Volume 7, Issue 8

THE LYFE ADVISOR

August 2024

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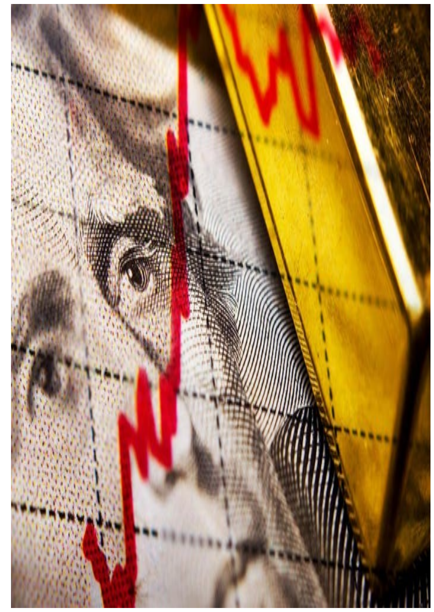

IS THE END OF THE STOCK MARKET RALLY FINALLY HERE?

Key Recession Indicators Say Yes

By Thomas Shultz

The US economy may have just entered a recession.

According to data from the Bureau of Labor Statistics released in early August, the unemployment rate rose to 4.3% in July, up from 4.1% in June and from recent lows of 3.4% in April 2023.

The increase officially triggered the Sahm Rule — a recession indicator developed by former Fed economist Claudia Sahm — which says that the US economy is in a downturn when the three-month moving average of the unemployment rate rises by 0.5% from its 12-month low.

The gauge has a perfect track record through at least the last nine recessions.

Despite the Sahm Rule's impressive history, it is sometimes criticized because it fails to account for rising labor participation, which can raise the unemployment rate. Labor participation is indeed rising right now.

However, one job market indicator that isn't influenced by participation rates — year-over-year growth in unemployed persons — also suggests that the US economy is in recessionary territory. The number of unemployed people has now grown by 14.5% year-over-year. Over at least the last 11 instances that this has happened, the economy has been in a recession.

It's important to keep in mind that just because these indicators have done a good job sounding the alarm about a downturn in the past doesn't mean that this time will be the same.

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AUGUST

The Heat Is Almost Over...

Inside This Issue

Tom Essaye, the founder of Sevens Report Research, believes that other labor market indicators still point to a soft landing ahead — at least for the time being.

For example, weekly initial unemployment claims still sit at a fairly low 249,000, though they're up from 194,000 in January. If they start to climb above 300,000 and reach toward 350,000, that would be the time to worry, he said. And while July's jobs report was weaker than expected, with the US adding 114,000 jobs, the four-month moving average is still in a strong place, and further lackluster reports in the months ahead will be needed to establish a downward trend.

While things may be fine for the moment, however, history shows that when the labor market weakens to this degree, it usually deteriorates further — and sometimes quickly, as is evident from the past 6 recessions. Plus, employment data is backward-looking.

"With labor statistics being a lagging economy indicator, the real underlying economy can be even slower than the economic data suggests," said Jack McIntyre, a portfolio manager at Brandywine Global.

In addition to downcast labor market data, the ISM Manufacturing Index fell further into contraction territory this week, signaling that US manufacturing continues to slow. Job openings are also trending downward, sitting at 8.1 million in June compared to 12.1 million in March 2022.

So, What to Do and Where Do Stocks Go From Here?

Investors are having a tough time digesting the downbeat economic data to begin the month of August. The S&P 500 is down 5.6% from mid-July highs, while the Nasdaq 100 has fallen 10.8% from its July 10 top.

Where stocks go from here depends largely on how resilient the labor market proves to be in the months ahead as the Fed prepares its plan of action for its September meeting. Many strategists have urged investors not to overreact to July's jobs data.

"While worries of a policy mistake are rising, one negative miss shouldn't lead to overreaction," said Lara Castleton, US head of portfolio construction and strategy at Janus Henderson Investors. "Equities selling off should be seen as a normal reaction, especially considering the high valuations in many pockets of the market."

The market's direction also depends on how investors interpret interest rate cuts alongside future data. While rate cuts are intended to stimulate the economy, helping businesses grow and consumers spend, investors can also interpret them as a sign that the Fed is worried about the economy's health.

Michael Kantrowitz, the chief investment strategist at Piper Sandler, says falling rates will negatively affect stock market performance going forward.

Recent economic data "suggests that we've hit the mark where lower rates are no longer a bullish catalyst for stocks," Kantrowitz said. "We expect that we will see a positive correlation between interest rates and stock prices going forward."

