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Can We Really Stop Inflation? Why a year later we still can't seem to figure out the right answer

By Thomas Shultz

The stock market has started off the year in a state of euphoria, shrugging off some of the anxieties that dominated investors' minds over the previous 12 months: inflation, cold war, soaring interest rates, and a recession.

A milder winter in Europe has kept energy prices low. China is reopening from the economic standstill that was "zero COVID" and the US economy is stunning everyone with its resilience.

If you listen to the talking heads on CNBC, then you would think there has never been a better time to invest into the markets.

This elation has lulled Wall Street into a false sense of security, and many economists warn that this complacency will make the coming reversal more excruciating.

The surprise coming is that inflation looks like it is about to

reaccelerate, and the Federal Reserve will have to respond by doing much more, which, at that point, we may wind up with a hard landing.

Rapid US economic growth makes inflation harder to kill. It means the Federal Reserve has to continue hiking interest rates, which breeds volatility and uncertainty across the markets. It means the story of the global economy's normalization is still being written. It means recession continues to be one of the many scenarios on the table. The stock market is still deep in the woods — and there are bears in this forest.

What We Do In Bear Markets

It's easy to forget about a bear market when things are looking good. The US economy is continuing to surprise with strong consumer spending and higher than expected

Cont. next page

March

March Madness....

Inside This Issue

RETIREMENT 101	1
CORALYN'S CORNER	4
RITA'S REVIEWS	5
HEALTH CARE HACKER	6
FUN STUFF	8
SOCIAL SECURITY	9
MONTHLY RATES	10
WORKSHOPS	11



job growth.

While a hot economy is good for average Americans, it's a double-edged sword for Wall Street. For months, analysts and investors have debated whether the battle with inflation will result in a hard or soft landing for the economy. In a hard landing, the Fed's interest-rate hikes slow the economy so much that it tips the country into a recession and unemployment spikes. In a soft landing, the Fed is able to bring inflation down to its target of 2% without doing much damage to the economy. Apollo Global Management's chief economist, Torsten Slok, has started telling his clients this strong economy and still high inflation mean the US could be heading toward a third option: a no-landing scenario.



In a no-landing scenario, we're chasing inflation, and it's a greased pig. Our strong economy and robust consumer prevent supply and demand from fully realigning, increasing the risk of inflation flare-ups and keeping the consumer price index above that 2% target for a protracted period. As a result, the Fed will have to continue hiking interest rates, which makes cash harder to come by for businesses and for investors.

Debt becomes more expensive to carry, too. All that squeezes profits and profit margins, harming businesses' bottom lines.

As it stands, we remain far away from any sort of landing: The consumer price index — the most widely watched measure of inflation — has come down from its peak of 9.1% in June, but it was still at 6.4% in January, well above the Fed's goal and barely a nudge down from December's 6.5%. The Fed must consider the possibility that the 6% range is a sticky spot for inflation — and to get prices down, it could be forced to hike rates higher than what analysts have been expecting.

Fed Chair Jerome Powell has made clear that he takes this no-landing scenario seriously, reminding Wall Street that he can and will hike rates further if prices remain high. In a speech on February 7th, he said he saw a "bumpy" path for inflation ahead if the job market remained strong. Raphael Bostic, the Federal Reserve Bank of Atlanta's president, warned in a separate interview that the Fed may have to hike rates higher than expected to fully beat inflation.

But do you think Wall Street listened to those words of caution? Of course not: It's rally time.

Nonprofessional retail investors' strong return to the market indicated an unsustainable rally. Everyone is being told that the Fed will cut rates by year-end, but the market itself is ensuring that can't happen. The Fed's goal is to soak up the cash floating around the economy that's making it run hot. ***And nothing says "still too warm" like Americans revving up their Robinhood accounts to buy meme stocks again.***

The economic conditions that prompted the market's initial paradigm shift — rising interest rates and inflation — are not going away soon. Anytime Wall Street has forgotten that over the past year, it has gotten punished. In fact, with the economy as strong as it is, inflation may even try to stage a comeback. The dramatic variability of outcomes injects volatility into the market that even the most seasoned investors find hard to navigate.

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There Can Be Only One

The economic growth we're seeing is strong, but it's not going to save stocks from the influence of rising rates. There is only one way to bring certainty and stability back to the market, and that's by reaching the Fed's 2% inflation target. Consider the rallies that come before that a test, perhaps a painful one but only a test.



