Volume 2, Issue 4

THE LYFE ADVISOR

April 2019

Leading
Your
Financial
Education

April

DON'T BELIEVE EVERYTHING YOU READ

3 PIECES OF RETIREMENT ADVICE YOU SHOULDN'T LISTEN TO AND WHY

By Thomas Shultz

Retirement is a major milestone and one that involves tons of planning. As such, it's natural that you'd want to seek out advice before leaving the workforce and embarking on a new life chapter.

That said, there's a lot of bad or outdated guidance on the internet when it comes to retirement and following the wrong advice could wreck your golden years rather than help them. Here are three specific pieces of advice you should aim to ignore.

1. You should withdraw 4% of your assets each year

The money you save in your IRA or 401(k) will likely pay a lot of your bills in retirement, so it's important to manage it wisely. Conventional wisdom used to be that you should withdraw about 4% of your nest egg's value during your first year of retirement, and then adjust subsequent withdrawals for inflation. In doing so, you'd give your savings a good chance of lasting 30 years.

The problem with the 4% Rule is that it operates under numerous assumptions that don't necessarily apply to your retirement. For one thing, it assumes a relatively even split between stocks and bonds, which your portfolio may not have. It also assumes a certain growth rate from bonds, which they may not deliver if interest rates fluctuate. Furthermore, it assumes that you need your savings to last 30 years, which may not be the case. If you retire in your late 50s, you might need more than three decades of income. And if you retire in your mid-70s, you probably need a lot less.

That's why the 4% rule should be regarded more as a starting point

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April Is The Month Of Growth!

Inside This Issue

point and less as gospel. If you don't expect your portfolio to generate a lot of income in retirement, you might withdraw at a more conservative rate -- say, 3%. On the other hand, if you wait until your 70s to leave the workforce, you can likely get away with removing 5% of your savings balance each year, give or take. You can also adjust your withdrawal rate based on your evolving needs and goals, so don't get too set on that 4% figure before you actually see how retirement goes.

2. You should own ZERO stocks in retirement

Retirees are often advised to shift toward 100% conservative investments as retirement nears and once their golden years kick off. And generally, that means choosing a portfolio of **ALL** bonds and annuities over stocks.

Now that's still good advice, to an extent. But one mistake you don't want to make is unloading all of your stocks in retirement. If you do, your portfolio may not generate the income you need it to in order to keep pace with inflation.

A better bet, therefore, is to keep a portion of your investments in stocks, the extent of which will depend on your personal tolerance for risk. For example, if you're in your 70s and are risk-averse, you might keep just 10% to 15% of your portfolio in stocks. But if you're bolder on the investment front, you might go with 25% to 30%.

3. You should plan on spending a lot less in retirement

You'll often hear that once you stop working, you can expect your living expenses to go down quite a bit. But that may not necessarily happen.

While you won't have a commute to deal with once your career ends, most of the bills you faced during your working years will still apply in retirement -- things like car payments and auto maintenance, utilities, food, clothing, and healthcare. Not only that, but since you won't have a job to go to, you might need extra money to keep yourself entertained and avoiding boredom.

In fact, a study released last year by the Employee Benefit Research Institute found that 33% of households spend more money, not less, during their first six years of retirement. Therefore, don't skimp on savings based on the assumption that your living costs will drastically drop in retirement because chances are, they won't.

There's a lot of good retirement advice out there but be careful to remember that everything you read on the internet isn't always true!

Here at Lyfe Advisors, we take a lifetime approach to planning. Our clients know that we understand that goals and objectives change over time and we are here to help make sure their savings last no matter what obstacles they face.

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

*Give us a call to schedule a **FREE** comprehensive retirement analysis so you can live your best life today.*

Thomas Shultz

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MEET THE TEAM

Thomas Shultz
Managing Partner
Registered Principal

Lillian McCord
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Dustin Graham
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Customer Support Specialist

Salwa Hermansen
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Tyrone Armstrong
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Insurance Advisor
Trust & Estate Specialist

Charles Sandoval
Insurance Advisor

Michelle Bonitto
Insurance Advisor

Jennifer Uzarski
Insurance Advisor

Luis Blanco
Insurance Advisor

Marta Prigmore
Insurance Advisor

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WE APPRECIATE OUR CLIENTS

Thank you!

