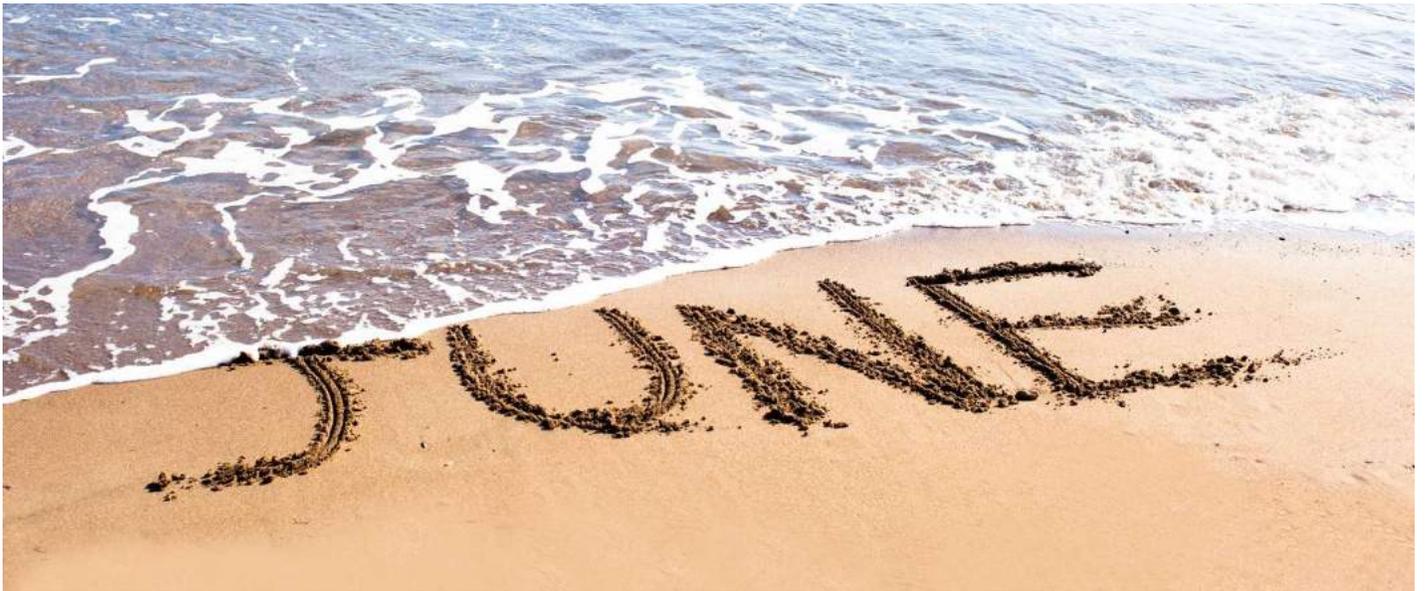




THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter



June is Annuity Awareness Month



By Anne de Leon

June marks the beginning of Annuity Awareness Month, and this is a great time to get educated on the benefits of annuities.

As I've mentioned before, annuities can be an integral part of your long-term retirement planning strategy, providing direction to help you overcome unnecessary risks and important optional benefits that help you to protect your financial future. Annuities offer guaranteed death benefits and payment options to help meet retirement income needs.

In this month's newsletter, I'm discussing the possibility of a stock market crash this year and giving you an update on Medicare and the end of COVID-19 public health emergency rules. I also have new information on the 2024 Social Security COLA estimate, which you definitely want to read!

In This Issue:

Will We See a Stock Market Crash in 2023? - Pg. 2

Summer Sudoku - Pg. 4

What Medicare Beneficiaries Need to Know About the End of the Covid-19 Public Health Emergency Rules - Pg. 5

2024 Social Security COLA Estimates - Pg. 7

Anne's Updates - Pg. 8

Will We See A Stock Market Crash in 2023?

6 Key Indicators to Watch

Through the first four months of 2023, the S&P 500 is up about 7.5%. Considering the S&P was down 19.4% for 2022, the stock market is experiencing a robust rebound in the first four months of the year.

Even so, economists and market mavens point to multiple pain points for the U.S. economy that could send stock prices back to 2022 levels or below over the rest of the year.

Many economists believe in that sentiment. Other market experts see problems ahead if the Federal Reserve continues on its inflation-fighting course, with no sign of the Fed easing off on interest rate hikes.

The market is now bracing for the prospect that the Fed could raise rates even higher than previously anticipated. Talk is emerging of a 6% terminal rate at the peak or ending rate for this rate-hike cycle, as the Fed attempts to slay the inflation dragon.

