

# SONORAN RETIREMENT ADVISOR



January 2024

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*It's not what happens to you, but how you  
react to it that matters.*

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## IN THIS ISSUE

1. Note to my clients.
2. Feature Story Pg. 2-3
3. Clients of the Month Pg. 3-4
4. Planning Compass Pg. 4-5
5. Upcoming Workshops Pg. 5-6

Hi,

Happy new year. I wish you all an amazing 2024.

My first article will focus on bonds. This may be a good investment as the FED will likely start lowering interest rates in 2024.

My second article will focus on IRS scams. I was unfortunate to have fallen for an IRS scam 15 years ago they can be very convincing.

Stay safe and healthy.

Your Tucson Team

[www.futurityfirstofsouthernarizona.com](http://www.futurityfirstofsouthernarizona.com)



*From Medicare to Retirement  
Planning. We provide the tools,  
and expertise to protect your  
retirement and lifestyle.*

## FEATURE STORY

### ***Bond Yields Are Up, but What Are the Risks?***

After years of low yields, bonds are offering higher yields that may be appealing to investors regardless of their risk tolerance. While bonds could play a role in any portfolio, they can be a mainstay for retirees looking for stability and income, and near-retirees might consider shifting some assets into bonds in preparation for retirement.

Bonds are generally considered to have lower risk than stocks - one good reason to own them - but they are not without risk. In fact, bonds are subject to multiple risks. In considering the brief explanations below, keep in mind that coupon rate refers to the interest paid on the face value of a bond, whereas yield refers to the return to the investor based on the purchase price. A bond purchased for less than face value will have a higher yield than the coupon rate, and a bond purchased for more than face value will have a lower yield than the coupon rate.

**Interest rate risk (or market risk)** - the risk that interest rates will rise, making the coupon rate on an existing bond less appealing because new bonds offer higher rates. This typically lowers the value of a bond on the secondary market, but it would not change the yield for a bond purchased at issue and held to maturity. As the Federal Reserve has rapidly raised rates to combat inflation, the potential resale value of existing bonds has plummeted. However, rates may be nearing a peak, which potentially could make it a more opportune time to purchase bonds. If interest rates drop, the value of a bond will typically increase.

**Duration risk** - the risk that longer-term bonds will be more sensitive to changes in interest rates. Duration is stated in years and based on the bond's maturity date as well as other factors. A 1% increase in interest rates typically will decrease a bond's value on the secondary market by 1% for each year of duration. For example, a bond with a duration of seven years can be expected to lose 7% of its value on the secondary market.

**Opportunity risk (or holding period risk)** - the risk that you will not be able to take advantage of a potentially better investment. The longer the term of a bond, the greater the risk that a more attractive investment might arise, or other events might negatively impact your bond investment.

**Inflation risk** - the risk that the yield on a bond will not keep up with the rate of inflation. This might be of special concern in the current environment, but high inflation is the reason that the Fed has been raising interest rates. If inflation cools, bonds with today's higher yields could outpace inflation going forward.

#### **By the Letters**

Bond ratings in descending order of creditworthiness as judged by the three best-known rating agencies (ratings of BB+/- and Ba1-3 are considered non-investment grade)

Bond ratings in descending order:

#### **Standard & Poor's**

AAA, AA+/minus, A+/minus, BBB+/minus, BB+/minus, B+/minus, CCC+/minus, CC/C, and D.

**Moody's:** (initial cap followed by lowercase a or a's) Aaa, Aa1 through 3, A1 through 3, Baa1 through 3, Ba1 through 3, B1 through 3, Caa1 through 3, Ca, and C.

**Fitch:** AAA, AA+/minus, A+/minus, BBB+/minus, BB+/minus, B+/minus, CCC+/minus, CC/C, and RD/D.

Standard & Poor's and Fitch Ratings use the symbols plus and minus to denote the upper and lower ranges of ratings from AA to CCC

Note: Standard & Poor's and Fitch Ratings use the symbols + and - to denote the upper and lower ranges of ratings from AA to CCC; Moody's uses the numbers 1, 2, and 3 to denote the upper, middle, and lower ranges from Aa to Caa.

**Call risk** - the risk that an issuer will redeem the bond when interest rates are falling in order to issue new bonds at lower rates. Investors can avoid this risk by purchasing non-callable bonds.