William F. referred by Jerry S.
Mark C. referred by Jerry S.
Loyra S. referred by Stephan T.
Sharon B. referred by Marisa C.
David P. referred by Larry T.
Vivanne T. referred by Berta L.
Carlos F. referred by Francisco T.
Kenneth A. referred by Lorna T.
Thomas O. referred by Pamela A.
Carolyn A. referred by Scott C.
James G. referred by Steven C.

Michelle E. referred by Janice T.
William L. referred by Juliette S.
Bonnie R. referred by Tom R.
Joyce T. referred by Fred W.
Victor V. referred by Barbara W
Beth A. referred by Craig W.
Suzanne G. referred by Denise A.
Phyllis A. referred by Megan J.
Martin H. referred by Randal L.
Berta P. referred by Gregory V.
Ken S. referred by Ramirez J.

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.

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THE CONSERVATIVE APPROACH

What's an Inverted Yield Curve? Here's What the U.S.'s SAFEST INVESTMENTS Treasury Bonds - Are Telling Us

If you're wondering what a yield curve is, and why there has been so much concern about over it flattening or inverting recently - you're not alone. There has been a lot of talk about this lately, and the Google searches for "yield curve inversion" shot up to their highest level ever at the end of last year.

If you have no idea what this is all about, you're not alone, too. Quite honestly, the yield curve is one of the most fundamental indicators of our economy's health and future. And there is a big fuss about it right now. Here's what you need to know about it.

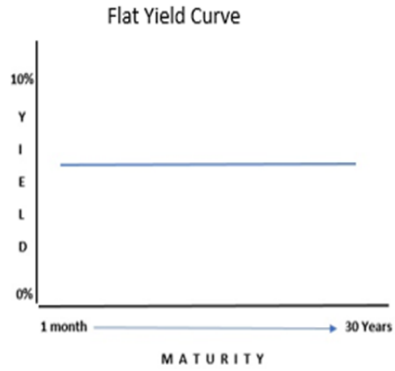
According to Fidelity Investments, "While inverted yield curves are rare, investors should never ignore them. They are very often followed by economic slowdown—or an outright recession—as well as lower interest rates along all points of the yield curve."

1. What's A Yield Curve?

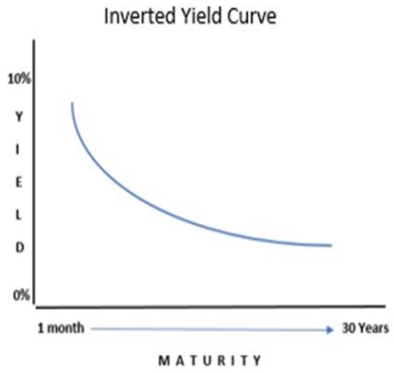
It's a way to show the difference in the compensation investors are receiving for choosing to buy shorter or longer -term bonds. Most of the time, investors demand to be paid more interest for locking away their money for longer periods – as longer periods of time can also have higher amounts of uncertainty. So, yield curves usually slope upward.

2. What Are Flat And Inverted Yield Curves?

A yield curve goes flat when the premium, or spread, for longer-term bonds drops to zero -- when, for example, the rate on 30-year bonds is no different than the rate on two-year notes.



If the spread turns negative, the curve is considered "inverted." That means, investing in shorter-term bonds have a higher yields than longer-term bonds.



