



# THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter



## Springing Forward!

By Anne de Leon

Springtime is a season of renewal and growth. It's time for all those things you pushed off during the holidays, spring cleaning, home improvement projects, and taking care of our health.



It's also time for taking a deep look at your investments and truly grading yourself. I challenge you to ask yourself, "How are we performing in this difficult market?" This is a friendly reminder to not procrastinate any longer and check off those financial, investment, and insurance "to-do's." It may be daunting, overwhelming, or even boring, but it's very important to you and your loved ones. You don't have to tackle it alone! Give me the opportunity to advise and educate you on ways to protect your nest egg for a worry-free retirement.

In this month's newsletter, we're going over inflation and the bear market, what to know about Medicare Advantage plans and Social Security survivor benefits. So let's spring forward!

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# Can We Really Stop Inflation?

*Why a year later, we still can't seem to figure out the right answer.*

The stock market has started off the year in a state of euphoria, shrugging off some of the anxieties that dominated investors' minds over the previous 12 months: inflation, cold war, soaring interest rates, and a recession.



A milder winter in Europe has kept energy prices low. China is reopening from the economic standstill that was "zero COVID" and the US economy is stunning everyone with its resilience. If you listen to the talking heads on CNBC, then you would think there has never been a better time to invest into the markets. This elation has lulled Wall Street into a false sense of security, and many economists warn that this complacency will make the coming reversal more excruciating.

The surprise coming is that inflation looks like it is about to reaccelerate, and the Federal Reserve will have to respond by doing much more, which, at that point, we may wind up with a hard landing.

Rapid US economic growth makes inflation harder to kill. It means the Federal Reserve has to continue hiking interest rates, which breeds volatility and uncertainty across the markets. It means the story of the global economy's normalization is still being written. It means recession continues to be one of the many scenarios on the table. The stock market is still deep in the woods — and there are bears in this forest.

## What We Do in Bear Markets

It's easy to forget about a bear market when things are looking good. The US economy is continuing to surprise with strong consumer spending and higher than expected job growth.



While a hot economy is good for average Americans, it's a double-edged sword for Wall Street. For months, analysts and investors have debated whether the battle with inflation will result in a hard or soft landing for the economy. In a hard landing, the Fed's interest-rate hikes slow the economy so much that it tips the country into a recession and unemployment spikes. In a soft landing, the Fed is able to bring inflation down to its target of 2% without doing much damage to the economy. Apollo Global Management's chief economist, Torsten Slok, has started telling his clients this strong economy and still high inflation mean the US could be heading toward a third option: a no-landing scenario.

In a no-landing scenario, we're chasing inflation, and it's a greased pig. Our strong economy and robust consumer prevent supply and demand from fully realigning, increasing the risk of inflation flare-ups and keeping the consumer price index above that 2% target for a protracted period. As a result, the Fed will have to continue hiking interest rates, which makes cash harder to come by for businesses and for investors. Debt becomes more expensive to carry, too. All that squeezes profits and profit margins, harming businesses' bottom lines.

As it stands, we remain far away from any sort of landing: The consumer price index — the most widely watched measure of inflation — has come down from its peak of 9.1% in June, but it was still at 6.4% in January, well above the Fed's goal and barely a nudge down from December's 6.5%.

## Can We Really Stop Inflation? cont'd.

The Fed must consider the possibility that the 6% range is a sticky spot for inflation — and to get prices down, it could be forced to hike rates higher than what analysts have been expecting.

Fed Chair Jerome Powell has made clear that he takes this no-landing scenario seriously, reminding Wall Street that he can and will hike rates further if prices remain high. In a speech on February 7th, he said he saw a "bumpy" path for inflation ahead if the job market remained strong. Raphael Bostic, the Federal Reserve Bank of Atlanta's president, warned in a separate interview that the Fed may have to hike rates higher than expected to fully beat inflation.

**But do you think Wall Street listened to those words of caution? Of course not: It's rally time.**

Nonprofessional retail investors' strong return to the market indicated an unsustainable rally. Everyone is being told that the Fed will cut rates by year-end, but the market itself is ensuring that can't happen. The Fed's goal is to soak up the cash floating around the economy that's making it run hot. ***And nothing says "still too warm" like Americans revving up their Robinhood accounts to buy meme stocks again.***

The economic conditions that prompted the market's initial paradigm shift — rising interest rates and inflation — are not going away soon. Anytime Wall Street has forgotten that over the past year, it has gotten punished. In fact, with the economy as strong as it is, inflation may even try to stage a comeback. The dramatic variability of outcomes injects volatility into the market that even the most seasoned investors find hard to navigate.

