

# Leading Your Financial Education



## Warren Buffett's Stock Market Indicator Hits Record High, Signaling A Crash Could Be Coming, Says To Act While There Is Still Time

By Thomas Shultz

**Warren Buffett's favorite stock-market indicator has climbed to a record high, signaling that stocks are overvalued and that another crash could be coming very soon...**

The so-called Buffett indicator takes the combined market capitalizations of a country's publicly traded stocks and divides it by quarterly gross domestic product. Investors use it to gauge whether the stock market is overvalued or undervalued relative to the size of the economy.

Buffett, a billionaire investor and the boss of Berkshire Hathaway, described it in a Fortune magazine article as "probably the best single measure of where valuations stand at any given moment."

**The indicator has a strong track record of predicting downturns**

— for example, it surged to 118% just before the dot-com bubble burst in 2000, and it topped 100% before the 2008 financial crisis.

"Nearly two years ago the ratio rose to an unprecedented level," Buffett said in the Fortune article. "That should have been a very strong warning signal."

The Buffett indicator sits at a historic high starting the month of May, reflecting the US stock market's rapid rebound since the coronavirus sell-off and the 4.8% slump in annualized GDP last quarter. Its current level is well above the average reading over the past 20 years.

Thousands of market commentators have questioned whether US stocks are overvalued in light of slowing economic growth,

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# May

### LIVING WITH THE NEW NORMAL! Inside This Issue

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surging unemployment, and other alarming data in recent weeks. The latest Buffett-indicator reading is likely to add more weight to their worries.



## What Should You Do?

Given the dramatic rollercoaster in equities following the coronavirus outbreak, many Americans who are approaching retirement, or are already retired, are inevitably asking themselves if an annuity may be a good idea. Research demonstrates that annuities are most popular after stock markets decline. When thinking about the role of annuities in a retirement plan in today's extraordinary climate, however, many people will contemplate if it is prudent to buy an annuity after the market has already rebounded. Should one wait for markets to drop again?

The easiest way to answer this question is to think in terms of the *funded ratio* for retirement. This requires calculating the household's total assets and liabilities. Assets include values for the financial portfolio and other real assets, as well as the present discounted value of other potential income sources, including Social Security, pensions, annuities, part-time work, etc. Liabilities include current debt such as a mortgage or loan balance, as well as the present value of lifetime spending needs and taxes.

Next, divide total assets by liabilities to determine the funded ratio. If it is 1 (or 100%), then sufficient

assets are available to cover liabilities. The plan is precisely funded, but vulnerable to losses derailing it. If the funded ratio is greater than 1, a retiree enjoys the flexibility which comes with having more than needed. If it is less than 1, a retiree is underfunded. When underfunded, options include reducing spending plans, working longer, or making a Hail Mary pass and taking on more risk with one's investments. **(We do not recommend the Hail Mary option!!)**

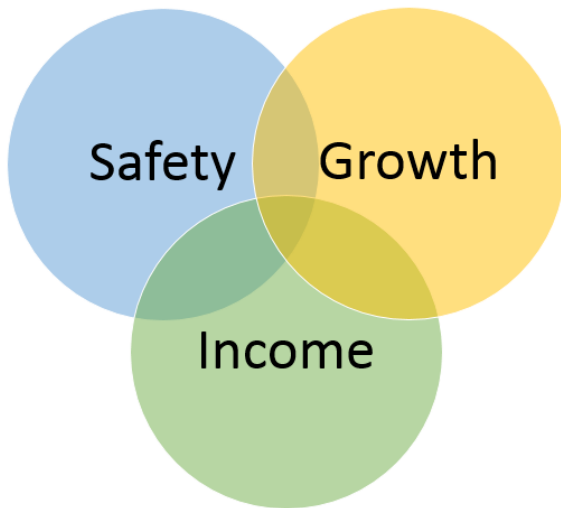


In today's market, we are more interested in those who were overfunded before the recent market swings on account of the prolonged volatility. Today, those who have experienced portfolio losses will be less funded than before, but for those who still have enough assets to meet their goals, an annuity can still be a viable option. After all, the goal of true retirement income planning is not to earn a high investment return, but rather to actually be able to fund all of their financial goals for retirement, including to have enough income to cover essential monthly expenses in retirement.

