



# THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter



## May Blossoms: Brighten Your Retirement Path

By Anne de Leon



May is a time of renewal and growth, making it the perfect opportunity to enhance your retirement planning. This month, we're focusing on why annuities could be a smart choice for your retirement in 2025, offering stability and peace of mind in uncertain times. We'll also share strategies for handling a bear market if you're over 50, ensuring your financial plans remain resilient amidst market fluctuations.

In this issue, we'll cover important updates, including changes to Social Security identity verification processes and crucial Medicare updates for 2026. Additionally, we'll highlight the significance of mental health awareness for retirees, providing tips and resources to support your well-being. Don't miss our fun May crossword puzzle to keep your mind sharp! Whether you're planning for the future or adjusting to new policies, we're here to keep you informed and empowered.

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# Why Annuities Could Be a Smart Choice for Your Retirement in 2025

Many retirees choose to claim Social Security as soon as they retire, either because they need the money immediately or plan to invest it. While these can be valid options, claiming Social Security early comes with significant drawbacks you should consider.

## Early Social Security Claims Mean Smaller Payments

Claiming Social Security before reaching your full retirement age permanently lowers your monthly benefit. Filing at the earliest age could reduce your benefit by as much as 30%. For example, a monthly benefit of \$2,000 could drop to just \$1,400.

## Investing Social Security Has Risks

While investing might grow your retirement funds, it introduces risk. Social Security provides guaranteed, lifelong income, much like a pension. Choosing to invest your Social Security payments means exchanging guaranteed income for potential market volatility. Your investments could lose value, affecting your financial stability.

## Social Security Helps Protect Against Inflation

Unlike many investments, Social Security benefits automatically increase with inflation each year, protecting your purchasing power. Claiming early to invest could leave you vulnerable if the market performs poorly or inflation rises sharply.

## Social Security and Taxes

Social Security income receives favorable tax treatment, with only part of your benefit potentially taxed, depending on your total income. Conversely, income from investments like dividends or interest can be fully taxable. Waiting to claim Social Security can offer substantial tax advantages.

## The Drawbacks of Higher Early Withdrawals from Savings

One strategy to bridge the income gap until your full Social Security benefit kicks in is withdrawing more from your savings. While this may seem straightforward, it exposes you to "sequence risk"—the chance that poor investment returns in early retirement could significantly reduce your savings, increasing the risk of running out of money sooner.

## How Annuities Can Help

If you need income before your full retirement age, annuities can be a safer alternative to claiming Social Security early.

## Bridging the Income Gap

Instead of permanently reducing your Social Security benefits by claiming early, you could purchase an immediate annuity to provide steady income until you reach your full retirement age. For instance, if you're 62 and your full retirement age is 67, an annuity can cover your expenses for those five years.

## Current Annuity Rates May 2025

**5.21%**

3 Year Fixed Annuity

**5.60%**

5 Year Fixed Annuity

To find out more,  
contact me: 314-287-0179

## Why Annuities Could Be a Smart cont'd...



### Providing Guaranteed Security

Fixed annuities offer stable, guaranteed payments, reducing your exposure to market risks. With an annuity, you won't have to worry about withdrawing funds from investments when markets are down, providing peace of mind and financial security.

### Protecting Against Longevity Risk

Annuities also address the risk of outliving your savings. Just like Social Security, annuities can guarantee payments for as long as you live, giving you confidence and stability in your retirement years.

By considering annuities in your retirement planning, you can enjoy greater financial security, minimize investment risks, and protect yourself against inflation and taxes.

## How to Handle a Bear Market if You're Over 50

Recently, the stock market took a big hit due to global trade issues, losing \$6.6 trillion in just two days. This has caused concern, especially for older investors who remember past market downturns and their impact on retirement savings.

### What is a Bear Market?

A bear market happens when stock prices drop by 20% or more from their recent highs. This last occurred in 2022, affecting major indexes like the Nasdaq, S&P 500, and Dow. During that time, some stocks saw significant declines. For example, Netflix shares dropped by 68%, PayPal lost 70%, and Moderna fell by 72%. Overall, the Nasdaq lost 33% of its value, and the S&P 500 declined by about 25%.

