Volume 7, Issue 11 THE LYFE ADVISOR December 2024

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Three Mistakes Annuity Owners Should Avoid

By Thomas Shultz

Annuities are becoming one of the most common financial products used when planning for retirement. Buyer demand, fueled by higher interest rates, market volatility from the COVID-19 pandemic and subsequent inflation have all contributed to recent record-breaking sales.

In 2023, total annuity sales hit $385 billion, 23% higher than the record set in 2022, according to LIMRA. The trend continued in 2024, with annuity sales reaching a record-breaking $113.5 billion in the first quarter. Despite their growing popularity, these products can be one of the most misunderstood financial products available to consumers today. This lack of knowledge can lead buyers to make mistakes.

Mistake No. 1: Buying the wrong annuity

One of the first mistakes consumers can make when purchasing an annuity is purchasing one that doesn't fit with their overall retirement plan. Annuities are insurance contracts issued and guaranteed by an insurance company. There are four main types, and each comes with different features.

Single premium immediate annuities are annuities that immediately provide a guaranteed income stream. SPIAs are purchased from an insurance company. The insurer then guarantees that it will pay the annuity owner a fixed sum of money for a specific period of time.

Fixed annuities or multiyear guaranteed annuities are purchased by a consumer for a specific period of time,

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DECEMBER

Happy Holidays and New Year!

Inside This Issue

usually between one and 10 years. When these are purchased, the insurance company guarantees the principal and also guarantees a set interest rate for the duration of the contract.

Variable annuities work a little bit differently. Once they are purchased, the insurance company buys mutual funds chosen by the consumer from those offered by the insurance company. This means the value of the product can go up and down with the stock market. Most variable annuities provide a guaranteed death benefit that will be paid out to a beneficiary when the investor dies. Most of them also offer an income rider, which provides the purchaser with a guaranteed amount of income once activated for an annual fee.

Fixed indexed annuities, or indexed annuities, are purchased from an insurance company, and in exchange, the insurance company guarantees the principal never decreases in value regardless of what the stock market does. The principal is then linked to, but not directly invested in, a stock market index such as the S&P 500.

Not understanding how annuities work and the various available types could lead consumers to make a purchase that doesn't fit into their plan.

For example, most people who buy SPIAs purchase them because they want to guarantee that they'll never run out of money. Alternatively, a younger investor in their 30s or 40s may choose to buy a variable annuity because they can afford to take on that risk.

Mistake No. 2: Failing to review the annuity

Life changes over time, and the annuity someone may have bought may no longer serve their needs for a multitude of reasons. For example, a client may have purchased a variable annuity that has a lot of growth potential. This might make sense if they're decades away from retirement, but as they get closer to retirement, their risk tolerance will likely be a lot lower. In this case, it might make sense to exchange their variable annuity for a fixed annuity. Variable annuities also have annual fees and expenses that they may no longer want to pay.

An evolving market and changing interest rates are another reason to regularly review your annuity. Annuities sold 10 or 15 years ago may look very different from what's on the market today. There may be new features that are better suited to clients' needs.

If a client purchased a time-sensitive annuity such as a MYGA, it's important to pay attention to current interest rates. It's possible that the renewal rate the client is offered when the term ends might not match other rates that are available in the wider market. If this is the case, renewing the contract may not be the best choice.

Mistake No. 3: Not understanding the surrender period

The surrender period is the time the owner must wait before they can withdraw all their funds from an annuity without being penalized. These periods are designed to discourage an annuity owner from taking the money out early or canceling contracts and are also a hedge for the guarantees the insurance company is giving. If more money is taken out during this time than allowed, they will be charged a surrender fee, which is a percentage of the withdrawal amount. Surrender periods and fees can vary depending

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on the terms of the annuity, so make sure you understand the terms before you make the purchase.

Annuities can be complicated due to their various features and benefits. If you are considering purchasing an annuity or have questions about your current annuity, we can help determine what type of annuity to purchase, evaluate whether your existing annuity aligns with your retirement plans and goals, and make sure you understand the terms of your annuity to avoid any penalties and maximize your returns.

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

Coralyn's Corner

Every month, my corner is to keep you updated on changes in our world, AZMedicare101.org, LyfeAdvisors and our family.