The futures market for the Fed funds rate is now pricing in a 50-basis-point cut in September, according to the CME FedWatch Tool.

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Michael Hartnett, the chief global strategist at Bank of America, told BofA clients in early August that investors should sell stocks on the first Fed rate cut, which is likely to come in September.

Hartnett and his team analyzed Fed rate-cutting cycles and identified three different types of rate cuts — cuts into a soft landing, cuts into a hard landing, and panic cuts, which are due to a credit event or some sort of Wall Street crisis. Hartnett believes the Fed is cutting into a hard landing (or recessionary) scenario, and the S&P 500 has fallen an average of 6.2% in the three months following the first rate cut in these instances.

The largest decline was in 1974, when the index dropped 26% in three months.

"We say 'sell the 1st cut' as 'hard landing' risks (11% according to latest BofA Global Fund Manager Survey) are clearly rising at a time of strong 'soft' (or 'no') landing consensus (86% according to FMS)," Hartnett wrote.

What we know for certain is that change is coming.

Being proactive instead of reactive always seems to bode best for investors' so taking action now makes a whole lot of sense.

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.

I know this may seem early, but the Annual Election Period for Medicare is almost here. We have been told that this is going to be one of the biggest years for changes to Medicare Part D plans in the history of the program so we are going to be starting our process much sooner than usual.

So, what does that mean for all of you? First, expect a video to come from Thomas in the next couple weeks explaining why this year is so different than years in the past. Next, completing the current medications form as fast as possible *(after we actually send it to you)* is going to be critically important because the expectation is that most people are going to need to change their plans for 2025.

I know, none of this is fun and we all wish things could just stay the same but unfortunately, that just isn't the case this year. The good news is you've all got us to help you navigate these changes and put you in the best possible position for 2025!

On a personal note, we did finally get to take a nice family trip this summer as we went to the Atlantis resort in the Bahamas with Thomas's

business partners and their entire families. We had all hung out before, but never all at the same time, which was extremely fun!

The moms were a little nervous going into the trip because we had a total of 6 rowdy boys all between the ages of 4-14 and were expecting a lot of crying and fighting.

Surprisingly, there was none of that and the older boys really took to the younger ones. It was just like one big happy family. I think we all had a blast and I hope we get to do these group trips again!

On a funny note, before the trip Thomas decided that it was time for a change and permed his hair! We will let you all be the judge of what you think of it but personally I really like it and think he looks very cute **:)**

Coralyn Shultz

RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. This month we decided to try a place called "La Casa De Juana" in Tempe…

My husband and I are always on the lookout for a new Mexican restaurant, and we found a jewel in Tempe. La Casa De Juana was opened in November of 2014 by Eduardo Chavez. He wanted the restaurant to feel as if you were dining in a Mexican home.

The interior is beautiful with bright colors and original Mexican paintings. The restaurant is named after the matriarch of the family, Juana, and uses her family recipes for all of their dishes. According to Chavez, customer service is that integral part of making people feel at home, and that certainly was the case for our visit. They have a second location in Ahwatukee with outdoor seating.

Both restaurants are open every day from 11:00 am to 8:00 pm. The menu consists of appetizers; salads and soups; traditional Mexican favorites such as tamales, burritos, chimichangas, enchiladas, tacos, and fajitas; specialties; seafood dishes; and vegetarian options.

I was excited to eat here because of the seafood selections. I chose the Pescado Veracruz fillet. I love tilapia and it is hard to find anymore on most menus.

My husband, of course, had the steak fajitas and my mother had the chicken fajitas. Each dish was delicious. All of the portions were large and the prices were very reasonable.

We had excellent service and will definitely go there again. I know this might be controversial, but it's probably one of the top three Mexican restaurants I've tried in Arizona. Factoring price, atmosphere and food, I highly recommend you give them a try!

Next time, I am going to try the Tijuana shrimp wrapped in bacon.

Rita Henderson

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Medicare Hack #59

GOODBYE MEDICARE PART D DONUT HOLE;

Hello $2,000 Cap

Just about any Medicare beneficiary who takes prescription medications has heard about the donut hole. It has had quite an interesting history.

When Part D prescription drug coverage began in 2006, those who landed in the donut hole had to pay 100% of the cost for every drug. That's likely the reason that the official name of this Part D drug payment stage is the Coverage Gap. Insurance companies didn't pay anything in this stage. Some beneficiaries could not afford this, so they quit taking their medications.