There are people telling Powell to "chill" on interest-rate hikes since it seems like inflation is going down on its own. But Powell has said in speeches that would be his biggest mistake. Powell does not want to chill too early and then see inflation spin out of control while he is — and I hate to use this word again — chilling.

The same stock promoters who — at this time two years ago — were encouraging investors to jump into the market and buy anything are now preaching the religion of accounting metrics and due diligence at private investment conferences. Something has shifted. Wall Street's most adept investors know that our economy's journey to something like normalization doesn't have to move in one consistent direction.

We don't know at which rate, or how high they will go, but more hikes are coming. That means Wall Street will eventually have to open its eyes, take its fingers out of its ears, and watch this bear-market rally fall apart.

Retirement readiness shouldn't be left to chance. And with the right amount of research and guidance, even uncertain times such as these can pave the way for thoughtful retirement planning.

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

CURRENT ANNUITY RATES

March 2023

5.53%

3 Year Fixed Annuity

5.75%

5 Year Fixed Annuity

TO FIND OUT MORE

CONTACT US AT

(480) 626-0296

CORALYN'S CORNER

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



Another month has flown by and we are almost finished with the first quarter of 2023!

I feel like a broken record but I don't think we have ever been busier and continue to onboard a large number of new financial clients. With market conditions continuing to be scary, people are doing everything they can in advance of another major downturn to protect as much of their assets as possible. Even though I might sometimes complain about the workload, I would rather be busy than bored. It also is a great way to adhere to my diet because I never have time to eat :)

We continue to get calls relating to tax documents and by now you should have received most, if not all of the documents from our affiliated firms. If you are still missing something or not sure if you should have more or not, shoot me an email or give us a call. Thomas and I can walk you through what you should have.



At the beginning of February I did take a couple days off and escaped to Los Angeles to visit one of my oldest friends and welcome her new baby girl into this world. She waited very late to conceive but was blessed to have zero complications and a very smooth pregnancy. It's always great to get to catch up with people you

have known practically your whole adult life and I can't wait to spoil her baby girl.

At the end of February we attended our first family rodeo at the Lost Dutchman Days in Apache Junction. One of our clients, Steve, volunteers with their organization and was very generous in providing us tickets for the rodeo and for our son Jackson an unlimited ride pass, which he definitely took advantage of.



Thomas really enjoyed the barrel racers (*guess why*),

country music and beer. I really enjoyed the bull riding and most importantly funnel cakes. I didn't know what to expect as this was my first rodeo, but it was more interesting than I expected and I am actually really look forward to attending again next year. Maybe I can get Thomas in a pair of cowboy boots next time!



Coralyn Shultz

RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we decided to try out a Chinese restaurant on Shea Blvd called Jade Palace....



Every now and then I give in to eating at a Chinese restaurant for my husband. Don't get me wrong, I love Chinese food but I don't typically go because I am trying to eat better. We have passed this little gem of a restaurant many times on Shea Blvd but never stopped in. It looks very small from the outside but the interior fools you. This is a family owned business which goes back three generations. Grandfather Mei opened his first restaurant in the outskirts of Hong Kong and then the family migrated to America in the 1980's.



They opened their first restaurant in the Chinatown district of New York City. Years later, friends in Arizona called and begged the family to open a place in the Phoenix area because there weren't many options for good Chinese food.



Finally in 1996, the Mei family opened their first restaurant in Scottsdale. Today, brothers Leon & Davlen run the two locations.

They are open daily from 2:00 pm to 9:00 pm at both locations. The menu consists of soups and appetizers, beef, pork and chicken dishes along with seafood entrees of shrimp and scallops. There is also a Peking Duck, Crispy Roast Duck,

and a Filet Mignon dish with Shrimp. There is a variety of vegetable dishes, egg foo young selections, fried rice offerings and noodles.

We were greeted at the door and seated immediately. The service was great and it felt like a more upscale dining experience. We always



play it safe when we go to a new Chinese restaurant and order our standbys. If these are good then we can try something different on our next trip. I had the Orange Chicken and my husband had the Pepper Steak. We also ordered the Shrimp Lo Mein Noodles. As in

most Chinese restaurants the food is served family style and comes with rice. We had large portions and the food was great.



We were checked on several times and thanked for coming as we left after our meal.

We will definitely return and try something different.