The economic growth we're seeing is strong, but it's not going to save stocks from the influence of rising rates. There is only one way to bring certainty and stability back to the market, and that's by reaching the Fed's 2% inflation target. Consider the rallies that come before that a test, perhaps a painful one but only a test.

There are people telling Powell to "chill" on interest-rate hikes since it seems like inflation is going down on its own. But Powell has said in speeches that would be his biggest mistake. Powell does not want to chill too early and then see inflation spin out of control while he is — and I hate to use this word again — chilling.

The same stock promoters who — at this time two years ago — were encouraging investors to jump into the market and buy anything are now preaching the religion of accounting metrics and due diligence at private investment conferences. Something has shifted. Wall Street's most adept investors know that our economy's journey to something like normalization doesn't have to move in one consistent direction.

We don't know at which rate, or how high they will go, but more hikes are coming. That means Wall Street will eventually have to open its eyes, take its fingers out of its ears, and watch this bear-market rally fall apart

### Current Annuity Rates

April 2023

**5.63%**

3 Year Fixed Annuity

**5.53%**

5 Year Fixed Annuity

**5.50%**

7 Year Fixed Annuity

***To find out more,***

***contact me: 314-287-0179***

# Spring Trivia

*This Spring Trivia will change your definition of spring! It will not just give you enjoyment but also interesting facts about spring that you might not know yet. Good luck!*

1. What does the term “vernal” mean?
2. What bird is often associated with Spring in North America?
3. What is the name of the condition that is marked by an excessive fondness for flowers?
4. The Japanese welcome spring by organizing significant viewings of what flower?
5. In Roman mythology, she is known as the goddess of spring?
6. On the first day of spring in the northern hemisphere, the sun rises directly over what part of the globe?
7. In the UK, what do you call the vegetable that is known as scallions in the USA?
8. Was Spring always referred to as spring?
9. Which ancient building was constructed facing the direction where the sun rises on the first day of spring?
10. Is this true or false? Tornadoes are more prevalent in the spring.

Answers on Pg. 8

## Anne's Updates

So this past month I took my daughter Mackenzie and the three grandsons, Johnathan, the oldest and my twin 7 year-olds, Christian and Ryland, for two nights during spring break on a staycation to downtown St. Louis. We went to the St. Louis Aquarium and the St. Louis City Museum which you see in this picture (very cool!) We had breakfast at this famous crepe house called Roosters and stayed at the Hilton at Ballpark Village with a room overlooking the baseball stadium with an indoor pool. The boys had a blast. They even went up in the arch (not me!)

Also, Tyler and I drove down to see the opening home game of our new St. Louis Soccer team. Even though we didn't have tickets there is a picture of us down there and it was a big street party. Christian had his first hockey game of the season (the first time they are skating without the help bar!!) He is the one right in the middle #12 in all blue. They are Meramac Sharks at the Shark Tank which is huge here in St. Louis...almost like a right of passage for little ones! We also found out Ryland, my other twin, was accepted with a scholarship to Miriam (it is an excellent private school for kids with special needs like autism). He will be joining his brother Johnathan and we are so very happy....its an incredible school! Also please note that April 2nd is Autism Speaks Day.



# Biggest Surprises in Medicare Advantage Plans



*One of the most important decisions for Americans age 65 or older is the choice of Medicare coverage.*

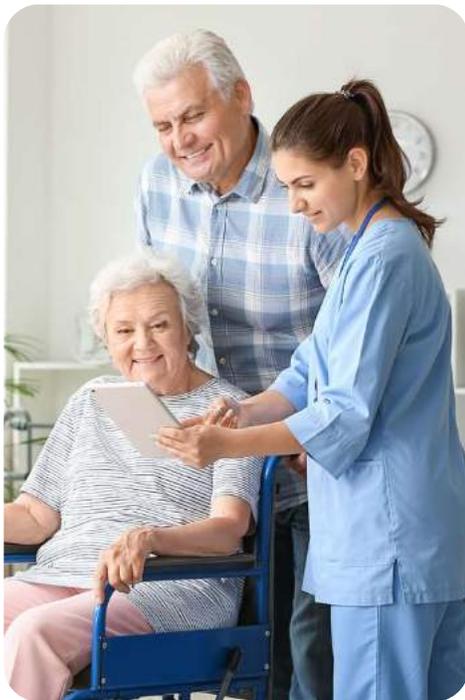
The first big decision is whether to enroll in original Medicare or sign up for a Medicare Advantage plan. It's expected that in 2023, for the first time, half or more of Medicare beneficiaries will be enrolled in Advantage plans instead of original Medicare.

