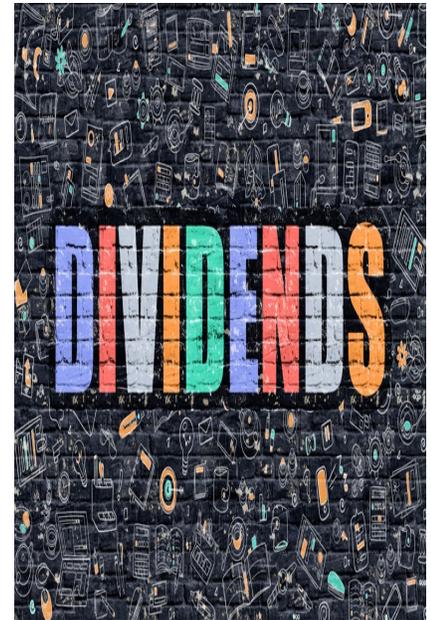


Leading  
Your  
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Education



## Yes, You Can Retire On Dividends How To Build An Income Stream You Can Count On

*By Thomas Shultz*

*My first mentor in the financial services industry told me that in order to be a true Fiduciary to you clients, you have to let them know it's not your job to make them rich, but to KEEP them rich....*

Most of our clients regularly tap their small pensions and Social Security income to help cover their living expenses.

But they also rely on a steady dose of dividends, something we try to educate people to zero in on when they officially retire. Once people fully understand the significance of dividends from quality companies, the priority focus typically shifts from trying to watch their portfolio gain in value month after month to trying to keep their portfolio value steady while taking income from it every month.

Dividends from retirement accounts are transferred every

month into a taxable account to cover expenses, required minimum distributions, or RMDs—which kick in after a retiree hits 72, up from age 70½ previously, or anything else that a person desires.

The notion of using dividends in retirement, either as a way to complement other financial assets, or perhaps rely on them for an even larger percentage of income, is drawing plenty of interest these days. Yields on many traditional income investments are now near historical lows, and the onus (*responsibility*) increasingly is on individuals to secure their post-career income. The strategy has spawned something of a movement, encompassing investors of all ages and levels of sophistication. There are Facebook groups devoted to the topic along with blogs, newsletters, books, and various other platforms.

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# APRIL

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A big appeal of dividends is really that it's kind of psychologically easier to stay the course. You are focusing on building this growing income stream regardless of market conditions.

A key force behind the burgeoning interest in retiring on dividends is ultralow interest rates. Even though the 10-year U.S. Treasury yield has touched 1.7% in recent days, interest rates remain low by historical standards. Other traditional income—generating investments like certificates of deposit and MUNI bonds are also trading with historically low yields.

**Retirees used to be able to live off the cash flows from a portfolio and you never really had to think about where monthly income came from.**

If we look back 25 years, or early 1995, a 50-50 stock and bond portfolio yielded a little more than 5%, above the 4% annual portfolio withdrawal rate that most advisors and investors use as a starting framework in retirement. That portfolio's yield had fallen to 1.4% at the end of 2020.

Such paltry yields can make alternative investments an attractive investment centerpiece for retirees. They can offer nice yields and short durations, with most between 3-5 years, giving investors flexibility in retirement.

One thing to keep in mind is that by creating a portfolio of alternative assets, not solely focused on stocks, investors are split across multiple asset classes that can provide important portfolio diversification.

**There is one bulletproof way to build a portfolio of dividend positions, one of which entails assembling a collection of blue-chip stocks, alternative investments and annuities. Most financial planners feel like this portfolio is the safest and most surefire way to protect yourself against any market decline or inflationary boom.**

Most investors under the age of 55 favor a total-return approach, in which an investor assembles a portfolio of growth stocks and dividend payers—

and often bonds and other asset classes—and sometimes sells off assets in retirement to raise cash. Relying largely on stock dividends in retirement isn't a feasible approach to amassing the principal necessary for a retirement that could last 30 years or more.

In most of our client's portfolio's, we aim for a 6% yield plus capital appreciation in the firm's equity income strategy. You can get an 8-10% yield, but it does not come easily and usually has significant risk or liquidity issues to it.

Consider, for example, a retiree whose portfolio totals \$500,000. A 6% yield on that would produce \$30,000 a year, or \$2,500 per month—which is pretty attractive, especially if it is coupled with Social Security or other income, if available.