Following a steep market downturn, deferred annuities are particularly attractive given their guaranteed lifetime income provisions that offer both liquidity and upside growth potential, while providing downside protection to support spending even if the market continues to drop.

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With these deferred annuities, one does not have to “lock in losses” as the underlying assets can still have the opportunity to grow. They may just grow a bit less than otherwise being invested 100% in the market. But if this protection helps a retiree to keep invested in the markets because they don’t have to be as concerned about market losses, then it can provide a great benefit. **Their goal is protected on the downside but still keeps exposure on the upside.**



Annuities can also offer some advantages in terms of tax deferral when purchased inside of a taxable account. But the problem with taxable accounts is the need to sell assets and pay taxes on the gains. A potential silver lining of the recent market losses is that taxes due may be less and there may be opportunities to harvest losses on more recent purchase that can offset gains as a part of funding the annuities, without leading to a big tax bill.

*Here at Lyfe Advisors, we have been **PREPARING** retirees just like you about being overleveraged in the markets for months and have had happy and calm clients during this pandemic.*

*Now is the time to relook at your current investment mix to make sure it can withstand another **“Significant”** correction.*

*If you’d like to see what retirement could look like for you, we would love the chance to show you our skills!*

**TAKE CORRECTIVE ACTION BEFORE THE MARKET RE-TESTS THE MARCH 2020 LOWS...**

**SCHEDULE YOUR FREE, NO OBLIGATION PORTFOLIO CHECK-UP TO MAKE SURE THAT YOU’RE PREPARED TO WEATHER THIS MARKET CORRECTION!**

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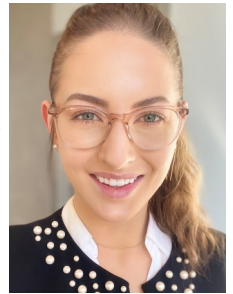
**OR EMAIL US AT [INFO@LYFEBEAST.COM](mailto:INFO@LYFEBEAST.COM)**



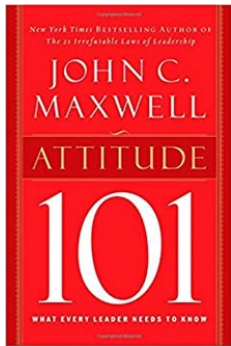
## VICTORIA'S VALUES

*My goal is to share tidbits and lessons that can help us all become better leaders not only of ourselves but to every person in our lives!*

*Attitude Part 1: "All right, they're on our left, they're on our right, they're in front of us, they're behind us....they can't get away this time." - Lewis Chesty Puller, USMC*



With April at an end and May at our toes we're sending our best wishes for your health and safety. How did you enjoy the above quote? Once I read this, a massive personal blind spot was revealed! My attitude towards life was in the dumps. A new study topic began. Books, podcasts, interviews with successful friends of mine all revealed a common mindset. They all had a clear **habit driven** attitude that led them to personal and professional success.



Want to dig a little deeper into the topic? Check out this great read!

What **can** a positive attitude influence?

- It can be your greatest asset
- It is the paint brush of the mind
- Root is inward but fruit is outward
- It is honest and consistent about you

What can a positive attitude **not** do?

- It cannot substitute for competence
- Make up for experience (but it can get you in the door)
- Change facts
- Stay positive automatically

"Hardest thing about cows is that they don't stay milked".

Trust me, I struggle greatly with this topic and I wasn't warm and fuzzy about the things I was learning about attitude but when I opened my mind to trying on an attitude change, things instantly got better. I learned very quickly that the only thing I could change in life, was myself and that the situation I lived in did not have to live in me!

How do you change the way you think? Well by understanding this diagram

Thought ⇒ Emotion ⇒ Action ⇒ Result

When we think about something or someone (including ourselves), an emotion ensues from past experiences that then predicts the way we act and in turn gives our current results. You change your attitude by changing your thoughts! How cool is it to know that your attitude is simply a habit of thought? I know... breaking habits can be so difficult but just for this month, try the following.