There are pluses and minuses to each choice, which we've covered in detail in the past.

But there are some long-term consequences of the choice that need to be carefully considered. Many Medicare beneficiaries look primarily at the short-term implications of the decision on cash flow and some other factors. But some longer-term consequences are likely to be more significant.

## Consider Nursing Home Coverage

Neither Medicare option covers long-term stays in a nursing home that are needed primarily for custodial care. But Medicare does cover up to 100 days of care in a nursing home, also known as a skilled nursing facility, that's needed after being in a hospital for at least three days.



This type of care typically is for rehabilitation or recovery after a major surgery or illness. The individual isn't ready to go home and be without assistance yet but doesn't need to stay in a hospital.

When you're in original Medicare, you, your doctor, and perhaps other medical providers decide how long you should stay in the nursing facility before going home.

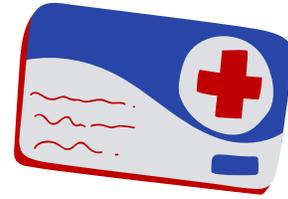
But in an Advantage plan, the plan decides how much rehabilitation is going to be paid for. Medicare covers up to 100 days of such care, but the Advantage plan doesn't have to cover up to 100 days each time you've been in a hospital for more than three days.

A recent report from the Kaiser Family Foundation says that Advantage plans often deny or limit stays in nursing homes after hospital stays. Government data analyzed in the report say that nursing home stays are among the services most frequently denied by Advantage plans.

Though the nursing home stays meet the coverage rules for Medicare, the Advantage plans deny coverage or limit the number of days in the nursing home that will be covered. The plans rule the care "**medically unnecessary**" and deny coverage.

Another long-term issue is your ability to change from an Advantage plan to original Medicare.

# Biggest Surprises in Medicare Advantage Plans, cont'd.



The rules allow you to change plans each year during open enrollment. You can switch from an Advantage plan to original Medicare. But as a practical matter, you might not be able to obtain the coverage you want and need if you switch after your initial enrollment period.

## Coverage Gaps

Original Medicare has a number of coverage gaps. The most significant gap, other than prescription drugs, is the 20% co-insurance amount on most types of care covered by Part B. You're on the hook for the 20%, with no dollar limit. That's why members of original Medicare should obtain a Medicare supplement (also known as Medigap) policy that covers most of the gaps in original Medicare. They also should have a Part D prescription drug policy.

In your initial Medicare enrollment period, insurers are required to sell you the Medigap policy of your choice, regardless of your health history. But once the initial enrollment period ends, insurers aren't required by Medicare to issue you a Medigap policy. The insurers can undertake medical underwriting in which they review your medical history and might require a medical exam. Based on the results, an insurer can decline to issue you a policy or charge you a higher premium.

States are allowed to provide additional consumer protections for purchasers of Medigap policies. Currently four states (Connecticut, Massachusetts, Maine, and New York) extend the guaranteed-issue requirement to all Medigap applicants, including those outside their initial enrollment period.

Many people initially sign up for Advantage plans because they expect to have lower out-of-pocket costs and want the additional benefits, such as vision and dental care. But some beneficiaries want to switch to original Medicare when they develop health problems, because they want the freedom to select their medical providers and don't want to seek permission to see specialists or have tests and treatment.

## Upcoming MO Medicare 101 Workshops

### St. Louis County Library

#### Oak Bend Branch

842 S Holmes Ave.

St. Louis, MO 63122

- May 8th at 1:00pm

### St. Louis County Library

#### Grant's View Branch

9700 Musick Ave.

St. Louis, MO 63123

- May 10th at 5:00pm



### St. Louis County Library

#### Daniel Boone Branch

300 Clarkson Rd.

Ellisville, MO 63011

- May 10th at 1:00pm

**Register Today!**

**[usamedicare101.org/adl](https://usamedicare101.org/adl)**

# What Happens to My Social Security Benefit if My Spouse Dies?



*There seems to be a lot of confusion around Social Security survivor's benefits. This is not surprising, because the rules for determining the amount of a Social Security survivor benefit can be pretty complicated.*

When a primary wage earner dies, the Social Security system has a way to provide a benefit for the surviving spouse. Survivor benefits are generally equal to the primary wage earner's retirement benefit--this benefit replaces other spousal retirement benefits.

