Volume 5, Issue 7

THE LYFE ADVISOR

July 2022

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How To Recession-Proof Your Retirement Before It's Too Late

By Thomas Shultz

Most financial experts are expecting a recession in the next year, pointing to rising inflation, global instability, and supply-chain issues. Some companies have begun laying off or slowing down hiring in recent weeks. But the most visceral sign of what may be to come is the sliding stock market that seems to have no good news to prop it up in sight.

Let's face it, these next 10 to 12 months are going to be tough. With the Federal Reserve focused on raising interest rates as fast as possible, earnings for companies are going to continue to disappoint which ultimately means we probably have another 10-20% downside to the market before things start to settle down.

Investment volatility typically goes hand-in-hand with a recession. Watching your investments slide into the red can be a stressful experience for anyone, especially for the money you're setting aside for long-term goals like retirement.

If your retirement is decades away, you have time to build your savings back up before you need to start withdrawing the money. But what if your golden years are right around the corner?

As a financial planner, I encourage a proactive approach to recession-proofing your retirement, including switching the bulk of your portfolio to safer investments with consistent rates of return. One great option? Fixed-index annuities.

WHY AN ANNUITY NOW?

Annuities, a product offered by insurance companies, are often used as a way to get steady income throughout retirement. In exchange for a lump-sum

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Time To Make Moves

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payment or series of payments over time, the insurance company will pay you back in a steady stream of monthly payments over a set amount of time.

Money inside an annuity is tax-deferred, like a 401(k), which means you won't pay taxes until you withdraw. Annuities also pay a guaranteed income, making them appealing to retirees.

The most common and straightforward type of annuity is the fixed annuity. Fixed annuities provide a guaranteed rate of return that's pre-determined when you sign up. No matter what the stock market or inflation does, you'll get that return. But if you're looking to get a bit more return on your money without worrying about losing it to the stock market, you may want to look at fixed-index annuities.

HOW FIXED-INDEXED ANNUITIES FIGHT INFLATION AND WHY THEY MAKE SENSE DURING A RECESSION

Fixed-index annuities don't pay a set rate of return. Instead, their interest rates are tied to the overall stock market, like the S&P 500. When the market rises, your annuity's rate of return rises. If the market falls, you'll receive a minimum fixed rate of return or no rate of return, and your money will stay the same.

The interest rates for these annuities would drop when the market drops, but you wouldn't ever lose any of your original investment ***(unlike the stock market)***. **In other words, the lowest rate you can get on your annuity in a given year is 0%, instead of a negative.**

These annuities often pay more interest over time, as the stock market historically rises over time. This allows you to lock in your gains and prevents you from losing money. Fixed-index annuities can be a hedge against inflation and market volatility, and guarantee you won't run out of money in the later years of your life.

Because of this, they've grown pretty popular. Sales of fixed and indexed annuities have reached their highest levels in 2022 since 2008, with fixed-index annuities as the fastest-growing type purchased.

DOING YOUR RESEARCH IS IMPORTANT

The biggest draw to annuities is that they aren't swayed by political or economic turbulence — like a regular paycheck, you can expect your annuity payment to stay the same **(or, in the case of index annuities, to increase**) no matter what.

But that's not to say annuities don't come without some trade-offs. Most insurance companies will charge a fee in exchange for the guaranteed rate, or have periods of time when your principal is not 100% available for withdrawal without paying a penalty, which means finding the right annuity to fit your personal goals is most important.

OTHER WAYS TO RECESSION-PROOF YOUR RETIREMENT PLAN IF YOU'RE NEARING RETIREMENT AGE

In addition to moving some of your investments to an annuity, here are some other ways to make your nest egg as recession-proof as possible.

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Make sure you have a mix of different types of investments. Having a diversified portfolio can help you minimize your losses during a volatile market.

Consider moving some of your investments out away from stocks and alternative assets. **These securities are typically non-correlated to the ups and downs of the market and have performed extremely well in past recessions or downturns in our economy.**

Handling your retirement earnings during a downturn can be stressful, but knowing you have options can empower you to do what's best for your money.

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 FIXED ANNUITY RATES

July 2022

3.50%

2 Year Fixed Annuity

4.10%

3 Year Fixed Annuity

4.15%

4 Year Fixed Annuity

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(480) 626-0296

Or email info@lyfebeast.com

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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 can't believe I'm saying this, but our job advertisement in the newsletter actually worked! I was skeptical that people would actually read it and respond, but Thomas said more people read our newsletter than you think and he was right. I was blown away by the number of people that responded and we are proud to say that we have officially hired one of our clients!