### Why Do Bear Markets Happen?

Bear markets can be triggered by various factors:

- **Rising Interest Rates:** Higher rates make borrowing more expensive. When lenders expect inflation to rise, they increase interest rates to ensure they get a good return on their loans. This can lead investors to move money from stocks to bonds, which offer better returns after inflation. Higher rates also mean businesses have to pay more for loans, reducing their earnings.
- **Global Tensions:** Events like trade wars or geopolitical conflicts can cause market instability. For example, the wide-ranging tariffs announced by the Trump administration in April 2022 rattled the world and sent stocks plunging. History provides other examples, such as the oil embargo by OPEC in 1973, which caused oil prices to triple and led to a bear market lasting 69 months.
- **Over-Optimism:** Sometimes investors get too excited about certain stocks, leading to a bubble that eventually bursts. In 2000, investors made huge bets on online companies like Pets.com, which never made money, resulting in a significant bear market.



## How to Handle a Bear Market cont'd...



### What Should You Do?

Your strategy depends on your financial situation and goals:

- **If You're Still Working:** Keep investing regularly in your retirement accounts, such as your 401(k) or IRA. Bear markets typically recover in a few years, so buying stocks at lower prices now can pay off later. The average bear market recovers in about three and a half years, so continuing to invest can help you buy low and sell high later.
- **If You're Retired:** Avoid withdrawing from stock funds during a bear market unless you have no other choice. Withdrawals during a bear market can lock in losses and make the situation worse. Instead, use safer investments like cash or bonds for withdrawals. This helps prevent locking in losses and allows your riskier investments time to recover.

### Creating a Bucket Plan

Most financial planners recommend having a "bucket plan" for your investments. This involves dividing your investments into three categories:

- **Ultrasafe Cash Investments:** These include bank CDs and money market funds. Use these for making withdrawals in volatile markets.
- **Moderate-Risk Investments:** These include bond funds. They offer a balance between safety and growth.
- **High-Risk Investments:** These include stock funds. While they can be volatile, they offer the potential for higher returns.

Using your cash investments for withdrawals during a bear market can help you avoid locking in losses. When your stock funds recover, you can replenish your cash and bond buckets and be prepared for the next bear market.

### Consulting a Financial Advisor

Now might also be a good time to consult a financial advisor to discuss whether you should make any changes to your retirement accounts, investments, and other assets. A trusted advisor can help you reassess your retirement goals and ensure your investment strategy aligns with your financial situation and long-term plans.



# Important Social Security Updates: Identity Verification Changes

The Social Security Administration (SSA) is making important changes to improve the security of your Social Security information. Starting April 14, 2025, stronger identity checks will help protect your personal records and benefits from fraud.



## What's Changing?

- **Disability, Medicare, and SSI Applications:** If you're applying for Social Security Disability Insurance (SSDI), Medicare, or Supplemental Security Income (SSI) and can't use an online account, you can now complete your application entirely by phone without visiting a Social Security office.
- **Retirement, Survivor, or Family Benefits:** If you cannot use your online Social Security account for these benefits, you'll need to verify your identity either online or by visiting your local Social Security office in person. However, in urgent situations (like terminal illness or prisoner pre-release), special exceptions will apply.

## Updating Direct Deposit Information

If you need to update your direct deposit details and can't do it online, you'll have to visit your local Social Security office or call 1-800-772-1213 to schedule an appointment.

## Improved Office Availability

To support these changes, SSA now requires its employees to work in offices five days a week, ensuring full staffing to assist you with these processes.

## Enhanced Fraud Protection

SSA will soon implement a new verification system to protect your bank information better. The Account Verification Service (AVS) will provide instant checks to prevent fraud when direct deposit information is changed.

## Creating Your Online Account

If you don't already have a my Social Security account, you can create one online. This makes accessing your information and making changes easier and quicker.

These updates aim to safeguard your benefits and streamline your experience. If you have any questions or need assistance with these changes, please contact your Social Security office or reach out to your advisor.