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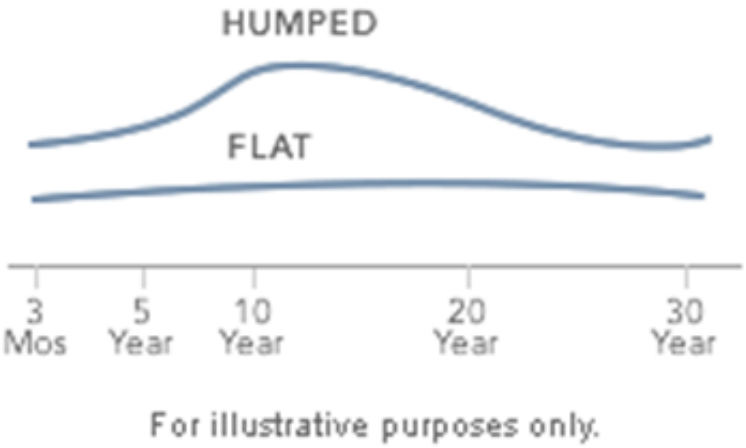
3. Why Does It Matter?

Historically, the yield curve has reflected the market's sense of the economy, particularly about inflation and growth. Investors who think inflation will increase will demand higher yields to offset its effect. Because inflation usually comes from strong economic growth, a sharply upward-sloping yield curve generally means that investors have positive expectations.

However, an inverted yield curve, by contrast, has been a reliable indicator of impending economic slumps, like the one that started about 11 years ago. In particular, the spread between 3-month bills and 10-year Treasuries has inverted before each of the past seven recessions.

4. What's Been Happening With U.S. Yield Curves?

The flattening trend that began at the end of 2017 continued through 2018, as the Federal Reserve continued to raise short term rates. It made the curve look like this:



But last month, the Federal Reserve members lowered both their growth projections and their interest rate outlook, with most officials now envisioning **NO rate hikes** this year. That's down from the expected call of 2 rate hikes they forecast at their December meeting. This quick about-face is signaling that economists believe that the future may be choppier than at last check. Concern about a possible economic slump and the prospect of the Fed having to cut short-term rates led the yield gap between 3-month and 10-year yields to disappear.

At the end of the day, your financial freedom will be determined by your mixtures of stocks, bonds, and the amount of guaranteed income your portfolio can generate. For the past couple of years, stock market prognosticators have been calling for an end to this historic bull run. Historically speaking, each of the last 7 recessions were correctly signaled by this exact situation – an inverted yield curve. Could this be the ***"Canary in the Coal Mine"*** for 2019-2020? Remember, as Fidelity Investments said, these yield curve inversions are a rare occurrence and **EVERY** investor should take note.

If you'd like an in-depth analysis of your portfolio's risk and a retirement income health-check to ensure your retirement doesn't pay the price of a recession, please contact our office. We make it our business to help people live and thrive in retirement.

Yours in Financial Wellness,

Dustin Graham, CRPC

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RITA'S CORNER

I'm Rita and welcome to my corner. I've lived in Arizona for eight years. My husband and I love to explore different restaurants and have found many magnificent places all over the valley. In this section, I would like to take you on a journey exploring the many diverse adventures that I have come to enjoy!

Arizona Museum Of Natural History
Mesa, AZ

One of my favorite places to spend the day with my grandson is the ***Arizona Museum of Natural History*** in Mesa.

This is one of the best museums in the southwest for dinosaurs.

The center of the museum is "Dinosaur Mountain". This is a three-story exhibit that can be viewed from many different levels. At each level, it shows what the animals looked like when they were roaming the earth with life-sized replicas.

Minutes into the exhibition the fun begins!

You will first hear sounds of thunder and flashes of lightning, then the flash flood begins cascading down the mountain with a roaring sound. This happens every 23 minutes and my grandson loves it. The museum is filled with skeletons of all shapes and sizes from the plodding diplodocus to the flying pterodactyl. Outside there is Paleo Dig Pit where the kids can get on their hands and knees and look for fossils.

There is also a gold panning exhibit for the children to participate in.

Back inside, while the dinosaurs are the main attraction, there are many other wonderful exhibits to see and explore. There is a real territorial jail that housed criminals from 1884 and a recreation of the Lost Dutchman's Gold Mine.

One of my favorites exhibits is within the Southwest Gallery. This is a native's people gallery consisting of the first inhabitants of North America and the Desert cultures that later developed.

There is a re-creation of a Hohokam Village as it might have looked in 600-1450 A.D.

The Origins gallery has beautiful photography of the galaxy with many pieces of space debris, meteors, and a moon rock. There is literally something wonderful to see for everyone in the family.