Rita Henderson

Medicare Hack #42 Biggest Surprises In Medicare Advantage Plans



One of the most important decisions for Americans age 65 or older is the choice of Medicare coverage.

The first big decision is whether to enroll in original Medicare or sign up for a Medicare Advantage plan. It's expected that in 2023, for the first time, half or more of Medicare beneficiaries will be enrolled in Advantage plans instead of original Medicare.

There are pluses and minuses to each choice, which we've covered in detail in the past.

But there are some long-term consequences of the choice that need to be carefully considered. Many Medicare beneficiaries look primarily at the short-term implications of the decision on cash flow and some other factors. But some longer-term consequences are likely to be more significant.

Consider nursing home coverage.



Neither Medicare option covers long-term stays in

a nursing home that are needed primarily for custodial care. But Medicare does cover up to 100 days of care in a nursing home, also known as a skilled nursing facility, that's needed after being in a hospital for at least three days.

This type of care typically is for rehabilitation or recovery after a major surgery or illness. The individual isn't ready to go home and be without assistance yet but doesn't need to stay in a hospital.

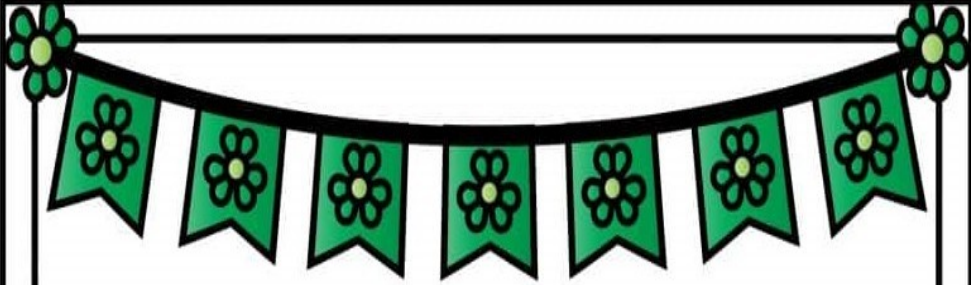
When you're in original Medicare, you, your doctor, and perhaps other medical providers decide how long you should stay in the nursing facility before going home.

But in an Advantage plan, the plan decides how much rehabilitation is going to be paid for. Medicare covers up to 100 days of such care, but the Advantage plan doesn't have to cover up to 100 days each time you've been in a hospital for more than three days.

A recent report from the Kaiser Family Foundation says that Advantage plans often deny or limit stays in nursing homes after hospital stays. Government data analyzed in the report say that nursing home stays are among the services most frequently denied by Advantage plans.

Though the nursing home stays meet the coverage rules for Medicare, the Advantage plans deny coverage or limit the number of days in the nursing home that will be covered. The plans rule the care "**medically unnecessary**" and deny coverage.

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E O G B H K L C T L
 Q R X Q T D E F L U
 C A H C J L P G U C
 P I S H A M R O C K
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 O N C A C Y C D Y I
 T B Z R F P R S D R
 O T C M O T H Y J I
 S O P H V B A C I S
 I W G R E E N S G H

St. Patrick's Day Word Search

Words to Find:

rainbow luck green pot
 shamrock jig gold Irish
 leprechan lucky



March Quiz

Question 1:

According to the folklore, what is a leprechaun's occupation?

- A. gemologist
- B. cyclist
- C. shoemaker

Question 2:

What is the average number of alcoholic drinks consumed per person on St. Patrick's Day?

- A. 4.2
- B. 1.8
- C. 3.5

Question 3: What must a leprechaun divulge if captured?

- A. How old it is
- B. Where to find hidden treasure
- C. Winning lottery numbers

Answers for February

Question 1: February is the only month of the year that can go without what occurring?

B. Full Moon

Question 2: How many US Presidents have been born in the month of February?

C. 4 (Washington, Harrison, Lincoln, Reagan)

Question 3: What are the odds of being born on February 29th?

A. 1 in 1,461



What Happens To My Social Security Benefit If My Spouse Dies?

There seems to be a lot of confusion around Social Security survivor's benefits.

This is not surprising, because the rules for determining the amount of a Social Security survivor benefit can be pretty complicated.

When a primary wage earner dies, the Social Security system has a way to provide a benefit for the surviving spouse. Survivor benefits are generally equal to the primary wage earner's retirement benefit--this benefit replaces other spousal retirement benefits.