A \$1.5 million portfolio, at a 6% yield, would generate annual income of \$90,000, or \$7,500 a month which, if combined with other sources like Social Security, could be more than sufficient in retirement.

Higher yields, of course, are alluring to some investors, but they can signal value traps—where an investment that appears cheap can trade at depressed levels or decline for an extended period of time. Such investments are the subject of much debate in dividend-investing circles, but investors should do their due diligence before deciding whether a high-yielding stock is worth the risk.

Only fundamental analysis reveals the real why [for a high yield] and if it's a temporary dislocation or a real permanent decliner. **We focus on consistency, and our clients find emotional comfort in the consistency of those dividends.**

*Ultimately, if done appropriately, an income-dependent retirement strategy can be something that is foolproof and is a "set it and forget it" lifestyle.*

*Thomas Shultz*



**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!**

***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.**

## CORALYN'S CORNER

Every month, my corner is to keep you updated on changes in our world, [AZMedicare101.org](http://AZMedicare101.org) and [LyfeAdvisors.com](http://LyfeAdvisors.com).



These past 3 months have been quite the challenge as I don't think any of us realized how much work this Broker Dealer change would be, but as I write this we are about 95% of the way complete.

There have really only been 2 main issues that we have faced, which are monthly distributions and individual assets being transferred.

The current obstacle we are overcoming is that some of our clients had either GWG or Mackenzie prior to First Clearing doing a classification reassignment. What these means in plain English is that First Clearing had an error in the way these investments were coded inside client accounts that did not allow them to transfer over electronically. Axos and First Clearing are coming up with a solution to gets these assets transferred over.

Some of our clients may have received a letter from First Clearing saying that your assets were non transferrable. If you did receive this, please disregard it as we hope to have a solution in the next 30 days to get these out of the Coastal accounts and into your Titan accounts.

As far as Titan is concerned, we couldn't be happier with the level of service and product selection we now have for our clients. As most will attest, docusign has been a blessing for us all and now being able to sign documents electronically anywhere throughout the world without you having to always come to our office is a major victory!

As the summer approaches and more things open up, we are excited to finally be able to get our son, Jackson, back into sports.

Back in my childhood, you could play multiple sports throughout a year because everything was broken into seasons, but youth sports has dramatically changed over the last 30 years.

It seems every sport now is a year round commitment, and I feel bad for our youth for having to choose so soon in life which one to focus on rather than becoming a well rounded athlete.

As with any parent, we all have a preferred sport that we would like our kids to play, and for Thomas and I it's definitely basketball. Our son though has a different favorite pastime, Football, and Thomas is very focused on not forcing him to play something that he doesn't have a passion for, so I guess that means I need to study up on the game of gridiron.

Jackson played his first season of tackle football before the pandemic, but the team he was on was in Cave Creek. We recently have moved closer to the office and with practice sometimes being 4 times a week, we had to move him to a different team or I would never have time to work.

The good news is the team he has joined, the Firebirds, won the state championship last season, so it should push him to be his very best if he wants playing time.

*Coralyn Shultz*

## RITA'S REVIEWS

*Every month, my husband and I enjoy trying out places to eat. This month we enjoyed another Phoenix staple, "Z Tejas" Southwest Grill at Paradise Valley Mall.*



As most of you know, my husband and I love Mexican food and are always on the lookout for a new place to try. Although we had passed this restaurant many times, we neglected to stop in to give it a try. But this last weekend we stopped in and we weren't disappointed. Z'Tejas was founded in Austin, Texas in 1989 by restauranteurs, Larry Foles and Guy Villavaso. The two original locations in Austin are still open. Although the Z'Tejas franchise has gone through several hands, in 2007 the restaurant was headquartered in Scottsdale. Because of the virus many of the restaurants were closed and now this area is left with only 2 locations. We ate at the Paradise Valley location because of their outdoor seating but there is also one in Chandler Fashion Mall. A new location is being renovated in Scottsdale at the Mercado Del Lago Mall on North Hayden Road. It is not open yet and I don't know when that location will be open for business. It did not make the February opening.