For Easter, the museum is holding a Dino Egg Hunt on April 12 and April 19 both beginning at 5:30. This is definitely a place that the Phoenix area should be proud of and everyone should go to with their favorite little person!

Sincerely,

Rita Henderson

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What's New For Medicare in 2019

Hack #9

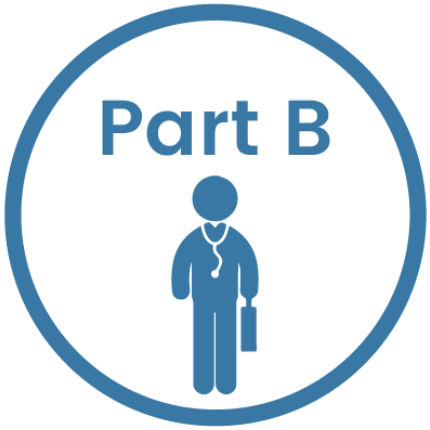
A Breakdown Of Changes In Premiums, Deductibles And Coverage

Medicare costs change each year, so if you're 65 or older, it's important to understand and review your benefits every year. Some new rules affect the cost of prescription drugs covered under Part D (Medicare's prescription drug benefit) and change the times when you can revise your Medicare health and drug coverage.

Medicare Premiums and Deductibles in 2019

Medicare Part A covers inpatient hospital services, skilled nursing facility services, home health care, hospice, and people who have worked for more than 10 years — about 99% of Medicare beneficiaries — generally do not need to pay a premium. If you have worked between 7 ½ and 10 years, your Part A premium will increase to $240 per month in 2019, and if you have worked fewer than 7 ½ years, your Part A premium will be $437 per month.

The Part A deductible and co-insurances are also increasing this year. The hospital deductible will be $1,364. Beneficiaries must pay a co-insurance amount of $341 per day for the 61st through 90th day of a hospitalization in a benefit period. For beneficiaries in skilled nursing facilities, the daily co-insurance for days 21 through 100 of extended care services in a benefit period will be $170.50.



Medicare Part B covers physician services, outpatient services, certain home health services and medical items. This year, the standard monthly premium for Part B is $135.50 for individuals with a yearly income below $85,000 ($170,000 for a married couple). If your income is higher than that, you may have to pay an income-related monthly adjustment amount, also known as an **IRMAA**. In that case, your monthly premium will be between $189.60 and $460.50, depending on your income.

The Part B annual deductible is $185 in 2019, and you will continue to pay 20% for most Part B covered services after meeting your deductible in 2019.

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Medicare Prescription Drug Costs in 2019

The amount you pay for your prescription drugs on Medicare depends on which Part D prescription drug plan you are enrolled in and which coverage period you're in. Every Part D plan has a premium. This year, the national average for Part D premiums is $33.19 per month. Many Part D plans also have a yearly deductible.

Deductibles vary from plan to plan, but no deductible in 2019 can be higher than $415. After meeting the deductible, you'll pay your plan's regular copays or coinsurances for any drugs you take (if you're not sure of these amounts, call your plan using the number on the back of your membership card), until the total costs that you and your plan have paid for drugs in a year totals $3,820.

Once you and your plan have together paid $3,820 in drug costs, you will enter what is known as the donut hole or coverage gap. After falling into the donut hole, the amount you pay for prescription drugs increases, until you've spent $5,100 in out-of-pocket drug costs for the year. At that point, you enter the coverage phase known as catastrophic coverage. During this period, in 2019, you pay 5% of the cost of each drug, or $3.35 for generics and $8.25 for brand name drugs — whichever is greater.

Because of federal legislation, the donut hole will be closing for brand-name drugs in 2019. That means in this coverage period, you will be responsible for paying for 25%of the cost of your brand-name drugs. The coverage gap will close for generic drugs in 2020, at which point you will pay 25% of the cost of your generic drugs.