We will be introducing her to you in the coming months as she will be reaching out to a lot of you during the Annual Election Period **(which will be here before you know it)**. She also understands Medicare, as both her and her husband have been on it now for a couple of years and she has first hand experience.

June was another busy month for us, as we rolled over a large amount of assets and onboarded quite a few new financial clients which is keeping me up to my ears in paperwork. With every new law that gets passed, the paperwork stack seems to get larger and larger. It is not only cumbersome to us, as advisors, but is becoming frustrating for clients as well. I understand that the government wants to help and protect people, but having them sign more papers to roll over a 401(k) than to buy a home seems a little extreme.

Thomas has been trying to time the market on most of these rollovers, and because of the extreme volatility it has us working some strange hours. Clients are so used to advisors wanting to invest their money the moment they get their hands on it but Thomas takes a different approach. He always tells me waiting 30-60 days to invest assets might cause someone to miss a month or two of income, but it gains them years of higher payouts by waiting for the "perfect" time.

With the Federal Reserve raising rates every month, we are starting to see some of the yields on investments move in step, and I am understanding what Thomas is talking about.

We were able to take a few days off here at the beginning of the month and take our annual 4th of July trip. This year we went to Cancun at the Dreams resort and it was actually pretty nice. Thomas likes to go to all-Inclusive resorts, not for the alcohol **(we aren't big drinkers)**, but for the food and this place was pretty spectacular.

The highlight of the trip for Thomas and Jackson was at a cenote **(natural swimming hole in the middle of the forest)**. There was a 20 foot cliff that people jumped off of and they got me to do it as well. I must say I was extremely scared, but after watching Jackson and Thomas make the leap of faith, I felt I had no choice and I'm glad I did it.

Coralyn Shultz

RITA'S REVIEWS

Every month, my husband and I enjoy trying out places to eat. Over the next three months we are going to showcase our three favorite places to eat from our recent trip to Disneyworld. First up is Tusker House..

My husband and I were finally able to take a long-needed vacation at the beginning of June. Like many of you, we really hadn't gone anywhere since before COVID. We have been saving for a long time to make another trip to Disney World and we were so excited to be able to take our 11-year-old grandson with us.

For the next three months, my newsletter article will be about our 3 favorite restaurants during our week at Disney World. We had made reservations 60 days before we arrived because it is so hard to get into some of these restaurants. We will start with our most favorite which is in the Animal Kingdom Park in the African section called The Tusker House. The atmosphere was fantastic, and the meal was phenomenal.

What makes this restaurant so special is that they serve the meal family style. Before COVID this was set up as a buffet but now for a set price you receive for the table all appetizers as well as all of the entrees and an assortment of desserts.

The appetizers consisted of an assortment of breads and chips with spreads such as hummus, coriander and a mango chutney. Also, there was an African inspired salad. The entrees were Green Curry Shrimp, Roasted Herb Chicken, Moroccan-spiced Beef and Berbere-marinated Pork. They were served in a large skillet except for the shrimp with the sides of

potatoes, Jasmine rice and a vegetable medley. The other side of macaroni and cheese was served separately. At the end of the meal, you received all three desserts.

You were able to ask for seconds of anything that you wanted.

You can also eat breakfast and lunch here as well and

these meals are not set up as buffets either. The lunch menu is the same price and has the same meal offerings as the dinner menu.

We also had many of the Disney characters there including Mickey and Goofy throughout the meal coming around and taking pictures, signing autograph books, and singing with the kiddos. It was a fun time for all, young and old.

Rita Henderson

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Medicare Hack #34

Medicare Is Broken

And Not In The Way You Might Think

For nearly every retiring American, Medicare is both universal and universally complex. Yet, Medicare is broken – and not in the way most people think.

Every few years, news organizations raise the alarm that Medicare's primary trust fund may go bankrupt within a decade, absent congressional intervention. Medicare is massive. It's the largest health financing program in the country, accounting for nearly 5% of GDP.

But there's a bigger issue with Medicare for the 64 million Americans who use it: the program is near-impossible to navigate. Anyone who has signed up for Medicare or helped a loved one knows this reality firsthand. The problem is so bad that approximately 40% of the people who choose coverage through the largest national brokerages dis-enroll from that coverage within a year.

Why Care?

Choosing Medicare coverage is both higher-consequence and less reversible than purchasing other types of insurance.