The mechanics of the Social Security survivor benefit can apply to widows or widowers at various ages, depending upon the circumstances. Survivor benefits can also be available to the children and/or dependent parents of the primary worker. When the primary wage earner dies, the surviving spouse is eligible to receive a retirement benefit based on the primary wage earner's retirement benefit. In general, the unadjusted survivor benefit is equal to the actual benefit that the deceased spouse was receiving.

**This can be adjusted in two ways:**

**1)** The survivor benefit would be equivalent to the retirement benefit that the decedent had been receiving. This benefit would then take the place of the survivor's own retirement benefit, upon entitlement to the survivor benefit.

Of course, if the surviving spouse's own retirement benefit based upon his or her own record is equal to or more than the deceased spouse's benefit, the surviving spouse will simply continue to receive only his or her own retirement benefit. The survivor benefit is not payable if it's not more than a currently-received retirement benefit. This assumes the surviving spouse has already started receiving a benefit based on his or her own record.

**2)** If the surviving spouse has not yet begun receiving retirement benefits based on his or her own record, there is a choice to make. Assuming the appropriate age(s), the survivor benefits could be started right away, delaying retirement benefits; or retirement benefits could start while delaying survivor benefits.

If the surviving spouse elects to begin receiving survivor benefits before full retirement age (FRA), the benefit is subject to actuarial reduction. Since a surviving spouse is eligible to begin receiving early benefits at age 60 (instead of age 62 for regular or spousal benefits), the "usual" FRA table is adjusted by two years. If the surviving spouse is disabled (by SSA definition), early benefits may be received any time after age 50, with the actuarial reduction assuming benefits begin at age 60 (no further reduction, in other words).

There is no increase to be gained by delaying receipt of the survivor benefit past FRA, so a widow or widower should begin receiving survivor benefits at FRA if eligible. It should also be noted that divorced spouses who survive a deceased worker are also eligible for the survivor benefit, as long as the marriage lasted at least 10 years before the divorce, and the surviving ex-spouse did not remarry (in a current marriage) before age 60.

# Peanut Butter & Candy Egg Blondies

*If you love peanut butter, you're in for a real treat with these amazing blondies.*

## Ingredients:

- Cooking spray
- 1 1/4 c. all-purpose flour, spooned and leveled
- 1 1/4 c. honey-roasted peanuts
- 1 tsp. baking powder
- 1/2 tsp. kosher salt
- 1 1/2 c. packed light brown sugar
- 1/2 c. (1 stick) unsalted butter, at room temperature
- 1 c. creamy peanut butter
- 2 tsp. pure vanilla extract
- 2 large eggs
- 1 (12-ounce) bag peanut butter pastel eggs, divided
- 3/4 c. semisweet chocolate chips



## Directions:

1. Preheat oven to 350°F. Line a 9-by-13-inch baking pan with parchment paper. Lightly grease paper.
2. Place flour and peanuts in a food processor. Process until peanuts are broken down and blended with flour, 30 to 45 seconds. Add baking powder and salt; pulse to combine, 2 to 3 times.
3. Beat sugar and butter with an electric mixer on medium speed until light and fluffy, 2 to 4 minutes. Beat in peanut butter, vanilla, and eggs until incorporated, 1 to 2 minutes. Gradually beat in flour mixture just until combined. Set aside 3/4 cup peanut butter eggs. Stir chocolate chips and remaining peanut butter eggs into batter.
4. Transfer batter to prepared pan. Scatter reserved peanut butter eggs on top. Bake until puffed, edges are deep golden brown, and a toothpick inserted in center comes out clean, 25 to 30 minutes. Cool in pan on a wire rack. Cut into 24 bars.

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**Thanks for reading! Please reach out to me if you have any questions about Medicare or your retirement planning.**

## Spring Trivia Answers

1. Spring
2. Robin
3. Anthophile
4. Cherry Blossoms
5. Flora
6. Equator
7. Spring onions
8. No, until the 16th century, the first season of the month was Lent
9. Great Sphinx
10. True



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