## RETIREMENT REWARDS

TRAVEL EDITION

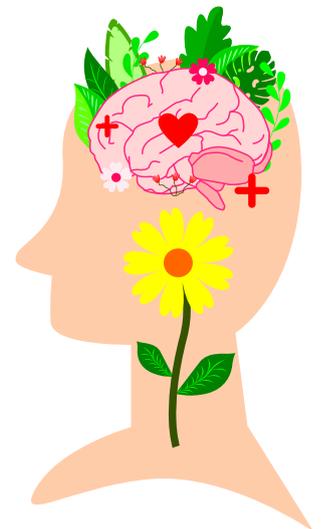
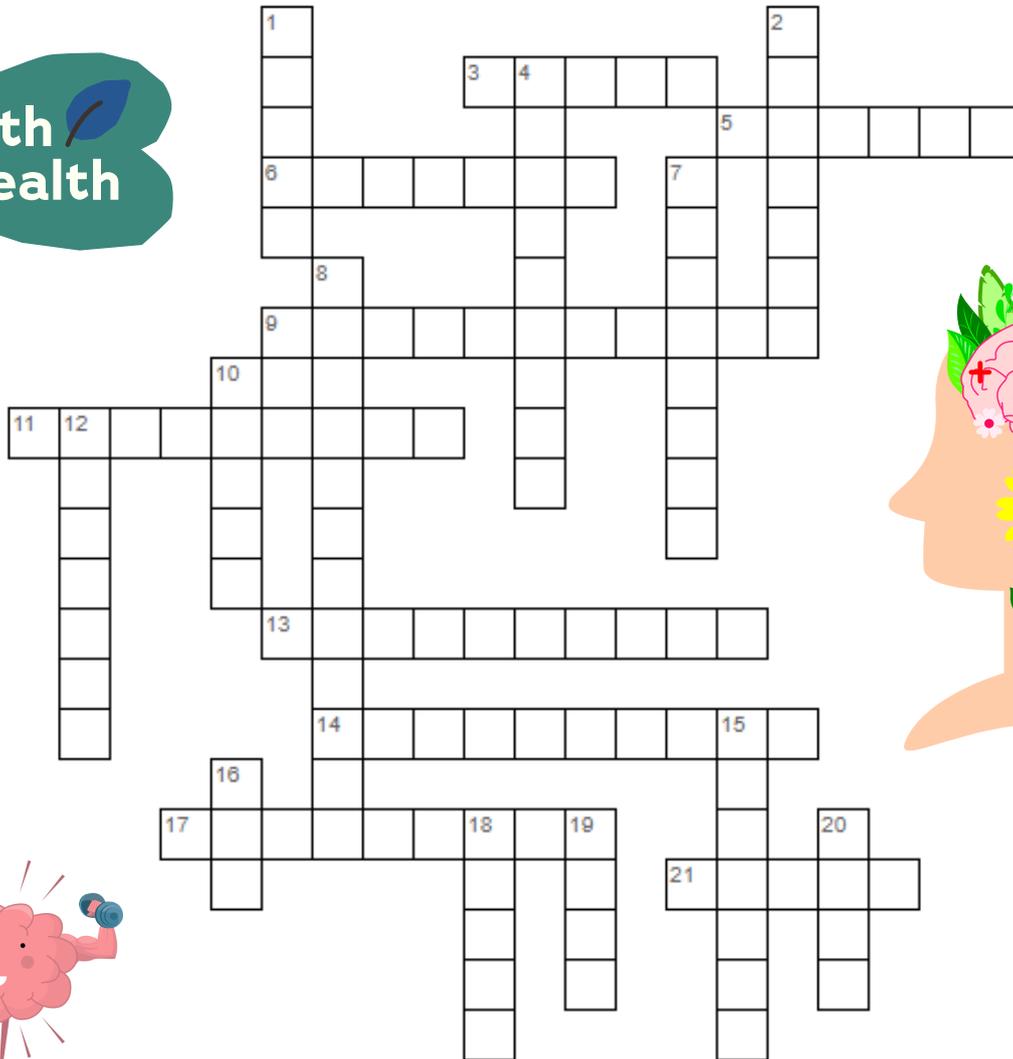
- **Avis & Budget:** 30% off base rates for AARP Members plus upgrades when available.
- **American Airlines:** discounts for seniors 65 and older.
- **Amtrak:** 10% discount for seniors 65 and older.
- **Choice Hotels:** 10% off room rates for guests 60+ or AARP members.
- **Royal Caribbean:** Special prices are available for guests aged 55+
- **Road Scholar:** Specializes in educational travel for seniors, offering various discounts and scholarships for travelers aged 50+