Simultaneously, as the market is adjusting its expectations for the Fed, earnings have "unmistakably inflected" and are declining. Based on how earnings estimates have been progressing, 2023 is increasingly looking like it could be a negative 10% earnings year.

While there are always going to be periodic pullbacks and cyclical stock market downturns, which are a perfectly normal part of a healthy market, investors are increasingly concerned that the next big move for the market could take stock prices even lower.

Here are six risk factors that could trigger a significant 2023 stock market crash:

- Inflation
- Interest rates
- Disappointing earnings
- Geopolitical event
- Banking crash
- Oil shock

Inflation

In March 2023, the annual U.S. inflation rate stood at 5.6%*, with economists expecting it to bump back up over 6% when the May inflation figures come out in June. Those continue to be alarming numbers, and they're a big reason why inflation has been enemy No. 1 for investors, shoppers and the Federal Reserve in 2023.

In early May, the Fed boosted its target rate by 25 basis points, to a range of 5.00% to 5.25%. *In its May statement, the Federal Open Market Committee said that while things are looking a little better, they are dead set on getting inflation down to the 2% objective, which would likely mean continued future rate hikes.*

Thus, the Fed "remains highly attentive to inflation risks." If inflation rebounds as many are predicting or if the Federal Reserve is forced to continue to aggressively raise interest rates to keep it in check, that could be a negative scenario for stock prices.



Will We See A Stock Market Crash in 2023? cont'd.



Interest Rates

It's no secret that the higher interest rates rise, the more expensive it is for companies to borrow money to invest in growth. With the Fed hiking its benchmark rate and still saying it has work to do to get inflation firmly trending back in the right direction, lending and credit will continue to tighten.

Historically, higher rates lead companies to pull back on spending (*and especially on hiring*). Consumers, too, will keep a sharp eye on their household budgets with prudence in mind. Those factors could lead to a weaker stock market – especially if the Fed raises rates again in 2023.

Disappointing Earnings

S&P 500 companies continue to see a decline in key financials, with earnings expected to slide in 2023.

According to FactSet Research Systems, the estimated S&P 500 first-quarter earnings decline is -6.6%, with 79 S&P 500 companies issuing negative earnings-per-share guidance and only 27 reporting positive EPS guidance.

Consequently, the status quo going forward is shaky for the stock market, as investors prepare for the Fed to impose even more interest rate hikes in 2023. If earnings growth continues to fall short of expectations, the stock market's reaction could be severe.

Geopolitical Event

The biggest geopolitical event of 2023 continues to be Russia's invasion of Ukraine, which has rattled global financial markets and remains a massive wild card for investors. That war continues unabated, with no end to the fighting in sight.

In a worst-case scenario, what some have called a proxy war between the U.S. and Russia could devolve into a global nuclear war. But even a full Russian victory in Ukraine or annexation of Ukrainian territory could be enough to trigger a stock market sell-off.

In addition to the Ukraine conflict, escalating tensions between China and Taiwan could put U.S. supply chains at significant risk. Additionally, saber-rattling between Serbia and Kosovo in 2022 has carried over into 2023, upsetting an already fragile Balkans region, with the prospect of a military conflict rising.

This all goes to show that geopolitics are complicated – and often unpredictable. This lends itself to downside shocks, as few surprise geopolitical developments are unabashedly positive.

Current Annuity Rates

June 2023

5.41%

3 Year Fixed Annuity

5.50%

5 Year Fixed Annuity

5.45%

7 Year Fixed Annuity

To find out more,

contact me: 314-287-0179

Will We See A Stock Market Crash in 2023? cont'd.



Banking Crash

The collapse of Silicon Valley Bank on March 10, followed by the crash of Signature Bank a couple of days later, stoked fears of larger banking instability at home and abroad. The Fed and the Federal Deposit Insurance Corp. stepped in to stabilize the situation, but not before a crisis of confidence engulfed the U.S. regional banking market.

"Headline risk is centered around how well capitalized these banks are and the liquidity profile of their businesses," states Melanie Coffin, equities investment strategist at Lord Abbett.

"Looking ahead, there may be an increase in regulatory scrutiny over small and midsize banks and a more proactive regulatory involvement," she says. "We also expect to see a shift toward deposits becoming more concentrated in the largest U.S. banks." If more banks edge toward insolvency, as occurred in 2007 and 2008, the impact on the stock market could be substantially negative for the rest of 2023.

Oil Shock

There have been several oil shocks in decades past that negatively affected the stock market to varying degrees. The Saudi oil embargo in 1973 created temporary U.S. shortages.