**Credit risk (or risk of default)** - the risk that the bond issuer is unable to make promised interest payments and/or return principle upon maturity. Credit-rating agencies analyze this risk and issue ratings that reflect their assessment. Higher-rated bonds are considered "investment grade." Lower-rated bonds, commonly called "junk bonds," are non-investment grade. They generally offer higher yields and are considered speculative with higher credit risks.

Some lower-rated bonds may be insured, so the bond carries two ratings, one for the bond and one for the insurance company. Bond insurance adds a potential

layer of protection if an issuer defaults, but it is only as good as the insurer's credit quality and ability to pay. An investor should not buy bonds based solely on the insurance.

The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.



### *Clients of the Month*

**We appreciate your referrals so much ....**

We are happy and grateful for each referral. The only things your friends have to lose are high premiums and that sinking feeling that they just lost money when the market dips again. I'm happy to offer a gift card for every referral that leads to an appointment.

**Mark D.** referred his brother **Victor D.** Thank you so much!

**Deborah L.** referred her friends **Patricia and Jerry D.** Thank you so much!

**TUSD** referred **Dana R.** Thank you so much!

**Melody and Todd S** referred **Cynthia W**. Thank you so much!

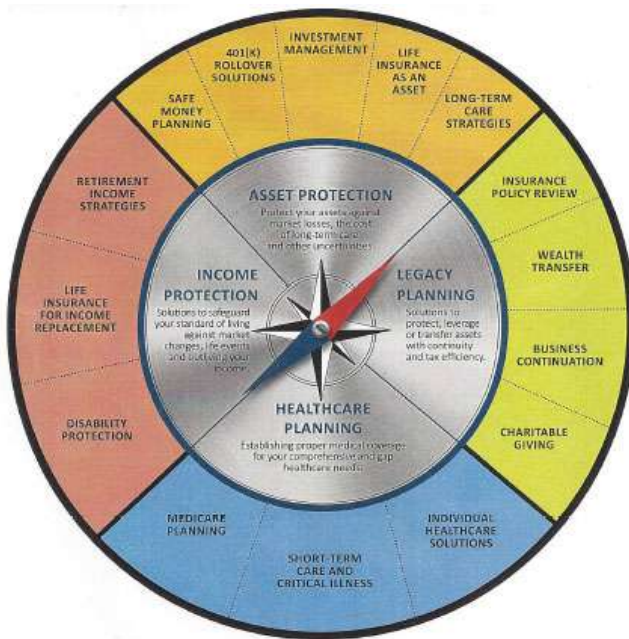
**Kim J.** referred her friend **Kim T**. Thank you so much!

**Raul A.** referred his friend **Ray R**. Thank you so much!

**Steve C.** referred his friend **Anne G**. Thank you so much!

**Nancy B.** referred her friend **Terry S**. Thank you so much!

### *The Retirement Planning Compass*



### *Keep an Eye Out for IRS-Related Scams*

The IRS warns that although scams are especially prevalent during tax season, they also take place throughout the year. As a result, it's important to

always be on the lookout for suspicious activity so that you don't end up becoming the victim of a scam.

One of the more common IRS scams involves phishing emails. These scams involve unsolicited emails that pose as the IRS to convince you to provide personal information. Scam artists then use this information to commit identity or financial theft. Another dangerous type of phishing, referred to as "spear phishing," is targeted towards specific individuals or groups within a company or organization. Spear phishing emails are designed to get you to click on a link or download an attachment that will install malware in order to disrupt critical operations within your company or organization.

Another popular IRS scam involves fraudulent communications that appear to be from the IRS or a law enforcement organization. These scams are designed to trick you into divulging your personal information by using scare tactics such as threatening you with arrest or license revocation. Be wary of any email, phone, social media, and text communications from individuals claiming they are from the IRS or law enforcement saying that you owe money to the IRS.

**The IRS will not initiate contact with you by email, text message, or social media to request personal information.**

A relatively new IRS scam involves text messages that ask you to click on a link in order to claim a tax rebate or some other type of tax refund. Scammers who send these messages are trying to get you to give up your personal information and/or install

malware on your phone. Watch out for texts that appear to be from the IRS that mention “tax rebate” or “refund payment.”

The IRS will not initiate contact with you by email, text message, or social media to request personal information. The IRS usually contacts you by regular mail delivered by the U.S. Postal Service. Here are some steps that may help you avoid scams.