Beginning in 2012, once in the donut hole, there were discounts for drugs. These discounts started at 50% for brand-name medications and 14% for generics.

Every year after that, discounts gradually increased until the donut hole closed completely in 2020. That didn't make drugs free; it just made the cost sharing 25% of the drug's cost, the same as in Initial Coverage. Some beneficiaries were paying $3,500, $4,000, or more in the donut hole.

But things are changing. The Inflation Reduction Act is taking steps to provide financial relief for beneficiaries by lowering drug costs. As of January 1, 2024, the 5% coinsurance in the Catastrophic Coverage payment stage is gone, essentially capping drug costs at $3,300-$3,500. No longer do some beneficiaries face unlimited drug costs.

Then, starting in January 2025, the maximum amount anyone with Part D drug coverage will pay for medications will be $2,000. That's only four months away so this is a good time to get to know the Part D cap.

Seven Facts About The Part D $2,000 Cap

1. The cap will apply automatically; you do not have to do anything.
That's probably a good thing because, according to KFF (Kaiser Family Foundation), 75% of seniors don't know or aren't sure there is such a law that caps drug costs.

2. Costs will be capped for anyone with Part D coverage.
That coverage can be provided through a stand-alone Part D plan or Part D coverage incorporated into another plan, such as a Medicare Advantage or Federal Employee Health Benefits (FEHB) plan.

3. The cap will apply only to covered medications, meaning those that are included in a plan's formulary.
Briefly, covered drugs must be approved by the FDA and not excluded by the Social Security Act. Drug plans must cover every drug in six protected classes: immunosuppressants, antiretrovirals, antidepressants, antipsychotics, anticonvulsants and antineoplastics, and at least two drugs from every other class. The individual will pay full retail price for any noncovered drug.

4. The cap does not apply to Part B drugs.
These drugs are provided as part of a physician's service or for use with durable medical equipment and generally not self-administered.

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5. The cap is starting at $2,000 but it will be indexed annually for inflation.

6. This initiative has spawned a new program, the Medicare Prescription Payment Plan. Those who reach the limit likely will get hit with $2,000 in the first or second month. This program is similar to an installment payment plan that allows one to pay off bills in consecutive payments over time. The Centers for Medicare and Medicaid Services is working on the final details and who will qualify. Once that is finalized, all stand-alone Part D plans and Medicare Advantage plans with Part D coverage must offer eligible enrollees the option to pay the out-of-pocket prescription drug costs in monthly payments.

This payment plan is optional; a person must sign up for it. Drug insurers will start sending information to those who qualify in the next few months.

7. The donut hole has vanished.
With this new $2,000 limit, there will be three Part D drug payment stages.

Stage 1 The deductible: This will be $590 in 2025. Plans can charge from nothing up to that limit.

Stage 2 Initial Coverage: Drug plan members are responsible for 25% of the cost of drugs. The plans will likely continue to charge a copayment or coinsurance until the member reaches the threshold of $2,000.

Stage 3 Catastrophic Coverage: Once the cap is reached, the plan member pays nothing for the rest of the calendar year.

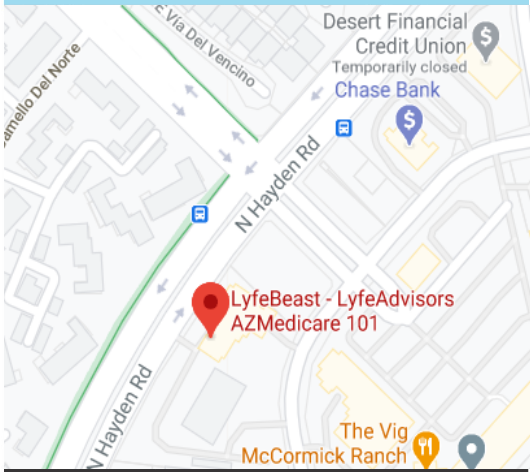
If It Sounds Too Good To Be True…

A KFF analysis shows that the $2,000 Part D cap could reduce drug costs for over one million beneficiaries (14%); however, most others likely will pay much, much more than they have in previous years (86% of all Medicare beneficiaries).

Map to our NEW Scottsdale Office

7300 N Via Paseo Del Sur,
Suite 204
Scottsdale, AZ 85258

(480) 626-0296



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

Summer Word Search

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DRESS
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August Quiz

Question 1:
In which hemisphere does the month of August mark the end of winter?

