map to our NEW Scottsdale Office

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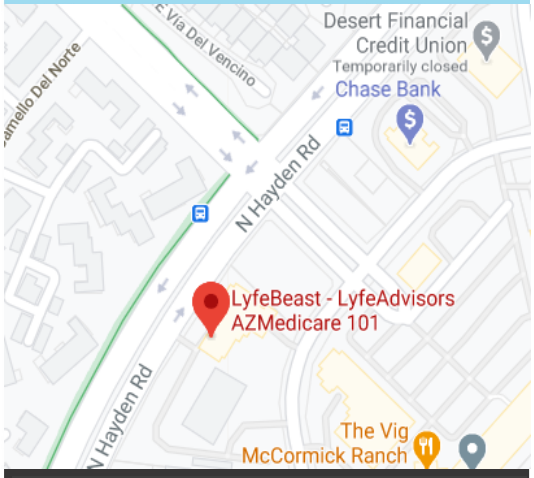

We're on the corner of Hayden & McCormick Ranch Parkway right beside Luci's and right above Crumble Cookie

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Vacation Word Scramble

LTIHGF

ELMTO

TAVAINOC

ALERX

PRANALEI

CTKITE

VREALT

RAPRITO

SOPTRAPS

HLEOT

DWOINW

LAYODIH

Where do sharks go on vacation?

May Quiz

Question 1:
What horse was the first triple crown winner?

A. Kid Dynamite
B. Assault
C. Sir Barton

Question 2:
What drink is connected to the Kentucky Derby?

A. Mint Julep
B. Whiskey Smash
C. Sparkling Rose

Question 3: What was the first year the Kentucky Derby was run?

A. 1889
B. 1875
C. 1903

Answers for April

Question 1: Which famous author was born in April 1564?

A. Shakespeare

Question 2: Which country celebrates Anzac Day?

C. Australia

Question 3: How many hours are in the month of March?

B. McDonald's

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COLA For 2023 Currently Projected at 8.9%

Social Security recipients are likely to get the biggest boost to their monthly checks since 1981. Social Security monthly payments are expected to increase by 8.9% next year, according to a new estimate of the 2023 cost-of-living adjustment (COLA) by The Senior Citizens League, a nonprofit advocacy group.

Current Social Security recipients are making do with the 5.9% COLA for 2022. Before that, the increase was a small 1.6%. An 8.9% increase would be the biggest since 1981, and the fourth highest ever since Congress instituted automatic COLA's in 1975.

The likely massive increase in Social Security benefits would be a direct response to sky high inflation, which is also hitting levels not seen in over four decades. In March, the inflation rate surge surged to 8.5%, the highest level since December 1981, the Labor Department reported. The increase was in large part due to the soaring costs of gas, groceries and vehicles.

"This year is an anomaly," says Mary Johnson, a Social Security analyst at TSCL and the researcher behind the organization's latest COLA prediction. "We haven't seen anything like this in 40 years."

The Social Security Administration will announce the COLA in October, reflecting the most recent inflation numbers, and the increased payments would take effect in January 2023.

While Social Security benefits are tied to inflation, they are actually based on a slightly different metric than the "headline inflation rate" of 8.5%, which the Labor Department calls the Consumer Price Index for All Urban Consumers (CPI-U). Instead, Social Security benefits are calculated using the CPI for Urban Wage Earners and Clerical Workers (CPI-W).

Inflation affects these groups of people differently, and as a result, the CPI-W inflation rate is currently higher. In March, the Labor Department says consumer prices rose for that cohort of people by 9.4%.

However big, the upcoming COLA increase might be too little, too late. "People are trying to live on a 5.9% COLA during the same period when inflation is actually 9.4%," Johnson says.

In other words, inflation is already weighing on people's wallets right now, and the increased Social Security benefits wouldn't hit bank accounts until January 2023.

Inflation affects savings because retirees have to take more out. Johnson shared data from a new survey from TSCL that found that approximately 45% of Social Security beneficiaries have no **retirement savings**.

Of those who did have savings, 21% said they **depleted a retirement or savings account** entirely over the last 12 months.

"Retirees can take a beating during a tough economic period," Johnson says, "and may never really recover."