Well, it's finally over….The Annual Election Period ended on Saturday the 7th and boy are we happy! Fifty three days of pure hell is the only way I could describe it. I think we all worked more hours in the last month and a half than the rest of 2024 combined! We are thankful and happy to have it behind us but please remember, if you do not receive your new cards in the mail to call us so we can find out what is going on. These carriers seem to get worse and worse every year, and there are always clients that for whatever reason didn't get approved or enrolled, so please do your part and follow up.

These next few weeks will be focused on RMDs (required minimum distributions) for our clients that are over the age of 73 or have beneficiary IRAs. We have most of them completed already but there are a few still left to complete so be on the lookout for a phone call or email from Beverly or myself to get you taken care of.

On a personal note, our family had a quiet but nice Thanksgiving. We ordered out, from Mimi's Café, and I must say it was quite good. With all the hours we have been working, just no time to cook, so only having to heat it up and serve was a big time saver. It is crazy, though, how expensive everything has gotten. We did the same thing a few years back and the exact same meal was almost $60 cheaper. Hopefully, as we move into 2025, inflation will tame it's ugly head, but I guess no one really knows. This just might be the new normal (I sure hope not :))

If you haven't seen Thomas lately, he has gone full cowboy, and has been dragging Jackson and I to rodeos and country music concerts.

I must say, I do kind of enjoy it. The music for the most part has a really good message (except when they are talking about whiskey) and all the people seem to be God-fearing and so polite. I think it is good for Jackson to be around more people like that.

Thomas has not shaved since the beginning of the Annual Election Period and it's his first time ever with a beard. I think it looks good but still trying to get used to kissing him….

I hope you all have a wonderful and safe holiday season and get to spend it with the ones you love the most. Always remember, tomorrow is never promised so live every day like it's your last!

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 "Tortilla Factory" in Old Town Scottsdale…

To celebrate our birthdays, my husband and I had a date night to one of the iconic Old Town Scottsdale restaurants called the Tortilla Factory. This is one of those places that I have always wanted to go to, and we finally did it. The restaurant is located on East Main Street in the heart of Old Town Scottsdale in the art district. It is in a historic 85-year-old Scottsdale adobe home. It is surrounded by a lovely patio shaded by 100-year-old pecan trees. It is absolutely beautiful, especially at night with all of the lights twinkling in the trees. The interior is charming with wonderful Southwestern touches throughout. There are small rooms available for an intimate dinner for two and large rooms for that big family gathering. The restaurant was opened in 2001 by Jim and Chad Flaum and is only open for dinner service starting at 5:00 pm nightly.

Their menu is described as Southwestern with a Mexican twist and consists of appetizers, soups and salads, house specialties, and regional favorites. They have a large selection of tequilas and margaritas.

Since it was a special occasion, we decided to splurge and order an appetizer. We had the Nachos Del Sol and should have had just a salad afterwards because it was large and yummy. For our entrées, I had the Southwest Filet Mignon, and my husband had the Carne de Fuego.

Both dishes were large and so good. Both steaks were cooked to perfection and the mashed potatoes were my favorite. We ended the night with a traditional Flan de Almendra dessert.

I will definitely go back and celebrate another special occasion, and this time dine on the patio under the lights. Maybe that next special occasion could be a retirement dinner (ya right, Thomas would never let me do that)

Rita Henderson

Medicare Hack #62

What If you picked the wrong Medicare Advantage Plan? Can you go back to Original Medicare?

Every year we hear the same story from some of our customers. *"I never should have listened to my brother/sister/friend, who bragged about how their Medicare Advantage plan was a great way to save money and not have to spend so much on my Medicare supplement plan's premium. I discovered soon that doctors I need are not on the plan or dropped the plan a month into the new year. Can you explain how and when I can return to original Medicare?"*

If you have discovered you made the wrong choice in selecting a Medicare Advantage plan, Jan. 1st begins the three-month period allowing you to change to a different Medicare Advantage plan or return to original Medicare. Your changes will take place on the first day of the following month. If you drop your Advantage plan in January, then you will return to original Medicare on Feb. 1st.

The 2025 Medicare & You Handbook discusses, on page 72, the changes that can be made to a Medicare Advantage plan during the period, called the Medicare Advantage open enrollment period, which runs from Jan.1st through March 31st each year.

During the enrollment period, a person can switch from one Medicare Advantage plan to another or to original Medicare with or without a Part D plan. The main difference between Medicare Advantage open enrollment period and Medicare annual enrollment period is who can use each one: Only individuals on a Medicare Advantage plan can utilize the Medicare Advantage period.

