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WHAT'S NEXT FOR OUR STOCK MARKETS AS WE ENTER SUMMER MONTHS

By Thomas Shultz

With Inflation Cooling, Fed May Pause Rate Increases

In May, investors discounted the debt ceiling drama and forgot about the banking crisis, focusing instead on the tantalizing prospect that the Federal Reserve might be close to pausing rate hikes.

The S&P 500 was up less than 1% for the month, although things went out on a high note as President Joe Biden and House Speaker Kevin McCarthy began the process of rallying their troops in Congress to support a preliminary debt ceiling compromise.

Nevertheless, there are lingering fears about a potential recession later this year—as there have been for at least 10 or 11 months at this point. For now, investors are taking hope from the decent first quarter earnings season and a possible Fed pause, which sets the table for a solid market in June & July.

The two key market catalysts that have gotten the most headlines in the past year remain front and center: inflation and interest rates.

The consumer price index gained 4.9% year-over-year in April, down from peak 2022 inflation levels of 9.1% but still well above the Fed's 2% long-term target.

At a conference in May, Fed Chair Jerome Powell said inflation is still too high and the central bank would remain “steadfast” in pursuing its goal of price stability. Powell said the recent U.S. banking crisis that led to the collapse of Silicon Valley Bank, Signature Bank and First Republic Bank has tightened credit markets and likely weighed on economic growth and inflation.

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JUNE

June Brings The HEAT....
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“So as a result, our policy rate may not need to rise as much as it would have otherwise to achieve our goals,” Powell said.

The Federal Open Market Committee (FOMC) raised interest rates by another quarter of a percentage point in May, its tenth consecutive rate hike since March 2022. Powell said current policies are “restrictive,” and warned that the Fed will “look at the data and the evolving outlook” before making an interest rate decision at its June meeting. Quincy Krosby, chief global strategist for LPL Financial, says another rate hike could be on the table in June if May inflation data comes in hotter than expected.

“In terms of a ‘pause’ at the upcoming meeting, there has been much equivocation, but the data dependent Fed will have a raft of data available before its rate decision on June 14,” Krosby says. She says the FOMC may prefer to risk raising rates more, rather than pausing too early.

“Jerome Powell has been particularly critical of the ‘stop and go’ monetary policy in the 1970’s that contributed to the stagflationary underpinning of the economy, and which required an aggressive monetary policy to restore price stability,” Krosby says.

The bond market is currently pricing in a 28% chance the Fed will maintain its current fed funds target rate range in June and a 72% chance of yet another 25 bps hike, according to CME Group.

U.S. Recession Watch

The U.S. economy appears to have dodged a bullet with Congress passing a debt ceiling compromise, which prevented a potential U.S. government default.

After weeks of tense negotiations, Speaker McCarthy and President Biden agreed to a compromise proposal that would raise the ceiling in exchange for a cap on federal baseline spending for the next two years.

With the debt ceiling deal now in place, the Fed is reaching a critical point in its battle against inflation, and the next couple of months could determine whether or not it can navigate a so-called soft landing for the U.S. economy without tipping it into a recession.

In recent months, the U.S. housing market has softened significantly, and manufacturing activity has dropped. In addition, the U.S. Treasury yield curve has been inverted since mid-2022, a historically strong recession indicator. So far, the most convincing argument a soft landing may still be possible has been the resilience of the U.S. labor market. The Labor Department reported the U.S. economy added 253,000 jobs in April, exceeding economist estimates of 180,000 jobs added. U.S. wages were up 4.4% year-over-year, and the unemployment rate remains historically low at just 3.4%.

DataTrek Research co-founder Nicholas Colas says positive price action in the corporate bond market suggests recession fears may be overblown.

“For all the recession worries over the last 12 months, corporate bond spreads have never really taken this bait and even now are at levels consistent with the average readings over the last economic expansion,” Colas says.

He says the corporate bond market has an impressive track record when it comes to predicting recessions.

“The fact that this market continues to shrug off recession fears is therefore a reassuring sign for equity investors,” Colas says.

However, Bank of America economist Ethan Harris is expecting a U.S. recession in 2023.

“GDP growth slowed down to 0.9% in 2022 (4Q/4Q) and we now expect it to decline further to -0.2% in 2023 (4Q/4Q) as the lagged effects of tighter monetary policy and financial conditions cool the economy before

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recovering by 4Q 2024,” Harris says.

He says the economic slowdown will eventually lead to much-needed disinflation.

“Our forecast still puts inflation broadly in line with the Fed’s 2% mandate by 2024 end,” Harris says.

Earnings Slowdown

Rising interest rates and a downturn in consumer confidence is a bad combination for S&P 500 earnings growth.

More than 95% of S&P 500 companies have now reported first-quarter earnings, and the blended earnings growth rate for the quarter is roughly 2.2%. The first quarter will be the second consecutive quarter of declining S&P 500 earnings.