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Medicare Supplement Rates

Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Amerigroup (Anthem)	$115.52
Male	65	G	Amerigroup (Anthem)	$124.74
Female	65	GHD	New Era Life	$40.37
Male	65	GHD	New Era Life	$44.41
Female	65	N	Aetna	$90.80
Male	65	N	Blue Cross Blue Shield	$102.12
Female	66	G	Medico	$117.48
Male	66	G	Blue Cross Blue Shield	$133.57
Female	66	GHD	Medico	$40.53
Male	66	GHD	New Era Life	$45.54
Female	66	N	Medico	$91.24
Male	66	N	Aetna	$105.62

Rates are accurate at the time of production. Included in the list are fraternal organizations, service organizations, and carriers with ratings above B+.
**Source: CSG Actuarial effective dates 05/01/2022*

Interest Rates

Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	1st Nat Bank	1.76%
2 year	1st Nat Bank	2.25%
3 year	Rising Bank	2.35%
4 year	1st Nat Bank	2.55%
5 year	1st Nat Bank	2.80%

Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. **Source: BankRate.com 05/01/2022*

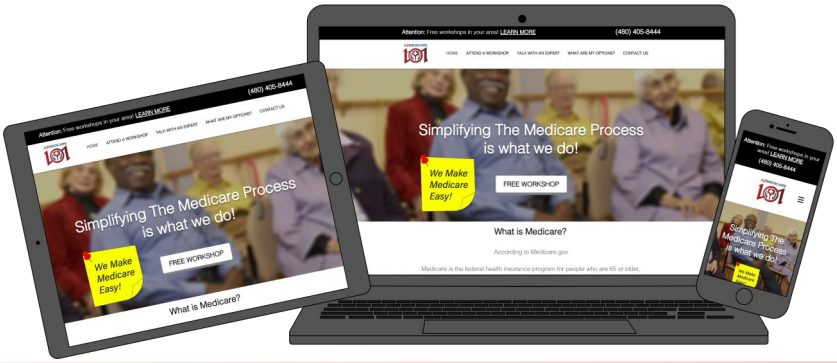
Highest Fixed Annuity Rates

Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Farmers Life	3.65%
4 year	Guaranty Life	3.80%
5 year	Farmers Life	4.10%
7 year	Guaranty Life	4.15%
10 year	Farmers Life	4.20%

Rates are accurate at the time of production. Excluded from the list are fraternal organizations, service organizations, and carriers with ratings below B **Source: AnnuityRateWatch 05/01/2022*

Visit us Online at www.AZMedicare101.org



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Medicare Workshops

1 Hour Presentation - Everything you need to know about Medicare. We explain how Medicare works and what you can expect before you choose!

THIS PRESENTATION HAS BEEN APPROVED BY MEDICARE

Online Workshop
Monday, May 23rd
5:30pm to 6:30pm

Online Workshop
Tuesday, May 24th
1:30pm to 2:30pm

Online Workshop
Wednesday, May 25th
1:30pm to 2:30pm

Online Workshop
Wednesday, May 25th
5:30pm to 6:30pm

Online Workshop
Thursday, May 26th
6:30pm to 7:30pm

Maricopa & Pinal Counties In Blue

Pima County In Red

"As a fiduciary, it is our responsibility to make sure that both the Health and Wealth areas of your retirement have been planned for accordingly. You can't have a sound financial plan without addressing both and here at LyfeAdvisors we believe that it starts with Healthcare! For the last 13 years, we have been helping thousands of retirees all throughout Arizona and we'd love to help you as well." - **Thomas Shultz, Managing Partner**

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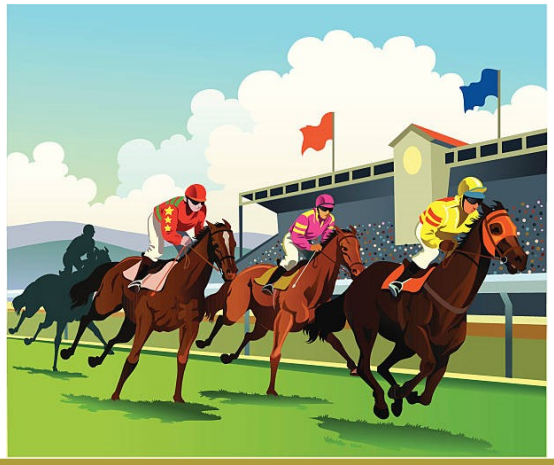

AZ MEDICARE 101 IS NOW LICENSED IN ALMOST EVERY STATE IN THE COUNTRY GIVING US THE ABILITY TO HELP FOLKS NAVIGATE THIS MEDICARE MAZE NATIONWIDE!

IF YOU KNOW SOMEONE THAT COULD USE OUR HELP GETTING READY FOR MEDICARE, WE WOULD GREATLY APPRECIATE THE BUSINESS!

We appreciate your referrals!

Your referrals are gifts to whomever you refer. By making a referral, you are giving them a chance to make a difference in their financial future.
Thank you for helping spread the LYFE Advisor's message.