- 1) Look at yourself in the mirror and get real with who you are (weaknesses, strengths, positives & negatives.)
- 2) Take a piece of paper out and write out affirmations to contradict the negative thoughts and hang it on your bathroom mirror.
- 3) Commit to looking yourself in the mirror and reading off these positive affirmations **OUT LOUD**.

**You will feel silly at first (this is guaranteed)** but try it for the whole month of May and see how your attitude will change!

*Victoria Arnett*



## FIRST RESPONDERS

WE CONTINUE TO SAY THANKS TO ALL THE FIRST RESPONDERS AND MEDICAL PROFESSIONALS THAT ARE STILL OUT THERE ON THE FRONT LINES PUTTING THEIR LIVES ON THE LINE EACH AND EVERY DAY FOR OUR SAFETY. MAY GOD BLESS AND LOOK OVER EACH AND EVERY ONE OF YOUR FAMILIES.....

***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.**

## RITA'S CORNER

*Every month, my husband and I enjoy trying out breakfast places. This month we picked "Cracker Barrel" on Deer Valley Road in Phoenix as we were in need of some comfort food.*



Every now and then I crave a taste of Southern cuisine and when I do I always catch a meal at Cracker Barrel. The first Cracker Barrel was opened on September 19, 1969 along Interstate 40 in Lebanon, Tennessee. Dan Evins saw a need for a quick stop to get quality food along the interstate. People were traveling more and didn't want to venture into the towns that were being bypassed by the interstate system.



Old Country Store

He wanted his restaurant to look like a old country store and offer homestyle cooking. Not only can you gather on the front porch sitting in rocking chairs but also near the fireplace inside playing a game of checkers.

There are 664 locations throughout the nation with the majority east of the Mississippi River. Florida has the most with 54 locations. We have 7 locations here in the Phoenix area. I have eaten at the location in Chandler, the West Gate area in Glendale, and the Deer Valley location next to Interstate 17.

The restaurant is open everyday from 8am to 8pm but now with only take out and no dine in service. With that, comes a bit of change to their typical menu with some limited choices but also with some added features. Breakfast, of



course, is served all day but they are only offering 3 items- Old Timer's Breakfast, Momma's Pancake breakfast and Momma's French Toast Breakfast. At 10:30am you are able

to order Sandwiches and Burgers and beginning at 11am lunch and dinner are available.

I love their biscuits and unfortunately they have suspended making cornbread muffins until dine in service is resumed. I also love their chicken and dumplings but that is definitely not on my diet menu so I have chosen a more healthy option. The spicy grilled catfish has become an instant favorite. My husband loves the country fried steak dinner and the grilled chicken tenderloins. My mother always chooses the meatloaf. The Family Meal Baskets are an added feature due to take out only. The selections are an All-day Pancake, Chicken and Dumplings, Meatloaf, Sunday Homestyle Chicken, Catfish and Chicken Tenderloin. Each meal comes with two sides and biscuits and will be plenty for a family of four.

We weren't sure how the meals would be as take out but we were not disappointed. We ordered online and when we arrived the meals were piping hot. The portions are comparable to dine in and the quality was equal to anytime we ate there before. So, if you are craving some good Southern cooking Cracker Barrel is a great choice!

*Rita Henderson*



## Medicare Hack #19

### How Will Medicare Cover COVID-19? Your Top Questions Answered....

If you're on Medicare, here is what you need to know



It's been more than six weeks since the threat of COVID-19 became evident on a widespread level, and life changed in an instant. But while many people today are grappling with issues like unemployment and slaughtered retirement accounts, seniors have a unique set of concerns on their hands: protecting their health and their finances simultaneously.

Understanding how Medicare is offering coverage for COVID-19 can help in both regards. With that in mind, here are some common questions that many have as they attempt to navigate the pandemic.

#### Will Medicare cover COVID-19 testing?

Testing for COVID-19 can still be a bit hard to come by, depending on where you live, but the good news is that Medicare Part B will pay for it. All Medicare Advantage plans are required to cover COVID-19 testing as well.