Z'Tejas always has a seasonal menu with a special appetizer, salad, sandwich, entrée, dessert and drink choice. Right now, they have the Spring Seasonal Menu. The regular menu consists of small plates, salads, southwest classics (fajitas, enchiladas, tamales), specialties, sandwiches, tacos, and desserts. There is also a kid's menu. On Saturdays and Sundays there is a Brunch menu served between 11:00 am – 2:00 pm which offers chicken & waffles, green chile pork & tamale eggs benedict and berries French toast just to name a few. The restaurant offers a large drink menu as well with Margaritas being their specialty.

We shared the salsa trio with chips for our appetizer. My favorite salsa of the three was the tomatillo crudo. It was great. My husband



had the carne asada which he loved. My mother ventured out and tried the adobo chorizo meatloaf. We all had a taste, and it was phenomenal. It had a habanero barbeque glaze that was wonderful.

I tried their grilled trout with a mango relish and grilled asparagus. Fantastic! The portions were large and so tasty.



The restaurant is open Sunday-Thursday from 11:00 am to 9:00 pm. On Friday and Saturday, the hours are from 11:00 am to 10:00 pm. We will definitely be going again and hopefully to their new location on Hayden Road.

*Rita Henderson*

## Medicare Hack #20

### I'VE BEEN VACINATED AND I'M READY TO TRAVEL Make Sure To Check Your Medicare Coverage First Before Hitting The Road



Retired, vaccinated and ready to hit the road? Don't forget to check whether your Medicare plan will travel with you.

While coverage when you're away from home depends partly on where you're headed, it also hinges on the specifics of your coverage. Whether the care you receive is routine or emergency also can play a part.

Roughly 70% percent of individuals age 65 or older have now received their first Covid shot, and 43% are fully vaccinated, according to the Centers for Disease Control and Prevention. As more of the population becomes inoculated against the virus, travel is again on the minds of people who have hunkered down for the last year. Here's what to know about the differences in Medicare coverage away from home.

#### Original Medicare (and a Medicare Supplement/Part D)

Basic, or original Medicare consists of Part A (hospital coverage) and Part B (outpatient care). Individuals who choose to stick with that coverage — instead of going with an Advantage Plan — typically pair it with a stand-alone prescription-drug plan (Part D).

If this is your situation, coverage while traveling in the U.S. and its territories is fairly straight forward: You can go to any doctor or hospital that accepts Medicare (most do), whether for routine care or an emergency. It's when you venture beyond U.S. borders that things get trickier.

If you travel outside the U.S., Original Medicare doesn't cover you except in very limited or rare circumstances.

Those exceptions include when you're on a ship within the territorial waters adjoining the country — within six hours of a U.S. port — or you're traveling from state to state but the closest hospital to treat you is in a foreign country (i.e., you're in Canada while heading to Alaska from the 48 contiguous states).



Be aware that amid the ongoing pandemic, the State Department has numerous advisories in effect for foreign travel. Additionally, the CDC is requiring all air passengers including citizens heading for the U.S. (or returning to it) to show proof of a negative Covid test, or proof of recently recovering from the virus.

Nevertheless, if you are eyeing a different country for a vacation, pairing basic Medicare with a supplemental policy — aka Medigap — gives you some coverage abroad.

Those policies, which are generally standardized across states but vary in cost, offer some coverage for the cost-sharing that goes with basic Medicare, such as copays and

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co-insurance. Some of them also have limited coverage for foreign travel, as a Plan G and a Plan F have \$50,000 worth of foreign coverage.

A member pays a \$250 deductible and 20% of the cost of the medical treatment received, up to a lifetime maximum of \$50,000.

Be aware that this coverage applies to medically necessary emergency care and there may be other restrictions, according to the Centers for Medicare & Medicaid Services.

## Medicare Advantage

For beneficiaries who get their Medicare benefits — Parts A, B and typically D — through an Advantage Plan, it's worth checking to see if you get any coverage for emergencies while abroad. And even if you don't leave U.S. soil, you should see what your plan would cover.

While Advantage Plans are required to cover your emergency care anywhere in the U.S., you may be on the hook for routine care outside of their service area.

With a traditional HMO plan, when you travel outside the network, you have emergency coverage only. With a PPO, you have both coverage for emergencies and

out-of-network coverage for non-emergencies, but will pay significantly more for these out of network services.

It's possible that your Advantage Plan will disenroll you if you remain outside of their service area for a certain length of time — typically six months. In that situation, you'd be switched to basic Medicare.