Medicare plans are more complicated than auto or homeowners insurance, and Medicare plans are typically harder to change. Certain types of Medicare plans can be switched only once a year and other types can never be switched unless someone fully passes medical underwriting. ***(The sad reality is most people aged 65+ will fail.)***

Medicare plans are also harder to select because there are so many Medicare plans available. In many counties, there are over 100 plans available, including all options for medical and drug coverage. As a result, the savings generated by making the right choice can add up. We find that many people are overpaying by more than $1,000 per year for a plan with comparable benefits.

The current Medicare brokerage model might be one of the biggest legalized scams in America, affecting 65 million people eligible for Medicare, including 4 million new people each year. Here's why:

- There is no requirement that Medicare advisors or brokers consider a minimum number of plans. Nor are they required to disclose the options they do consider.
- There is no regulation that prohibits advisors from pushing plans that pay them higher commissions.
- There is no widely-recognized industry certification or quality standard for brokers that consumers can use to identify the highest quality resources.

And there's nothing illegal about it. The result is that every day, retirees pay far more than they need to and receive less health insurance coverage than they expect.

The root cause stems from technology challenges. For a consumer, it's shockingly difficult to evaluate plans across their costs, benefits, covered prescriptions, and networks of healthcare providers. Typically, a brokerage must have a contract with each carrier to receive structured data on their plan information.

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But Medicare is different from almost every other insurance market. It is challenging, but possible to integrate data on every single plan, benefit, healthcare provider, pharmacy, prescription, and other features.

Of course, it's not enough to build this data platform. Reforming this market also requires fixing many of the incentive issues that drive individual agents and large e-brokerages to discuss only the plans from carriers that pay them commissions and not those that support existing members.

Options Today

Today, people turn to one of three places for Medicare guidance, all of which have problems:

1. Local 'independent' brokers. While many local brokers are well-intentioned and knowledgeable about the plans with which they contract, we've never seen the term 'independent' so egregiously misused. Most do not disclose that they typically consider plans only from the carriers that pay them. Local brokers typically lack the technology – and incentives – to look at all available options or to provide sophisticated recommendations that optimize the match between a person and a plan.

2. Large e-brokerages with names like eHealth, GoHealth, and SelectQuote. While most Americans have never heard of these companies, most have seen their advertisements hawking "Medicare hotlines" with endorsements from retired athletes. These companies steer Americans to plans that pay the e-brokerage more, consider a small subset of options, and have staggeringly poor customer support. How do we know this: approximately 40% of these companies' customers dis-enroll from their plan in their first year.

3. Federal and state government resources: Medicare.gov is an independent resource, but it is incomplete. Consumers can't search provider networks to identify plans that accept specific doctors or hospitals. Furthermore, Medicare.gov does not include all Medicare Supplement plans, as state regulators have primary oversight of these plans.

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word scramble

MEDICARE

1. SIAOTPHL ____________
2. NRCUEASNI ____________
3. PRROGAM ____________
4. SCIVSEER ____________
5. AIEFLRU ____________
6. GEA ____________
7. ECDINLU ____________
8. OSSEIRLCS ____________
9. GDATEANVA ____________
10. CPIRSTRPNEIO ____________
11. EELPOP ____________
12. KDINEY ____________
13. ISIDAITLBEIS ____________
14. HELTHA ____________
15. RPENAENTM ____________
16. QLFYUIA ____________
17. RLTALEA ____________
18. XPESSNEE ____________
19. OTPOMYHCIRA ____________

July Quiz

Question 1:
July 31st is the birthdate of what fictional character?

A. Sherlock Holmes
B. Harry Potter
C. Peter Pan

Question 2:
Which amusement park was first opened on July 17th, 1955?

A. Disneyland
B. Tivoli Gardens
C. Six Flags

Question 3: Which prestigious golf tournament is held annually in July?

A. U.S. Open
B. Masters Tournament
C. British Open

Answers for June

Question 1: What book was first published in June 1936?

A. Gone With The Wind

Question 2: What cartoon character made its film debut in June 1934?

C. Donald Duck

Question 3: What holiday was celebrated first in June 1910?

C. Father's Day

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Social Security Recipients Could Get A Massive 11% Raise In 2023

Here are the 13 answers from last month: (1. True 2. True 3. True 4. False 5. False 6. False 7. True 8. True 9. True 10. False 11. False 12. False 13. False)

Surging inflation could lead to the biggest boost to monthly Social Security benefits since 1981.