The earnings slowdown has hit some market sectors harder than others. Consumer discretionary sector earnings are up 53.9% in the first quarter, while industrial sector earnings are also up 22.5% from a year ago. Materials sector and utilities sector earnings are down more than 20% each in the quarter.

Looking ahead to second-quarter reports, analysts are calling for S&P 500 earnings to fall 6.4% compared to a year ago. Fortunately, analysts are projecting S&P 500 earnings growth will rebound back into positive territory in the second half of 2023.

Analysts expect 0.7% earnings growth in the third quarter and 1.1% growth in the fourth quarter.

How To Invest in June

While the economic outlook for 2023 remains uncertain, there are reasons for investors to be optimistic in June and beyond. The S&P 500 was up roughly 9% on the year as of May 25th, the 100th trading day of 2023. Since 1950, when the S&P 500 has been up at least 8% on the 100th trading day of a calendar year, the index has

averaged a 10% additional gain for the remainder of the year. The last time the S&P 500 was up more than 8% on the 100th trading day of the year was 2021, and the index finished 2021 up 26.9% for the year.

However, investors concerned about the potential for a U.S. recession can also take a more defensive approach to the market and increase their financial flexibility in 2023 by dialing back exposure to stocks and increasing their cash holdings. Investors can already earn 4% or higher in online savings accounts heading into June, and those interest rates will likely remain elevated for at least the next several months.

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

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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 May has come and gone, and it seems like there is no “summer slowdown” in sight. Usually towards the end of May we start to get a little bit of breathing room to catch up but we are busier than ever. Thomas is trying to slow down the number of Medicare workshops he does each month to give us a little break, but if you know Thomas he doesn’t do well with idle time.

We did get a chance to do a couple fun things last month, with the highlight being our first family concert since the pandemic. As of late, Thomas has



really been into Country music, and he stumbled across an old favorite of ours, Aaron Lewis (*lead singer of the band Staind*), playing an acoustic concert in Tucson. It took some convincing for Jackson (*he doesn't enjoy country*), but in the end he was happy to have made the choice to go with us. It was an interesting crowd, to say the least, but the music was amazing and the food we had before was excellent!

Earlier in the month I accompanied Thomas on a due diligence meeting in Puerto Vallarta, Mexico and it was a pretty special time as well. This was a broker dealer (*Securities*) event and Thomas learned lots of information in regards to many of the investments on our platform. The resort we



stayed at was different than the normal “beach” resort these events are typically held at. This was high in the mountains overlooking the entire bay of Puerto Vallarta and the views were incredible. At the resort, they actually had a merry go round, but we never saw it actually in use (*don't know why they had it*).

Now that school is officially out, Thomas is on a mission to get Jackson back in shape. The pandemic really hurt his activity level, and it seems like since then he just hasn’t been able to get back to his usual “lean” self. Thomas and I could tell how self conscious he was about his body so his daddy signed him up for his first gym membership and they committed to each other to go every day together for the entire month of June.

I am really happy about this because they don’t get to spend as much time together as I would like and it also gives me 2 hours a night to myself :) (*what will I do with all that time?*)

Coralyn Shultz

RYTA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we decided to try a local Italian eatery here in Scottsdale called "Babbo"....



As we are not huge Italian food lovers, this month we needed to find something that was easy to eat



for my husband who had just recently had neck surgery. The food couldn't scratch his throat and what is easier to swallow than pasta. The locally owned family business "Babbo" was just down the street and we had never been there, so we decided to give it a try.

Ken Pollack started the restaurant in Glendale in 2002 and now has 8 locations throughout Maricopa County. They are open from 11:00am - 9:00pm on Sunday through Thursday and 11:00am - 10:00pm on Friday and Saturday. The menu consists of appetizers/small bites, salads, "Build Your Own Bowl", Babbo favorites, 14 choices for pasta options, specialty pastas, pizzas, calzones/Italian sandwiches, desserts, and a kid's menu.

The interior was lovely, and we were surprised at the variety on the menu. In fact, it was hard to choose your meal because so many options looked so good. We finally decided on our meals, with my husband choosing "Amy's Lasagna". This dish takes longer to cook so you must be willing to wait around 20 minutes before it is served.

Mom and I chose the same Pasta Primavera with mine having crispy shrimp added. The portions

were large, and mom and I took half of ours home for dinner the following day. You can choose your own protein (crispy chicken bites, crispy shrimp,



roasted or grilled chicken, sauteed shrimp, spicy Italian sausage, meatball, and chicken breast oven roasted and pan seared) for any salad or pasta dish if you wish. You could also

substitute Zoodles for any pasta.

Everything was delicious and the service was terrific.

Prices weren't too bad as well as most places seem so expensive these days.