The mechanics of the Social Security survivor benefit can apply to widows or widowers at various ages, depending upon the circumstances. Survivor benefits can also be available to the children and/or dependent parents of the primary worker.

When the primary wage earner dies, the surviving spouse is eligible to receive a retirement benefit based on the primary wage earner's retirement benefit. In general, the unadjusted survivor benefit is equal to the actual benefit that the deceased spouse was receiving. This can be adjusted in two ways:

1) The survivor benefit would be equivalent to the retirement benefit that the decedent had been receiving. This benefit would then take the place of the survivor's own retirement benefit, upon entitlement to the survivor benefit.

Of course, if the surviving spouse's own retirement benefit based upon his or her own record is equal to or more than the deceased spouse's benefit, the surviving spouse will simply

continue to receive only his or her own retirement benefit. The survivor benefit is not payable if it's not more than a currently-received retirement benefit. This assumes the surviving spouse has already started receiving a benefit based on his or her own record.

2) If the surviving spouse has not yet begun receiving retirement benefits based on his or her own record, there is a choice to make. Assuming the appropriate age(s), the survivor benefits could be started right away, delaying retirement benefits; or retirement benefits could start while delaying survivor benefits.

If the surviving spouse elects to begin receiving survivor benefits before full retirement age (FRA), the benefit is subject to actuarial reduction. Since a surviving spouse is eligible to begin receiving early benefits at age 60 (*instead of age 62 for regular or spousal benefits*), the "usual" FRA table is adjusted by two years. If the surviving spouse is disabled (*by SSA definition*), early benefits may be received any time after age 50, with the actuarial reduction assuming benefits begin at age 60 (*no further reduction, in other words*).

There is no increase to be gained by delaying receipt of the survivor benefit past FRA, so a widow or widower should begin receiving survivor benefits at FRA if eligible. It should also be noted that divorced spouses who survive a deceased worker are also eligible for the survivor benefit, as long as the marriage lasted at least 10 years before the divorce, and the surviving ex-spouse did not remarry (*in a current marriage*) before age 60.

Medicare Supplement Rates Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	AARP United Health Care	\$122.59
Male	65	G	BCBS	\$127.10
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	New Era Life	\$44.41
Female	65	N	American Home Life	\$93.89
Male	65	N	Blue Cross Blue Shield	\$102.12
Female	66	G	Medico	\$121.00
Male	66	G	BCBS	\$133.57
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	New Era Life	\$45.54
Female	66	N	Medico	\$93.98
Male	66	N	New Era Life	\$104.72

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 03/01/2023

Interest Rates Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Comm	5.15%
2 year	Goldman Sachs	4.75%
3 year	First Internet Bk	4.49%
4 year	First Internet Bk	4.49%
5 year	GTE CU	4.54%

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 03/01/2023

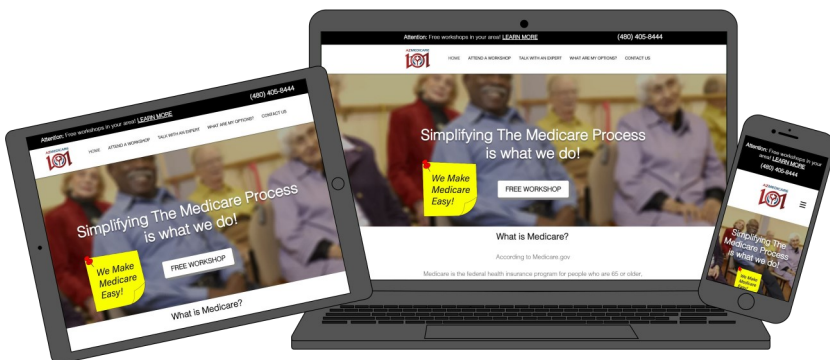
Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Atlantic Coast Life	5.53%
4 year	Nassau Life	5.25%
5 year	CL Life	5.65%
7 year	Sentinel Life	5.75%
10 year	American National Life	5.45%

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 03/01/2023

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Leading Your Financial Education

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, March 20th
1:30pm to 2:30pm



Online Workshop
Tuesday, March 21st
5:30pm to 6:30pm

Online Workshop
Wednesday, March 22nd
11:30am to 12:30pm

Online Workshop
Thursday, March 23rd
5:30pm to 6:30pm

Online Workshop
Saturday, March 25th
11:30am to 12:30pm

**Maricopa/Pinal County
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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Thank you for helping spread the LYFE Advisor's message.