- Never share your personal or financial information via email, text message, or over the phone.
- Don’t click on suspicious or unfamiliar links or attachments in emails, text messages, or instant messaging services.
- Keep your devices and security software up to date, maintain strong passwords, and use multi-factor authentication.

## ***UPCOMING MEDICARE WORKSHOPS***

***For all workshops please email Marilyn at:***

***[marilyndeluca@ffig.com](mailto:marilyndeluca@ffig.com) or call her at***

***520-668-9662 to Reserve your free seat.***

**Tuesday January 9<sup>th</sup> - 11:00 AM**

**FUTURITY FIRST – TUCSON OFFICE:**

4400 E Broadway Blvd, Suite 712, Tucson, AZ  
85711

**Tuesday January 9<sup>th</sup> - 6:00 PM**

**FUTURITY FIRST – TUCSON OFFICE:**

4400 E Broadway Blvd, Suite 712, Tucson, AZ  
85711

**Wednesday January 10<sup>th</sup> - 12:00 PM**

**Virtual (video conference) Workshop**

**Tuesday January 23<sup>rd</sup> - 11:00 AM**

**MARRIOTT COURTYARD – TUCSON**

**AIRPORT:**

2505 East Executive Drive, Tucson, AZ 85756

**Tuesday January 23<sup>rd</sup> - 6:00 PM**

**MARRIOTT COURTYARD – TUCSON**

**AIRPORT:**

2505 East Executive Drive, Tucson, AZ 85756

**Wednesday January 24<sup>th</sup> - 12:00 PM**

**Virtual (video conference) Workshop**

**Tuesday February 6<sup>th</sup> - 11:00 AM**

**FUTURITY FIRST – TUCSON OFFICE:**

4400 E Broadway Blvd, Suite 712, Tucson, AZ  
85711

**Tuesday February 6<sup>th</sup> - 6:00 PM**

**FUTURITY FIRST – TUCSON OFFICE:**

4400 E Broadway Blvd, Suite 712, Tucson, AZ  
85711

**Wednesday February 7<sup>th</sup> - 12:00 PM**

**Virtual (video conference) Workshop**



## Answers to your important questions

- What's really working on Wall Street and how can I avoid what's not?
- What does volatility mean to my portfolio?
- How do I maintain my income no matter what happens in the market?
- How can I avoid the pitfalls of variable annuities?
- What isn't my broker telling me about mutual funds?
- How to insulate your 401(k), 403(b) from devastating market corrections?
- How you can reduce management fees on your portfolio?
- How can I make sure I never run out of money without putting all of my money into an annuity?

Futurity First  
 4400 E Broadway Blvd, Suite 712  
 Tucson, AZ 85711  
 www.futurityfirstofsouthernaz.com  
 520-668-9662



**Build your retirement plan based on certainty and guarantees, not theories and guesswork.**



*Finally there is a planning model that is easy to understand and provides low cost, high yield, consistent income. This process avoids losses, reduces fees and puts more money where it belongs... in your pocket. It is so simple that you may say, "Why didn't I think of it myself."*

This classroom course is focused on empowering you to make fact-based financial decisions. If you are wondering why the markets do what they do, seemingly without any rhyme or reason, this course is for you. Learn how to recognize the dangers in your financial plan and how to side-step their negative effects on your portfolio. Gain the confidence needed to move past daily market performance concerns and interest rates and enjoy retirement.

# Retirement Income Planning Workshop



A 60-minute educational program preparing you with the financial basics of retirement planning.

**Offered at our office for your convenience**

4400 E Broadway Blvd, Suite 712  
 Tucson, AZ 85711

Wednesday, January 17<sup>th</sup>

Wednesday, February 14<sup>th</sup>

Wednesday, March 27<sup>th</sup>

All workshops begin at either 11:00 am or 6:00 pm

**Seating is limited.  
 Register today for your free seats!**

**520-668-9662**

## Course Outline

### Part 1

- Our process
- What concerns retirees the most

### Part 2

- Today's retirement landscape
- Key retirement ages and decisions
- Income gap

### Part 3

- Risks affecting your portfolio

### Part 4

- Sources of guaranteed income

### Part 5

- Elements of a retirement income plan
- Make your money last a lifetime (or two)
- Inflation fighting tools
- How a simple plan can protect you from losing money or income in any market condition