A. equator
B. Northern Hemisphere
C. Southern Hemisphere

Question 2:
What was the name of the August 2005 hurricane that destroyed New Orleans?

A. Katrina
B. Andrew
C. Camille

Question 3: How much on average in 2024 do consumers spend on back to school supplies per child?

A. $676.54
B. $313.52
C. $874.68

Answers for July

Question 1: How many times does the Liberty Bell ring on each Independence Day?

A. 13 times

Question 2: According to the American Pyrotechnics Association, how much did Americans spend on fireworks in 2023?

C. $2.3 billion

Question 3: What year was the 4th of July declared a national holiday?

B. 1870

HOW MUCH WILL SOCIAL SECURITY INCREASE IN 2025? HERE'S WHAT EXPERTS ARE PREDICTING...

How much more in Social Security benefits will you receive in 2025? If you already get monthly Social Security checks or you're looking to sign up to do so, it's likely you're eagerly awaiting the COLA increase announcement. Analysts have offered their predictions on how much extra money you could be getting with your benefits for the next year, and there are ways to calculate how much you may get per check already. But the COLA adjustment could mean significant changes to how much money you have to play around with each month.

Each year, the Social Security Administration adjusts how much it pays in benefits to account for inflation through an annual cost-of-living increase. The Social Security Administration announces the official COLA adjustment in October, but as we get closer to the fall, experts can look at monthly inflation trends and get a good idea for how much Social Security retirement benefits will change.

The latest estimate gives us a closer glimpse as to what could indeed be the official rate when announced in a few months.

What is COLA?

To keep up with the effects of inflation, Social Security recipients usually receive an annual cost-of-living adjustment, aka COLA, with their January check. The adjustment is based on the average change over time in the prices paid for consumer goods and services and is determined by the Bureau of Labor Statistics in the Department of Labor. The COLA is set in the third quarter of each year.

Which government benefits make benefit adjustments using COLA?

Social Security isn't the only government benefit that is affected by the COLA. Social Security Disability Insurance, Supplemental Security Income, Medicare, Supplemental Nutrition Assistance Program (including food stamps and other programs) all make use of COLA to account for inflation when setting benefits.

What could COLA increase be in 2025?

COLA for 2024 is 3.2%. Looking ahead, the Senior Citizens League -- a nonpartisan advocacy group for senior citizens -- ***after looking at this year's monthly inflation trends forecast COLA will be 2.63% for 2025.***

The adjustment is closely watched by seniors because the annual COLA change is designed to help them keep up with rising costs. And while the annual COLA increase has been as high as 8.7% in recent years, some say it's not enough to cover inflation. According to a Senior Citizens League survey, 69 percent of respondents said their household costs rose faster than the COLA last year, with costs for food and housing leading the way.

Note: The Social Security Administration normally announces the adjustment the second week of October. The new rate goes into effect the following January.

Keep in mind that these are estimates that can change every month based on the previous month's inflation rate, and though they tend to be somewhat in line with the official rate, they're not always spot on.

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Medicare Supplement Rates
Lowest Medicare Supplement Rates
For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Allstate	$121.16
Male	65	G	Allstate	$136.86
Female	65	GHD	New Era Life	$40.37
Male	65	GHD	New Era Life	$44.41
Female	65	N	Allstate	$92.45
Male	65	N	Allstate	$104.48
Female	70	F	Allstate	$155.48
Male	70	F	Medico	$181.02
Female	70	G	Allstate	$131.90
Male	70	G	Allstate	$149.02
Female	70	N	Allstate	$100.66
Male	70	N	Medico	$113.49

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 08/01/2024*

Interest Rates
Highest CDs and Share Rates
Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	NexBank	5.35%
2 year	First Internet Bk	4.76%
3 year	First Internet Bk	4.61%
4 year	1st National Bk	4.50%
5 year	First Internet Bk	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 08/01/2024*

Highest Fixed Annuity Rates
Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Upstream Life	6.00%
4 year	Upstream Life	5.70%
5 year	Wichita National	6.50%
7 year	Revol One Financial	5.85%
10 year	Heartland National	5.80%

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 08/01/2024*

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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, August 19th
01:30pm to 02:30pm

Online Workshop
Tuesday, August 20th
05:30pm to 06:30pm

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

All Of Arizona in Blue

"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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BE ON THE LOOKOUT FOR OUR VIDEO FROM AZMEDICARE101 AND OUR PRESCRIPTION DRUG UPDATE FORM IN THE COMING WEEKS

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!

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Thank you for helping spread the LYFE Advisor's message.