# Mental Health Awareness in Retirees



May is Mental Health Awareness Month, a perfect time to focus on the importance of mental health in retirement. Many retirees face challenges such as depression, anxiety, and cognitive decline. Staying mentally active is crucial to combat these issues. Engaging in activities that challenge the brain, such as puzzles, reading, or learning new skills, can help prevent cognitive decline and keep the mind sharp. To support this, we've included a special crossword puzzle below, all about mental health. It's a fun way to engage your brain and learn more about maintaining mental well-being. Enjoy!



**Across**

- 3. You feel this when you have nothing to do
- 5. Many people feel this when they do not have coffee in the morning
- 6. When waiting for someone, it is best to be this
- 9. When you feel this way, you might cause a little bit of trouble
- 11. Christians are encouraged to be this all the time, but especially during Lent
- 13. If you win the war, you are this
- 14. Before making decisions, it is a good idea to be this
- 17. The opposite of awful
- 21. Children often act this way to make grown ups laugh

**Down**

- 1. Don't worry, Be \_\_\_\_\_!
- 2. Many people feel this if they have to speak in front of a crowd
- 4. People who are disrespectful and loud are also this
- 7. The opposite of guilty
- 8. The feeling you get when your plans fall apart
- 10. You might feel this when someone hurts your feelings
- 12. How you feel when you are looking forward to something
- 15. People who worry a lot are sometimes labeled this
- 16. This is a feeling and a woman's name
- 18. This is a feeling and a man's name
- 19. Everybody needs this
- 20. This feeling rhymes with some

# Important Medicare Updates for 2026

As your trusted advisor, it's important to keep you informed about recent changes coming to Medicare Advantage and Prescription Drug Plans (Part D) in 2026. Here's a simplified overview of what you can expect:

## Clearer Rules for Hospital Stays

If your Medicare Advantage plan approves a hospital stay, the plan cannot later reverse that decision except in cases of clear errors or fraud. This ensures you won't face unexpected costs after your hospital admission has been approved.

## Improved Appeals Process

Medicare is making it easier and clearer for you to appeal decisions made by your Medicare Advantage plan. Your healthcare providers will now also be notified when your plan makes a coverage decision, helping them better support you in the appeals process.

## Limits on Special Benefits

Medicare Advantage plans often offer special benefits for people with chronic conditions. Starting in 2026, Medicare will clearly list what these special benefits cannot include, such as non-healthy foods, alcohol, tobacco, or life insurance.

## Better Coordination for Dual-Eligible Members

If you're enrolled in both Medicare and Medicaid, by 2027 you'll receive one combined member ID card and a single health assessment, simplifying your healthcare experience.

## Lower Costs for Vaccines and Insulin

As of January 2023 (continuing forward), vaccines recommended by health experts will not require deductibles or co-payments under Medicare Part D. Insulin will also have capped costs, meaning you'll pay no more than \$35 per month or 25% of the negotiated price—whichever is lower.

## Monthly Payment Options for Prescription Costs

Starting in 2025 and continuing into 2026, you'll have the option to spread out your prescription drug payments over the year rather than paying large amounts at the pharmacy all at once.

## Faster Prescription Claims

Medicare is tightening rules around how quickly pharmacies must process and report prescription claims, ensuring faster, more accurate billing for your medications.

## Accurate Pricing at Pharmacies

Pharmacies participating in your Medicare Prescription Drug Plan must now enroll in a Medicare system that helps ensure you receive accurate, fair pricing on your medications.

These updates aim to make your Medicare experience clearer, simpler, and more beneficial. Please reach out with any questions or for assistance reviewing your coverage options.