This is one restaurant where there is something for everyone, and even though we don't eat pasta too much, the next time we are in the mood we will definitely head back to Babbo's!

Rita Henderson

Medicare Hack #45

I'm on Medicare and I want to lose weight.
Does Medicare cover Ozempic?



Ozempic, a medication used to treat Type 2 diabetes, has gone viral as a weight loss drug.



The #ozempic hashtag has over a billion views on TikTok, and more people are searching the web for Ozempic than for insulin, Viagra or Tylenol, according to Google Trends data for May 2023.

Medicare beneficiaries interested in the drug might be surprised to see that it's often covered by Medicare Part D. It's one of the prescription drugs on which Medicare spends the most money each year.

What Is Ozempic?

Ozempic is a brand name for semaglutide, a prescription medication manufactured and sold by Novo Nordisk. As an injection, it can help control blood sugar in people with Type 2 diabetes.

The Food and Drug Administration approved Ozempic to treat Type 2 diabetes in December 2017. Currently, there isn't a generic version of

the drug, and there might not be for some time — Novo Nordisk's Ozempic patents expire as late as December 2031, according to data from the FDA.

In June 2021, the FDA approved a semaglutide product for another purpose: weight loss. Novo Nordisk sells semaglutide for weight loss under the brand name, Wegovy.

Medicare Covers Ozempic for Type 2 Diabetes

Medicare prescription drug plans might cover Ozempic, but only to treat diabetes. In 2021, Medicare spent over \$2.6 billion to cover Ozempic prescriptions. Because it's an outpatient prescription drug, Ozempic falls under Medicare Part D. Original Medicare (Part A and/or Part B) won't cover it.

Ozempic is No. 10 for the highest total Medicare Part D spending in 2022, according to data from the Centers for Medicare & Medicaid Services (CMS). About 459,000 Medicare beneficiaries were covered for Ozempic in 2022, according to CMS data.

You'll need to check your plan's formulary to confirm if and how the plan covers Ozempic.

Medicare doesn't cover Ozempic (or Wegovy) for weight loss

Over 40% of U.S. adults aged 60 and older are considered obese, according to 2017-2020 data from the Centers for Disease Control and Prevention.

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Despite the prevalence of obesity among older adults, Medicare won't cover weight loss drugs, including Wegovy. Medicare Part D plans are prohibited from covering drugs "used for anorexia, weight loss or weight gain (even if used for a non-cosmetic purpose (i.e., morbid obesity))," according to the Medicare Prescription Drug Benefit Manual.

That means unless you have another source of coverage, you'd need to pay out of pocket for a semaglutide prescription for weight loss, whether it's branded Ozempic or Wegovy.

What you'd pay out of pocket for Ozempic or Wegovy

Novo Nordisk's list price for Ozempic is \$935.77 per four weekly doses. For a full year, that would be nearly \$12,200.

The list price for Wegovy is \$1,349.02 per four weekly doses. For a full year, that would be slightly more than \$17,500.

Because Ozempic and Wegovy are still under patent protection, there's no option to buy a cheaper generic version.

Covering weight loss drugs would be costly for Medicare

Policy change would be

required for Medicare to start covering weight loss drugs. Legislation to allow coverage has been introduced in each of the past six congressional terms but never passed. The high costs of weight loss drugs might be one barrier to change. For example, if 10% of Medicare beneficiaries with obesity took Wegovy, it would cost Medicare Part D about \$26.8 billion per year, according to estimates published by researchers at the Vanderbilt University School of Medicine in March 2023.

For reference, the prescription drug with the highest total Medicare Part D spending is Eliquis, an anti-stroke drug. Total Medicare Part D spending for Eliquis was nearly \$12.6 billion in 2021, according to the most recent annual data available from CMS.

The estimated \$26.8 billion to cover Wegovy would be more than twice that amount, or about one-eighth of the approximately \$216 billion spent for all covered Medicare Part D drugs in 2021.

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SUMMER WORD SEARCH

WORD LIST

- AUGUST
- BASEBALL
- BEACH
- CAMP
- FISHING
- FLIP FLOPS
- HOT
- ICE CREAM
- JULY
- JUNE
- LEMONADE
- OCEAN
- PICNIC
- POOL
- SAND
- SHORTS
- SPRINKLER
- SUMMER
- SUNGLASSES
- SUNSCREEN
- SUNSHINE
- SWIM SUIT
- SWIMMING
- TOWEL
- UMBRELLA
- VACATION
- WATERMELON

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

June Quiz

Question 1:

Along with Cancer, what is the other zodiac sign for those people who are born in June?

- A. Pisces
- B. Aquarius
- C. Gemini

Question 2:

Which Disney character was first introduced on June 9, 1934?

- A. Mickey Mouse
- B. Donald Duck
- C. Goofy

Question 3: Complete the following old proverb, "A swarm of bees in June is worth ..."