A person may not disenroll from a Medicare Advantage plan or a Medicare Part D prescription drug plan after March 31st, because one is "locked in" from April 1st to Dec. 31st. One must wait until the next enrollment period, which occurs annually from Oct.15th through Dec. 7th to change to a different plan or return to original Medicare.

If you had Original Medicare plus a Medicare supplement plan and cancelled it to go onto a Medicare Advantage plan, it may be difficult to return because, due to your health issues, you may not be able to qualify for a new Medicare supplement plan. Most Americans do not realize there is no special period to enroll in a Medicare supplement like there is for Medicare Advantage plans. One may change a Medicare supplement any day of the year with qualifying medical underwriting questions.

Our advice has always been to not cancel your Medicare supplement plan for the first few months that you are trying a Medicare

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Advantage plan, just in case you need to return to original Medicare during the open enrollment period from Jan.1st through March 31st.

Remember to always talk to the doctor's office manager before you make any changes to your Medicare insurance and verify what Advantage plans the office accepts. Also, be aware that doctors, specialists and facilities can stop accepting a particular Advantage plan at any time.

REMEMBER, THE MEDICARE OPEN ENROLLMENT PERIOD IS ONLY FOR MEDICARE ADVANTAGE ENROLLEES AND RUNS FROM JANUARY 1ST TO MARCH 31ST.

NEED HELP WITH MEDICARE?

CALL US TO DISCUSS

CONTACT US

(480) 626-0296

info@lyfebeast.com

Map to our NEW Scottsdale Office

7300 N Via Paseo Del Sur,
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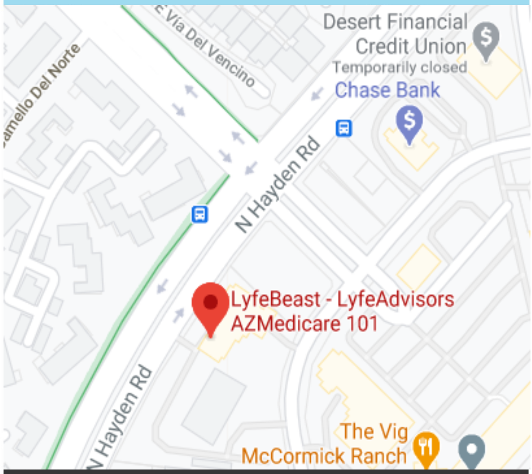
Scottsdale, AZ 85258

(480) 626-0296



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

Merry CHRISTMAS

Find and circle the words.

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

- reindeer
- wreath
- bauble
- christmas
- stocking
- mistletoe
- celebrate
- ornaments

December Quiz

Question 1:
How many towns in America are named “Christmas”?

A. none
B. seven
C. two

Question 2:
In total, how many gifts were given in the “Twelve Days of Christmas”?

A. 364
B. 305
C. 297

Question 3: In the movie, Elf, what condiment does Buddy put on everything?

A. Cinnamon
B. Ketchup
C. Syrup

Answers for Oct/Nov

Question 1: What pigment decreases in plants during autumn, making them lose their green color?

B. Chlorophyll

Question 2: Which US state is the largest pumpkin grower?

A. Illinois

Question 3: Which spice will you NOT find in Mexican hot chocolate?

C. Ginger

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THE MOST IMPORTANT SOCIAL SECURITY CHANGES IN 2025 OTHER THAN COLA (Cost of living adjustment)

The cat has been out of the bag for weeks about one major Social Security change coming in 2025. In October, the Social Security Administration (SSA) announced a 2.5% cost-of-living adjustment (COLA) for the new year.

If you receive Social Security benefits or will soon do so, you're probably already aware of the COLA news. But other Social Security changes are on the way in 2025, too. One is arguably the most important of the bunch other than the COLA.

One change for Social Security in the new year is relatively mundane. During the worst of the COVID-19 pandemic, local Social Security offices were closed. Those offices reopened in April 2022, but the SSA recommended that individuals needing help make appointments in advance. In 2025, this suggestion will become a requirement - at least in most cases. Beginning Jan. 6, 2025, anyone seeking assistance from a field office must schedule an appointment.

Only high earners will be affected by yet another Social Security change. In 2024, the maximum annual earnings subject to the Social Security portion of the FICA tax is $168,600. In 2025, the maximum taxable earnings will increase to $176,100.