Some beneficiaries, regardless of their specific coverage, purchase travel medical insurance for trips overseas. We think "best practice" is if you are travelling abroad for longer than 10 days, pick up traveler's insurance just to be safe. It is extremely affordable.

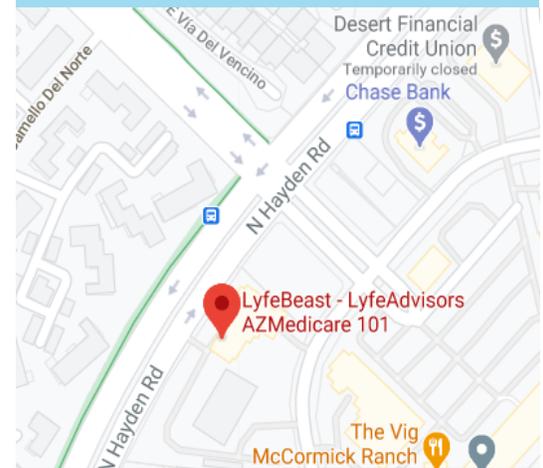
## Questions When It Comes To Medicare?

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

## 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  
Crumble Cookie

## Sudoku

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

## March Sudoku Solution

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

## April Quiz

### Question 1:

What is the most popular American Easter candy?

- A. Reese's Mini Eggs
- B. Peeps
- C. Cadbury Eggs

### Question 2:

What is the Easter Bunny's real name?

- A. Charlie
- B. Danny
- C. Egbert

**Question 3:** Which country throws Easter eggs at each other?

- A. Netherlands
- B. Germany
- C. Italy

## Answers for March

**Question 1:** Which historical figure was killed on the ides of March?

**C. Julius Cesar**

**Question 2:** If you were born in March, what is your flower?

**C. Daffodil**

**Question 3:** What sport celebrates its championship tournament in March?

**B. College Basketball**

## Medicare Supplement Rates Lowest Medicare Supplement Rates For 85258 Maricopa County

Gender	Age	Plan	Carrier	Premium*
Female	65	G	Amerigroup (Anthem)	\$110.46
Male	65	G	Amerigroup (Anthem)	\$119.28
Female	65	GHD	New Era Life	\$40.37
Male	65	GHD	New Era Life	\$44.41
Female	65	N	Aetna	\$88.96
Male	65	N	Blue Cross Blue Shield	\$94.82
Female	66	F	Humana	\$140.02
Male	66	F	Amerigroup (Anthem)	\$159.62
Female	66	G	AARP United Healthcare	\$113.90
Male	66	G	Blue Cross Blue Shield	\$126.36
Female	66	GHD	New Era Life	\$41.40
Male	66	GHD	Humana	\$51.12

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 04/01/2021

## Interest Rates

### Highest CDs and Share Rates Highest National Rates

Duration	Institution	Yield to Maturity*
1 year	CFG Community	0.67%
2 year	First Nat Bank	0.70%
3 year	1st Internet	0.81%
4 year	First Nat Bank	0.90%
5 year	First Nat Bank	1.05%

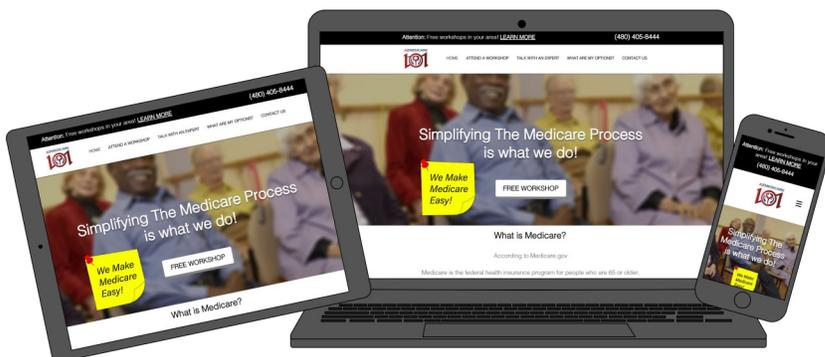
Rates are accurate at the time of production. We include banks and federal credit unions in our national search. All have FDIC or NCUA Insurance. \*Source: BankRate.com 04/01/2021

### Highest Fixed Annuity Rates Highest Arizona Rates

Duration	Institution	Yield to Maturity*
3 year	American Life	2.40%
4 year	Oceanview	2.55%
5 year	Atlantic Coast	2.80%
7 year	Liberty Bankers	2.90%
10 year	Guggenheim Life	3.10%

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 04/01/2021

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## How To Pay Less Tax On Your Social Security Benefits

Throughout your working life, you pay taxes to earn Social Security benefits. That's why it comes as such a surprise to many retirees that taxes don't stop once you start collecting checks.