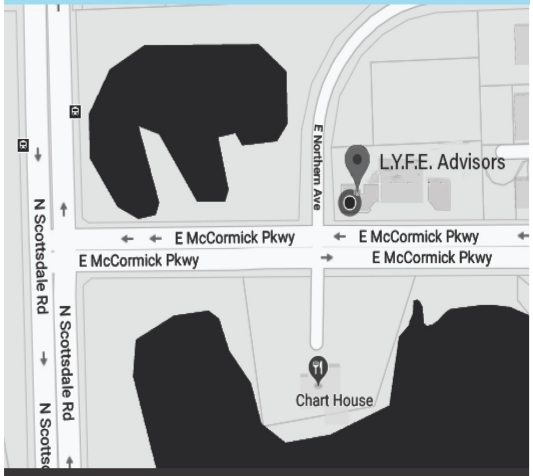
Let us help you navigate the Medicare Maze. Give us a call at 480-626-0296. We are here to help!

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 McComick Parkway. First building on E Northern Ave.

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Sudoku

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

March Sudoku Solution

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

April Quiz

Question 1:
The second largest holiday for eating candy is Easter. Which is the first?

A. Independence Day
B. Christmas
C. Halloween

Question 2:
What does the word April mean?

A. Flower
B. Spring
C. Warmth

Question 3:
What is the gem associated with April?

A. Diamond
B. Sapphire
C. Jade

Answers for March

Question 1: Who was the last High King of Ireland?

C. **Ruaidhri Ua Conchubhair**

Question 2: Who was Ireland's first female President?

A. **Mary Robinson**

Question 3: St. Patrick drove the _____ from Ireland?

C. **Snakes**

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Medicare Supplement Rates

Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	F	Humanadental	$134.16
Male	65	F	Blue Cross Blue Shield	$139.66
Female	65	G	Humanadental	$105.12
Male	65	G	AARP United Healthcare	$121.20
Female	65	N	Aetna (ACI)	$89.46
Male	65	N	AARP United Healthcare	$94.64
Female	66	F	Humanadental	$140.86
Male	66	F	Blue Cross Blue Shield	$146.76
Female	66	G	Humanadental	$110.38
Male	66	G	AARP United Healthcare	$126.97
Female	66	N	Greek Catholic Union	$90.54
Male	66	N	AARP United Healthcare	$103.35

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 04/01/19*

Interest Rates

Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	Colorado FCU	2.85%
2 year	Sallie Mae	3.00%
3 year	Citizens Access	3.05%
4 year	Safra Bank	3.10%
5 year	Presidential	3.25%

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 04/01/19*

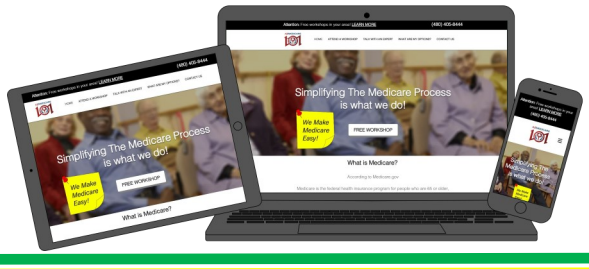
Highest Fixed Annuity Rates

Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Guggenheim Life	3.00%
4 year	Oxford Life	3.20%
5 year	Sentinel Security Life	4.00%
7 year	Atlantic Coast Life	4.19%
10 year	Atlantic Coast Life	4.30%

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 04/01/19*

Visit us Online at www.AZMedicare101.org



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WHY MOST PEOPLE MISUNDERSTAND EXACTLY HOW SOCIAL SECURITY WORKS

Most Americans rely on Social Security to make ends meet in retirement. For many, getting as much as possible from Social Security is an essential part of their financial planning, so it's natural to try to take maximum advantage of as many different benefits as you can.
However, a lot of people get confused when it comes to coordinating different Social Security benefits. Often, what your common sense says *ought* to be the answer turns out to be incorrect -- and if you make plans based on those incorrect assumptions, it could hurt you at a time when you can least afford it.