The 2023 Social Security cost-of-living adjustment, or COLA, would be 10.8% if inflation continues at its current pace, according to a new prediction from the non-profit Committee for a Responsible Federal Budget (CRFB).

Each year in October, the Social Security Administration officially announces the following year's COLA based on inflation trends. Since inflation has been lingering near 4-decade highs, Social Security beneficiaries are expected to get their biggest raise in four decades as well.

A 10.8% COLA would be the highest rate in 42 years. The COLA for 2022 is 5.9%, which is also historically high. Currently, the average monthly Social Security benefit is $1,540, according to the latest figures from the Social Security Administration. A 10.8% COLA would increase that benefit to $1,694 — a bump of $154 a month.

The CRFB made several predictions based on what inflation *could* do in the coming months, before the Social Security officially calculates the 2023 COLA. If inflation were to slow down or completely stop for the remainder of the year, the COLA could be as low as 7.3%.

While some economists predict that the inflation rate may dip later this year in response to the Federal Reserve's aggressive moves to tame it, it is very unlikely that inflation will halt entirely by the end of 2022.

Other recent predictions have been slightly more modest than the CRFB's upper-bound estimate. For example, an official at the Social Security Administration estimated in June that the 2023 COLA would likely be around 8%. The non-profit Senior Citizens League's latest COLA estimate is 8.6%.

The official COLA is based on inflation data from July, August and September of the previous year. Since no one knows yet what the inflation rates for these three months will be this year, estimates will continue to shift as we get closer to fall.

The Biggest Problem With COLA

People collecting Social Security benefits are currently making do with a 5.9% COLA, even though inflation this year has been far higher. A recent report from the Senior Citizens League says that the buying power of Social Security benefits has diminished 40% since 2000. In other words, inflation eats into beneficiaries' budgets in real time, and COLAs — which are set annually — can't keep up.

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Medicare Supplement Rates
Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Amerigroup (Anthem)	$115.52
Male	65	G	BCBS	$127.10
Female	65	GHD	Medico	$40.53
Male	65	GHD	New Era Life	$44.41
Female	65	N	Aetna	$90.80
Male	65	N	Blue Cross Blue Shield	$102.12
Female	66	G	AARP United Health Care	$122.59
Male	66	G	Medico	$132.16
Female	66	GHD	Medico	$40.53
Male	66	GHD	New Era Life	$45.54
Female	66	N	Aetna	$91.80
Male	66	N	Medico	$102.65

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 07/01/2022*

Interest Rates
Highest CDs and Share Rates
Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	Merrick Bank	2.40%
2 year	Merrick Bank	2.87%
3 year	First Internet Bk	2.89%
4 year	First Internet Bk	2.94%
5 year	Synchrony Bank	3.10%

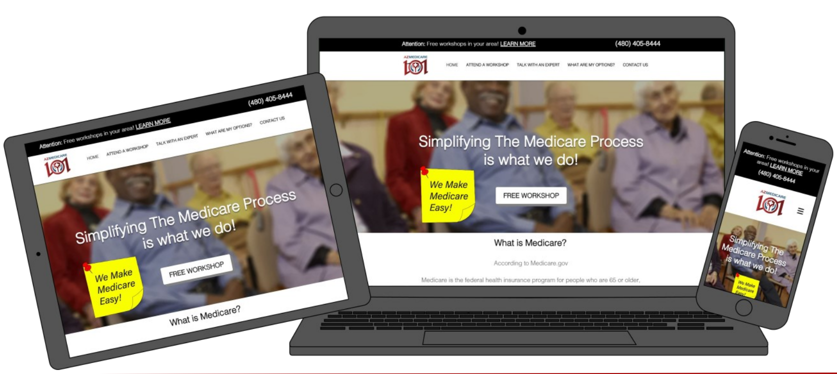
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. **Source: BankRate.com 07/01/2022*

Highest Fixed Annuity Rates
Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Guggenheim Life	4.10%
4 year	Guggenheim Life	4.15%
5 year	Farmers Life	4.35%
7 year	Americo	4.50%
10 year	Guggenheim Life	4.45%

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 07/01/2022*

Visit us Online at www.AZMedicare101.org



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(480)626-0296

7300 N Via Paseo Del Sur
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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, July 25th
5:30pm to 6:30pm

Online Workshop
Tuesday, July 26th
1:30pm to 2:30pm

Online Workshop
Wednesday, July 27th
6:30pm to 7:30pm

Online Workshop
Thursday, July 28th
10:30am to 11:30am

All of Arizona

"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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We appreciate your referrals!

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