In fact, a recent report from CNBC recently found around half of all Social Security beneficiaries owe federal taxes on their money. And it's not just the IRS you have to worry about, either. A total of 13 states currently tax at least some seniors on their benefits.

The good news is, you don't have to just accept that you'll lose part of your hard-earned retirement benefits to the tax man. There are a few options to avoid this, especially if you start working on them early.



### Who has to pay taxes on Social Security benefits?

You will be taxed on Social Security benefits only if your income exceeds a specific threshold. The

income that matters here is provisional income, which equals:

- 1) Half your Social Security benefit.
- 2) All taxable income.
- 3) Some nontaxable income, such as muni bond interest.

If your provisional income is between \$25,000 and \$34,000 as a single tax filer or between \$32,000 and \$44,000 as a married joint filer, you could be taxed on up to 50% of benefits. And if your provisional income exceeds \$34,000 as a single filer or \$44,000 as a couple filing jointly, then you could be taxed on up to 85% of your benefits.

These thresholds stay the same year over year, as they aren't indexed to inflation. That means a growing number of retirees will owe taxes, since incomes tend to go up over time.

Different states also set different rules for when benefits are taxed, which aren't always perfectly aligned to the federal rules.

### How can you reduce your tax bill?

Your options for reducing your tax bill will depend on your situation. But there are two main steps you can take.

#### 1) Be smart about where you live

If you live in one of the states that taxes your Social Security income, the easiest way to save on your tax bill is simply to move to a different location in retirement.

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You have plenty of options for places to live where your local government won't take a portion of your hard-earned benefits.

## 2) Choose the right investment accounts early in life

Avoiding federal taxes is harder, but it can be done by limiting your withdrawals from taxable retirement accounts to keep your provisional income below the threshold at which benefits become taxable.

That's difficult, though, because it could mean reducing your quality of life if you're used to a higher income. And, depending on how much you have invested, required minimum distributions that start at 72 could make this impossible without causing you to incur tax penalties for withdrawing too little.

The good news is, you *may* have another option. If you're still young, you can use a Roth 401(k) or Roth IRA to invest for retirement instead of using a traditional account. If your money is in a Roth, withdrawals won't count as part of the income that is used to determine if your Social Security benefits are taxed.

Of course, you'd either need to invest in a Roth IRA throughout your career or deal with the consequences of rolling over a traditional account to a Roth if you want to take this approach.

These consequences can be substantial if you are nearing or already in retirement. Not only could you face a large tax bill after a rollover, but you could also limit access to your retirement funds for a period of time (Roth's have a 5 year wait to access funds tax free). It's a good idea to consult with a tax or financial professional to see if the math makes sense on that move before you try to do a rollover to reduce your Social Security tax bill.



**APRIL 2021**

## **ALTERNATIVE BOND RATES**

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**6.00%**

**Dividend Paid Monthly\***

**60 Month Coupon**

**7.50%**

**Dividend Paid Monthly\***

**72 Month Coupon**

**8.50%**

**Dividend Paid Monthly\***

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

THIS PRESENTATION HAS BEEN APPROVED BY MEDICARE

**Online Workshop**  
Wednesday, April 21st  
5:30pm to 6:30pm



**Online Workshop**  
Thursday, April 22nd  
06:30pm to 07:30pm

**Online Workshop**  
Monday, April 26th  
1:30pm to 2:30pm

### ALL ARIZONA COUNTIES

**Online Workshop**  
Tuesday, April 27th  
11:00am to 12:00pm

Register online at  
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*“As a fiduciary, it is our responsibility to make sure that both the Health and Wealth areas of your retirement have been planned for accordingly. You can’t have a sound financial plan without addressing both and here at LyfeAdvisors we believe that it starts with Healthcare! For the last 13 years, we have been helping thousands of retirees all throughout Arizona and we’d love to help you as well.” - Thomas Shultz, Managing Partner*