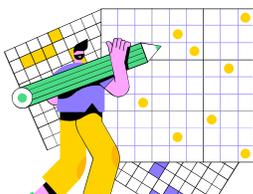
Iran's Islamic Revolution in 1979 and the first Gulf War in 1990-1991 each caused oil prices to double. Oil prices as high as \$140 per barrel even contributed to the economic crisis in 2008. Oil shocks have been some of the most common catalysts for U.S. economic recessions over the past 50 years.

At about \$75 a barrel as of early May, the price of crude oil has stayed fairly stable on a year-to-date basis, but it remains down nearly 25% over the past year. Higher interest rates and fears of a looming recession underscore the volatile nature of the global energy markets heading into the third quarter of 2023.

Summer Sudoku

Sudoku Rules:

- Each row should have numbers 1-9, no repeats.
- Each column should have numbers 1-9, no repeats.
- Each 3x3 quadrant should have numbers 1-9, no repeats



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

What Medicare Beneficiaries Need to Know About the End of the Covid-19 Public Health Emergency Rules

The end of the COVID-19 public health emergency on May 11 has created dizzying changes for Medicare beneficiaries.



Whether Medicare will or won't cover certain health care costs may now depend on whether you are on Traditional Medicare or a private insurer's Medicare Advantage plan, with remote monitoring

for a chronic condition and rehab in a skilled nursing facility being two major question marks for MAPD plans nationwide.

The Trump administration initially declared the coronavirus a public health emergency in January 2020. Although COVID-19 was the fourth leading cause of death in the United States last year and more than 1,000 Americans die from it weekly, the new phase of the pandemic has led the U.S. government to relax its health care rules.

Here's what Medicare beneficiaries need to know about their new world of health insurance coverage:

Higher costs for Medicare Advantage out-of-network doctor visits

During the public health emergency, Medicare Advantage plans weren't allowed to charge more if members saw out-of-network physicians. But those protections will end, and people will once again either have to pay more or not have coverage depending on their Medicare Advantage plan.

If people started seeing a provider who's not in their Medicare Advantage plan's network and expect to continue to see that provider, they will face the reality that it will come with a higher price tag.

Continued coverage for telehealth (mostly)

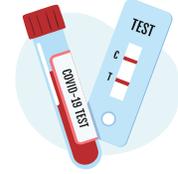
The good news is that Medicare beneficiaries receiving telehealth will be able to do so through at least December 31, 2024. Telehealth is largely unaffected by the end of the public health emergency because of a 2023 law extending Medicare's telehealth coverage through next year. So, you'll still be covered for a telehealth appointment, including one with an audiologist, occupational therapist, physical therapist or clinical psychologist.

But there are two exceptions: one is for remote monitoring for chronic and acute conditions. Medicare beneficiaries are now only covered for telehealth monitoring of, say, a continuous glucose monitor for diabetes if they are already patients of the doctor providing this care.

That's changing back to the pre-pandemic rules, where you could only get remote monitoring if you were an 'established' patient. If you don't have a doctor for remote monitoring, you now need to find one to become an established patient.

The other exception: Medicare no longer pays for routine home care through telehealth under the program's hospice benefit, according to CMS.

What Medicare Beneficiaries Need to Know About the End of the Covid-19 Public Health Emergency Rules, cont'd.



The end of free at-home COVID-19 tests

The main area where people on Medicare are likely to notice changes is when they go to get COVID-19 tests from a pharmacy or do at-home testing. Since April 2022, Medicare beneficiaries could get eight free at-home COVID-19 tests a month. Now, Medicare will no longer cover at-home tests for people on Traditional Medicare. A KFF analysis found the average cost of an at-home rapid COVID-19 test is now \$11.

The convenience of at-home testing has really enabled people to test whenever they want to get together with their friends or family and know—with whatever certainty you get from the at-home test—whether or not you are infectious and maybe potentially risking exposing other people in your life who may be immunocompromised or have other conditions that predispose them to serious illness if they get infected.

New rules for COVID-19 PCR and antigen tests

Medicare will still cover COVID-19 PCR and antigen tests given in approved laboratories and ordered by doctors. People on Traditional Medicare still won't have to pay for these tests, but they may have to pay for the doctor visit resulting in the prescription for the test. Most Medicare Advantage plans will charge members for PCR and antigen tests and associated doctor visits or require the tests be done by in-network doctors.