If you begin receiving Social Security retirement benefits before reaching your full retirement age (FRA) and continue to work, the SSA could temporarily "claw back" some of your benefits if your earnings are higher than a set limit. In 2024, $1 in benefits will be deducted for every $2 earned above $22,320 for anyone under their FRA for the entire year. During the year you reach your FRA, $1 in benefits will be deducted for every $3 earned above $59,520.

These earnings limits for early retirees who continue working will increase in 2025. Instead of $22,320, the new limit will be $23,400. Instead of $59,520, the new limit will be $62,160.

The FRA has increased by two months annually for several years. It will do so again in 2025. The FRA will be 66 years and eight months for anyone born in 1958 and will be 66 years and 10 months for anyone born in 1959. If you were born in 1960 or afterward, your FRA is 67.

However, one other major Social Security change is coming in the new year. I'd argue it's the most important change on the way other than the COLA.

To qualify for Social Security retirement benefits, a person must earn at least 40 Social Security credits (the SSA calls these credits "quarters of coverage"). A maximum of four credits can be earned per year. In 2024, an individual needed to earn $1,730 to receive one credit. Next year, the threshold for receiving one credit will increase by $80 to $1,810.

It's a certainty that significant Social Security changes will come beyond 2025. Why? Social Security is on track to become insolvent in 2035 unless reforms are made. Steep benefit cuts will be needed without changes to increase revenue to the federal program. A 2.5% COLA and an $80 increase to the threshold for earning one Social Security credit will pale in comparison to the changes that will likely be needed to avoid this.

Medicare Supplement Rates

Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Cigna	$132.60
Male	65	G	BCBS	$147.52
Female	65	GHD	New Era Life	$40.37
Male	65	GHD	New Era Life	$44.41
Female	65	N	Cigna	$94.93
Male	65	N	Cigna	$106.93
Female	70	F	Cigna	$170.83
Male	70	F	Cigna	$191.33
Female	70	G	Allstate	$139.44
Male	70	G	Allstate	$157.51
Female	70	N	Allstate	$102.66
Male	70	N	Cigna	$116.50

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 12/07/2024*

Interest Rates

Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	GTE Financial	4.59%
2 year	Quorum	4.25%
3 year	GP Federal CU	4.70%
4 year	Schools First CU	4.20%
5 year	Schools First CU	4.35%

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 12/07/2024*

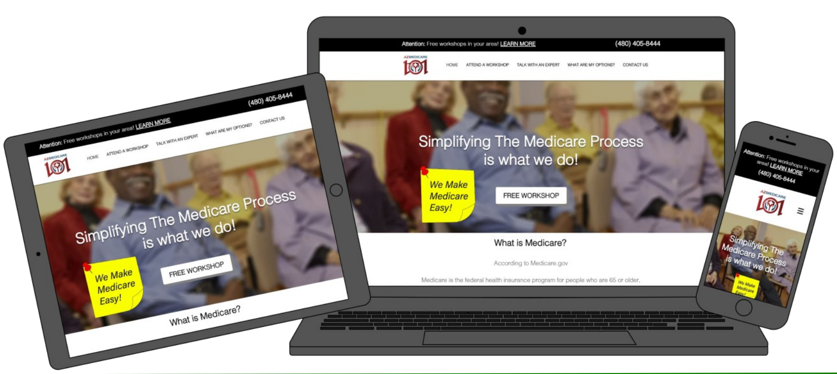
Highest Fixed Annuity Rates

Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	Upstream Life	6.00%
4 year	Upstream Life	5.70%
5 year	Upstream Life	5.95%
7 year	Mountain Life	5.70%
10 year	Mountain Life	5.60%

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 12/07/2024*

Visit us Online at www.AZMedicare101.org



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THIS PRESENTATION HAS BEEN APPROVED BY MEDICARE

Online Workshop
Monday, January 6th
11:30am to 12:30pm

Online Workshop
Wednesday, January 8th
01:30pm to 02:30pm

All Of Arizona in Blue

Online Workshop
Thursday, January 9th
05:30pm to 06:30pm

"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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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!

IF YOU KNOW SOMEONE THAT COULD USE OUR HELP GETTING READY FOR MEDICARE, WE WOULD GREATLY APPRECIATE THE BUSINESS!

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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.