#### How much do Medicare enrollees pay to get tested?

Though getting tested for COVID-19 may be a stressful process, the good news is that if you're on Medicare, you won't pay a dime to get those results. Not only are you off the hook with regard to paying for your actual test, but you won't face a copay for seeing a doctor who can order one.

#### Will Medicare pay for COVID-19 treatment?

There's no standard treatment for COVID-19, though some patients with severe symptoms are being hospitalized. Medicare Part A generally covers inpatient hospital treatment, so if you're admitted to a hospital because of COVID-19, you'll be subject to your normal deductible under Part A, which is \$1,408 per benefit period. Keep in mind that coinsurance won't kick in during your first 60 days of consecutive hospital care, but beyond that, you'll pay \$352 per day until you reach the 90-day mark in the hospital. If you have supplemental insurance, your Medigap or Medicare Supplement plan will pick up the tab for all of the out-of-pocket costs you incur in the course of getting hospital treatment.

#### Will Medicare cover a COVID-19 vaccine if one becomes available?

Health experts say a vaccine is at least 12 to 18 months out, but if one becomes available, it will be covered by Medicare Part B. Furthermore, you won't be subject to a copay for it.

#### Can Medicare enrollees order medication in bulk because of COVID-19?

Americans are advised to stock up on the medications they take regularly because of the ongoing crisis. If you're on Medicare, you may normally be limited to 30-day supplies, but under the CARES Act, both Part D and Advantage plans are required to provide up to a 90-day supply of covered medications to patients who request one.

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## How can Medicare enrollees get health advice safely?

Right now, older Americans are being advised to avoid the doctor for non-urgent matters. But you may still have a routine health concern you'd like addressed sooner rather than later. To this end, Medicare has ramped up its telehealth services, allowing you to receive care remotely. These online doctor visits are covered by Part B, which means they're generally subject to the \$198 annual Part B deductible plus 20% coinsurance. However, some providers may be reducing or waiving cost sharing for telehealth participants because of the ongoing crisis.

## Does Medicare cover mental health services?

Right now, a lot of seniors are having a hard time coping with the current situation. Many are feeling isolated in their homes, while others are feeling understandably anxious. Medicare does cover mental health services, and you may be able to meet with a professional remotely. You'll generally be subject to the aforementioned Part B deductible plus 20% coinsurance. Seniors who are struggling with mental health issues can also call the

Substance Abuse and Mental Health Services Administration's Disaster Distress Helpline at 1-800-985-5990.

The COVID-19 crisis has been particularly hard on seniors. Knowing what to expect from Medicare could make a tough time just a bit easier on you.

**IF YOU ARE STILL  
CONFUSED OR HAVE  
QUESTIONS, CALL  
US.**

**Let us help you  
navigate the  
Medicare Maze.**

**Give us a call at  
480-626-0296**

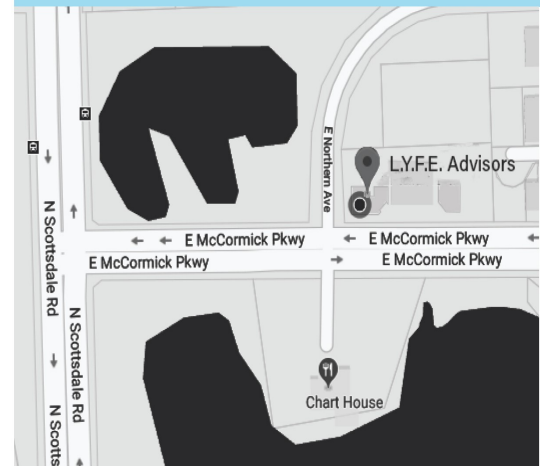
**We are here to help!**

## Map to our NEW Scottsdale Office



7400 East McCormick Parkway, Suite A-100, Scottsdale, AZ 85258

**Enter from E Northern Ave  
(480) 626-0296**



We're across from Chart House  
on East McCormick Parkway.  
First building on E Northern Ave.