No changes for COVID-19 vaccines

COVID-19 vaccines will still generally be free to people on Traditional Medicare, as long as the U.S. government stockpile has them and your doctor takes Medicare. Medicare Advantage plans won't charge for COVID-19 vaccines either, if you go to one of their in-network providers.

Paxlovid: free for now

Paxlovid, an antiviral drug used to treat people with COVID-19 will still be free—as long as the government's supply lasts. When the Paxlovid stockpile ends, Medicare beneficiaries with Part D Medicare prescription drug plans will be able to get the treatment for free through December 2024. But those without Part D plans may start owing co-pays for the treatment.

Upcoming MO Medicare 101 Workshops

St. Louis County Library
Thornhill Branch

12863 Willowyck Dr
St. Louis, MO 63146

- June 21st at 6:00pm

St. Louis County Library
Daniel Boone Branch

300 Clarkson Rd.

St. Louis County Library
Oak Bend Branch

842 S Holmes Ave.
St. Louis, MO 63122

- June 28th at 6:00pm

St. Louis County Library
Grant's View Branch

9700 Musick Ave.



Register Today!

2024 Social Security COLA Estimates Are Out

A cost-of-living adjustment (COLA) is an increase made to Social Security and Supplemental Security Income (SSI) to counteract the effects of rising prices in the economy—called inflation.



The consumer price index data for April, released in early May, shows that prices have risen by 4.9% over the past 12 months while increasing 0.4% in April. This is up from 0.1% the previous month, showing a slight acceleration in inflation.*

Based on this data, the Senior Citizens League estimates the Social Security cost-of-living adjustment, or COLA, for 2024 will be 3.1%. This is far below the near-record 8.7% COLA for 2023.

Mary Johnson, the league's Social Security and Medicare policy analyst, bases monthly COLA estimates on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers, known as the CPI-W. *In March, the league offered an early estimate suggesting the 2024 COLA will likely fall below 3%, with a real chance of a retiree seeing a 0% COLA should inflation cool more quickly than expected this year amid a possible recession.*

The Social Security Administration uses average inflation in the third quarter, based on the CPI-W, to calculate the benefit adjustment for the following year. This actual COLA for 2024, as such, won't be known until October.

The Latest Inflation Data

During April, the biggest price increases were seen in the shelter, used cars/trucks and gasoline categories. The increase in the gasoline index more than offset declines in other energy component indexes, and the energy index rose 0.6% in April. The food index was unchanged in April, as it was in March. The index for food at home fell 0.2% over the month, while the index for food away from home rose 0.4%.

Effects on Retirees

In conjunction with its first formal 2024 COLA projection, the Senior Citizens League has published new research on the buying power of Social Security benefits. As the research emphasizes, a lower inflation rate does not mean that prices have come down, and retired Americans continue to struggle with higher prices. The new study shows that Social Security benefits have lost some 36% of their buying power to inflation since 2000.

Expressed in dollar terms, these retirees would need an extra \$516.70 per month (or \$6,200 per year in 2023) to maintain the same level of buying power they enjoyed in 2000. According to Johnson, the study confirms that the prices older consumers are paying are fortunately not growing as fast as a year ago, but many prices on key items remain stubbornly high.

COLA and Inflation History

According to the league's analysis, between January 2000 and February 2023, Social Security COLAs increased benefits by 78%, averaging 3.4% annually. The cost of goods and services purchased by typical retirees rose by 141.4% during that same period, averaging about 6.2% annually. In other words, for every \$100 a retired household spent on groceries in 2000, that household can only buy about \$64 worth today.

Anne's Updates

Annie and her husband Tyler just returned from a trip to Eminence MO in their new RV and hope to have many more road trips in the future months with the newest member of their family, Shelby, a Bernedoodle who arrives in June at 10 weeks. Annie and Tyler will also be celebrating a birthday and anniversary in June so it will be a busy month of celebrations for the entire deLeon family.

Deborah Brown is our June Client of the Month! She comes to DeLeon Retirement Services with 37 years in a managerial position at Mobil. Deborah and Annie met at one of Annie's Medicare 101 Seminars. In today's market, it was especially important for Deborah to address her retirement choices and Annie was a huge help with setting up her Medicare as well as a Fixed Indexed Annuity to help her with her future retirement.

Since June is Annuity Awareness Month, we wanted you to know that Annie has been beneficial setting up annuities for old and new clients alike to insure a comfortable future. In this volatile market, she has been working with more clients than normal in rolling over 401Ks due to the market downturn where they can see an upside and no loss of income.



Thanks for reading! Please contact me with any questions about Medicare or your retirement planning.

Sudoku Answers:

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



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