Different Benefits You Can Receive

Most people think of Social Security as paying workers who've retired, and that's by far the most common benefit that the federal government pays. According to the most recent statistics available, out of 63 million Americans collecting Social Security, 44 million are retired workers. But there are many other types of benefits that you can receive from Social Security. They include the following:

Spousal Benefits are paid to spouses of workers. About 2.4 million people receive these benefits.

Survivor's Benefits are paid to spouses, children, and other family members of deceased workers. Almost 6 million people get these types of benefits.

Disability Benefits are for workers and their families. More than 10 million people receive benefits either as disabled workers or as spouses or children of disabled workers.

Typical benefit amounts vary by the type of benefit in question. The average retired worker's benefit is about $1,465 per month, while the typical spousal benefit amounted to $765 per month. Survivor benefits average almost $1,200 per month, and disability benefits pay about $1,100 monthly on average.

Why You Can't Double-Dip With Social Security

The natural assumption that many people make is that if they're entitled to two different Social Security benefits, they'll be able to keep both. That's not just wishful thinking; it has some basis in how the program works.

To understand why double-dipping could theoretically make sense, consider a married couple in which both spouses worked and are retired. Both can receive Social Security benefits on their own work records, and so they'll receive two payments from the federal government each month.

When one spouse dies, the other becomes eligible for survivor benefits, which are based on the amount that the deceased spouse was receiving in retirement benefits. Plenty of people mistakenly believe that the surviving spouse should continue to receive two separate payments from Social Security, one for the retirement benefits on the survivor's own work history, and one for the survivor benefit on the deceased spouse's work record.

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However, that isn't the way it works. In fact, in just about every situation, you're not allowed to double -dip on Social Security. Instead, you'll be allowed to receive whichever amount is larger, rather than simply adding the two together. That includes the following:

1. **Claiming a retirement benefit and a survivor benefit at the same time.**

2. **Simultaneously claiming retirement and spousal benefits.**

3. **Claiming disability and survivor benefits together.**

4. **Claiming divorced spousal or survivor benefits based on more than one former spouse's work record.**

Expect The Right Benefit

Some people think that not being able to double-dip with Social Security is unfair, because it essentially makes some of the additional benefits that the program provides meaningless. Yet it's important to remember that Social Security was intended primarily to be a social insurance program, and so ensuring a basic minimum income for as many people as possible is more important in determining its rules than maximizing benefits.

Understanding how multiple Social Security benefits coordinate can be counterintuitive, but it's critical in determining how much you should expect from the program. If you don't, it could lead you to make unrealistic projections of what Social Security will pay you -- potentially causing you not to save enough in additional retirement savings to cover the difference.

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

Fountain Hills Library **Conference Room** 12901 N. La Montana Dr. Fountain Hills, AZ 85268 **Wednesday, April 17th** **1:30pm to 2:30pm**	**Peoria Sunrise** **Community Room** 21109 N 98th Ave. Peoria, AZ 85382 **Wednesday, April 17th** **5:30pm to 6:30pm**	**Mesa Main Library** **Board Room** 64 E. 1st Street Mesa, AZ 85201 **Monday, April 22nd** **1:30pm to 2:30pm**
Fountain Hills Library **Conference Room** 12901 N. La Montana Dr. Fountain Hills, AZ 85268 **Monday, April 22nd** **5:30pm to 6:30pm**	**Mesa Dobson Library** **Dobson Meeting Room** 2425 S. Dobson Rd. Mesa, AZ 85202 **Tuesday, April 23rd** **5:30pm to 6:30pm**	**Mesa Red Mountain Library** **Program Room** 635 N. Power Rd. Mesa, AZ 85205 **Wednesday, April 24th** **5:30pm to 6:30pm**
Tempe Pyle Recreational Center **Sedona Room** 655 E. Southern Ave. Tempe, AZ 85282 **Thursday, April 25th** **5:30pm to 6:30pm**	**Glendale Main Library** **Large Meeting Room** 5959 W Brown St. Glendale, AZ 85302 **Monday, April 29th** **1:30pm to 2:30pm**	**Glendale Foothills Library** **Hummingbird Room** 19055 N 57th Ave. Glendale, AZ 85308 **Tuesday, April 30th** **5:30pm to 6:30pm**

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**