## Sudoku

			9				5	6
	2	6	1					
7					3	9		
8		7	6		2			4
			5	4			9	
	3							
		1				2	4	8
		9		7		1		
5	4			8			6	

## April Sudoku Solution

8	7	1	3	2	9	4	5	6
6	2	5	4	7	1	9	8	3
3	4	9	5	8	6	7	1	2
2	9	7	6	1	8	5	3	4
1	5	3	9	4	2	8	6	7
4	6	8	7	5	3	1	2	9
5	3	4	8	6	7	2	9	1
7	1	6	2	9	5	3	4	8
9	8	2	1	3	4	6	7	5

## May Quiz

### Question 1:

What was put on sale for the first time in May of 1886?

- A. Dishwasher
- B. US Savings Bond
- C. Coca-Cola

### Question 2:

Which state was admitted to the Union in May 1858?

- A. North Dakota
- B. Minnesota
- C. Idaho

**Question 3:** Which two signs of zodiac share the month of May?

- A. Taurus and Gemini
- B. Taurus and Libra
- C. Gemini and Cancer
- D. Capricorn and Gemini

## Answers for April

**Question 1:** The first man in space orbited the Earth on April 12th of which year?

**A. 1961**

**Question 2:** Before which war was Paul Revere's legendary April ride?

**C. The American Revolution**

**Question 3:** Who reached the North Pole in April 1909?

**D. Robert Peary**

## Medicare Supplement Rates

### Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Humana	\$110.94
Male	65	G	Blue Cross Blue Shield	\$117.31
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	Mutual Of Omaha	\$50.44
Female	65	N	Aetna	\$88.96
Male	65	N	AARP United Healthcare	\$103.68
Female	66	F	Aetna	\$131.78
Male	66	F	Blue Cross Blue Shield	\$146.76
Female	66	G	AARP United Healthcare	\$113.90
Male	66	G	Blue Cross Blue Shield	\$123.28
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	United American	\$54.00

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 05/01/2020

## Interest Rates

### Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	Comenity Bank	1.70%
2 year	Comenity Bank	1.71%
3 year	Comenity Bank	1.725%
4 year	Internet Bank	1.725%
5 year	MOO Bank	1.90%

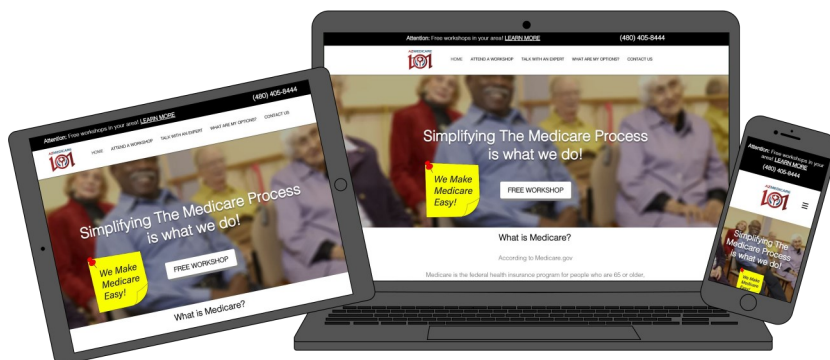
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. \*Source: BankRate.com 05/01/2020

### Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Deleware Life	2.25%
4 year	Oxford Life	2.40%
5 year	American Life	3.20%
7 year	Midland National Life	3.50%
10 year	Atlantic Coast Life	3.30%

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 05/01/2020

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## HOW DOES COVID-19 AFFECT YOUR SOCIAL SECURITY BENEFITS

### A RECENT REPORT SHOWS IT COULD BE DEPLETED BY 2029

Social Security plays a vital role in the financial security for tens of millions of Americans. However, we've known for years that Social Security faced a long-term challenge, as the large number of retiring Baby Boomers reflected a demographic shift that is predictably putting pressure on the program. As boomers retire, they stop contributing payroll taxes to the system and start drawing benefits out. That combination will force Social Security to start drawing from its trust funds, and the expectation is that those funds will run out of money within the next 15 years.