- A. A load of hay
- B. A silver spoon
- C. A fly

Answers for May

Question 1: Which movie premiered on May 25th, 1977?

- C. Star Wars

Question 2: True or False: The median home price in the U.S. in May 1988 was \$87,800?

- B. False, it was \$78,800

Question 3: Which store opened its doors on May 1, 1962?

- C. KMart



Social Security Mistakes To Avoid If You're Unretiring

“Unretiring” usually isn’t something that most Americans generally want to do; but, in tough economic times, it can become a necessity.

While there’s nothing stopping you from going back to work at any time you’d like, if you’re already receiving Social Security benefits, things can get a bit tricky. Depending on your situation, you may end up having benefits withheld or even having to pay them back. In some cases, you may even owe penalties.

Here are the most important things to know about Social Security if you’re unretiring and mistakes to avoid.

Your Full Retirement Age Is Important

Your full retirement age determines a lot regarding how much Social Security you earn and keep. If you have to unretire before you hit your full retirement age, it can have immediate consequences, although you’ll never “lose” the amount to which you’re entitled.

The reason is that the Social Security Administration reduces the amount of your benefit if you earn above certain limits before your full retirement age. Specifically, the SSA will dock your benefits by \$1 for every \$2 you earn above the annual limit, which is \$21,240 for 2023. However, in the year you reach your full retirement age, that deduction falls to \$1 for every \$3 you earn above the limit. Once you pass full retirement age, there is no deduction for working. You could earn \$200,000 and still receive your full Social Security retirement benefit.

Thus, if you can hold off unretiring until your full retirement age, which for those born in 1960 or

later is 67, you won’t have to worry about work reducing your Social Security benefit.

Even if you have to unretire before full retirement age, there’s a silver lining. Once you reach full retirement age, any benefits that the SSA has withheld will be incorporated into your future checks. In other words, you don’t “lose” those benefits by working; they are simply deferred.

Withdrawing Your Social Security Application

If you decide to unretire within 12 months of when you filed for Social Security benefits, you might be able to undo the whole thing. Of course, if you do file to withdraw your Social Security benefits in the first year after you file, there’s a catch: You’ll have to pay back in full all of the money that you’ve been paid.

Obviously, if you’ve been spending the benefits as you received them, this could be problematic. But, if you’re in a position to do it, you can benefit from the application to withdraw, as the SSA will treat your application as if you never filed it in the first place.

After your “unretirement,” you can file for Social Security once again at a future date. The benefit here is that the later you file for your benefits, the higher they will be. Every year you delay claiming your Social Security benefits, from age 62 to age 70, your benefit will increase. From age 67 to age 70, this increase is a whopping 8% per year.

Thus, if you withdraw from Social Security and work a few extra years, you’ll be rewarded with a higher lifelong retirement benefit.

Medicare Supplement Rates Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Allstate	\$109.62
Male	65	G	Allstate	\$123.83
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	New Era Life	\$44.41
Female	65	N	Allstate	\$84.45
Male	65	N	Allstate	\$95.44
Female	66	G	Allstate	\$115.39
Male	66	G	Allstate	\$130.34
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	New Era Life	\$45.54
Female	66	N	Allstate	\$84.45
Male	66	N	Allstate	\$95.44

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 06/01/2023

Interest Rates Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Comm Bank	5.28%
2 year	Merrick Bank	4.80%
3 year	Quorum FCU	4.85%
4 year	First Internet Bk	4.54%
5 year	Popular Direct	4.50%

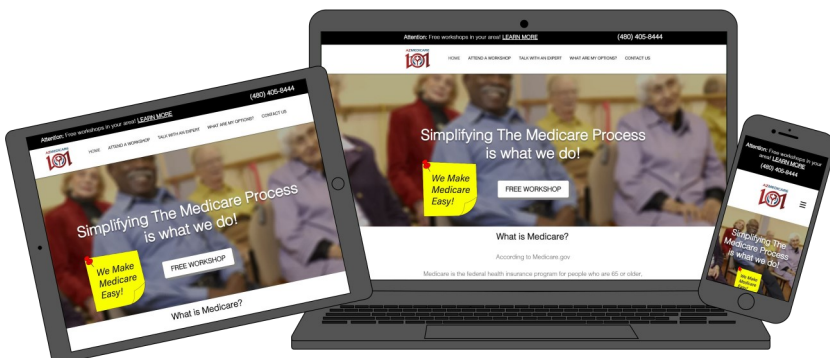
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. *Source: BankRate.com 06/01/2023

Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Upstream Life	5.65%
4 year	National Security	5.60%
5 year	Upstream Life	5.65%
7 year	National Security	5.55%
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 06/01/2023

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Online Workshop
Thursday, June 22nd
11:30am to 12:30pm

Online Workshop
Saturday, June 24th
11:30am to 12:30pm

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