Social Security's current financial projections are consistent with past reports, but they leave out one key factor: the economic impact of the coronavirus pandemic. To be fair, the Trustees Report itself acknowledges that its figures didn't incorporate any projections about the outbreak, given the high level of uncertainty surrounding its likely effects. Nevertheless, that hasn't stopped others from taking a closer look at the question, and some of the initial estimates are extremely concerning.

### 3 things that will hurt Social Security's revenue

There are several ways in which Social Security could suffer financial pain from the coronavirus. The most obvious is the loss of revenue from payroll taxes due to high levels of unemployment.

With more than 30 million people having filed claims for unemployment benefits between mid-March and late April, the loss of income is evident. Unemployment benefits are subject to income tax, but the federal government doesn't collect payroll taxes on unemployment checks, and so Social Security's primary income source

will drop for as long as employment remains under pressure.



Second, lawmakers have contemplated taking action to offer payroll tax holidays for working Americans, which could further reduce revenue for Social Security. The CARES Act stopped short of an outright holiday, instead offering employers the opportunity to defer payments of their share of payroll taxes for 2020 over the following two years. That change in timing will have a major impact on the trust funds, but what would really cause potential problems is if the federal government forgave tax liability for those payroll taxes in future legislation.

Finally, Social Security's trust funds also generate interest income from the securities in which they invest. Weak economic conditions have spurred the Fed to cut short-term interest rates to 0%, and those low rates could remain in place for a long time. The rate on the securities that Social Security has most recently acquired is 1.25%, down from 2.75% in early 2019. Social Security will keep the higher rates on longer-term bonds in its portfolio,

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but losing a percentage point and a half on even a portion of the \$2.9 trillion in trust fund investments could cost tens of billions of dollars annually, hastening the depletion of the funds.

## How bad could it get?

Short term hits to the program would likely have a limited impact on the date that the trust funds run out of money. Where the real risk comes from is a prolonged recession, especially if it's severe.

A recent analysis from the Bipartisan Policy Center suggests that the retirement trust fund is in danger of running out of money as soon as 2029. Under its methodology, the group used the experience of the Great Recession in the late 2000s to estimate shortfalls between projected and actual revenue. If history essentially repeats itself, then the group sees revenue declining by nearly \$2 trillion between now and 2029 -- enough to wipe out reserves six years sooner than anticipated. When that happens, it could cause an immediate cut in benefits of 24% for all Social Security recipients -- or even deeper cuts if the program decides to spare some recipients over others.

## What can you do?

The sooner that lawmakers acknowledge that there's a problem and take steps to solve it, the easier it'll be to implement changes. However, the necessary work is anything but easy. Large payroll tax increases, dramatic benefit reductions, or increases in the retirement age would be necessary to close the gap, and none of those measures is particularly attractive in Washington right now.

From a personal perspective, the best defense against Social Security's problems is to ensure you have financial resources of your own to draw from when you retire. That way, even if Social Security sees major cuts, you'll have the capacity to make ends meet and remain financially secure in your golden years.

**FIND OUT HOW TO GET THE MOST OUT  
OF YOUR SOCIAL SECURITY BENEFIT**

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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 11th  
2:00pm to 3:00pm

**Online Workshop**  
Wednesday, May 13th  
5:30pm to 6:30pm

## PIMA COUNTY

Register online at  
**AZMedicare101.org**

Or call us to reserve your  
**FREE SEAT at**  
**(480) 405-8444**

*"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 12 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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1 Hour Presentation - Everything you need to know about Medicare. We explain how Medicare works and what you can expect before you choose!

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**Online Workshop**  
Monday, May 18th  
1:30pm to 2:30pm



**Online Workshop**  
Tuesday, May 19th  
11:00am to 12:00pm

**Online Workshop**  
Wednesday, May 20th  
5:30pm to 6:30pm

**MARICOPA &  
PINAL COUNTY**

**Online Workshop**  
Thursday, May 21st  
6:30pm to 7:30pm

Register online at  
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Or call us to reserve your  
**FREE SEAT at**  
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*“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*

