



LPL Financial
Eric Wasson, CFP®
CERTIFIED FINANCIAL PLANNER™
Member FINRA/SIPC



I hope you are enjoying your summer and that you have had an opportunity to relax and spend some quality time together with friends and family. Give me a call and let me know what you've been up to!

I would like to thank everyone who submitted answers to our question last month. The winner of the drawing for the July newsletter question is (not yet drawn). Congratulations, (xxx)!

This month's drawing will be for a \$25 gift certificate to Salmon Falls Stoneware in Dover.

With locations in Dover and Perkin's Cove, Salmon Falls Stoneware features hand crafted, salt glazed pottery including baking items, kitchenware, serving items, crocks, vases and more.

And the question is...

What is a balance sheet?

[Click here](#) to submit your answer by email. Good luck!



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Interesting Facts!

I know we all look for ways to cut down on expenses, but in 2007, one man took it to a whole new level. He faked his own death to get out of paying his cell phone bill. It didn't work and the company insisted he pay the balance due.

Positioning himself as a champion of the irate consumer, he later said, "I bet I sent a definite message about how much people hate being strapped to a cell phone that doesn't work."

Local Events!

Dover Arts Market: Friday, August 8th from 4:00-8:00 pm in the Cocheco Mills Courtyard. For more information and date click [HERE](#).

Summer Lobsterfest Cruise: Friday, August 8th, 7:00 -10:00 pm from Weirs Beach. For more information on this and other events aboard the Mt. Washington click [HERE](#).

Haunted Lighthouse and Fort Tour: Saturday, August 9th, various times at Portsmouth Harbor Lighthouse. For more information click [HERE](#).

Rochester Brown Bag Concert Series: Every Friday from 11:45 am - 1:30 pm in downtown Rochester. For more information click [HERE](#).

Run for the Trail 5K: Sunday, August 10th, 8:00 am at Seabrook Elementary School. For more information click [HERE](#).

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Making Your Finances "Picture Perfect"



While most people find the notion of creating a budget about as appealing as mowing the lawn or shoveling snow, most would agree that the yard work is well worth the effort once they've achieved picture-perfect surroundings.

Two financial pictures you can take at anytime to help view your financial landscape are a balance sheet (or net worth statement) and a cash flow statement. Along with showing you where you stand today, they can help provide the basis for important financial comparisons in the future. Although there are software programs available to help with budgeting needs, it can also be easy, and sometimes helpful, to create your own worksheets.

Assessing Your Net Worth

To create a balance sheet, simply draw a line down the center of a blank piece of paper and label one column "Assets" and the other "Liabilities." Assets are everything you own, and liabilities are everything you owe.

You can add structure by grouping your assets into three categories: 1) cash or cash alternatives-checking and savings accounts, money market funds, and certificates of deposit (CDs); 2) investments-stocks, bonds, mutual fund accounts, and retirement

accounts; and 3) personal property-your house, home furnishings, autos, boats, and other personal items.

Liabilities can be labeled as follows: 1) short-term-auto loans, most personal loans, and credit card debt; or 2) long-term-home mortgages, some home equity loans, and some educational loans.

Enter all of the relevant numbers and add up the two columns. We'll examine the outcome later.

How Fluid Is Your Cash Flow?

Next, you will need to create a cash flow statement. Divide a piece of paper down the middle and label one column "Cash Inflow" and the other "Cash Outflow." On the inflow side of the ledger, list monthly (or yearly) income from all sources such as wages, self-employment, rental properties, and investment income (e.g., interest and dividends).

On the outflow side, list all monthly (or yearly) expenditures, separating fixed expenses (e.g., mortgage payments, other periodic loan payments, and insurance premiums) and variable or discretionary expenses (e.g., utilities, food, clothing, entertainment, vacations, hobbies, and personal care). You might want to put taxes (federal, state, FICA) in a separate category. Again, fill in the relevant numbers and total the columns.

The Results

If your balance sheet shows your assets exceeding your liabilities, you have a healthy net worth, especially if your cash flow statement shows more inflow than outflow. This picture shows that you are solvent and spending within your means. The degree of your financial health depends on the amount of your surpluses.

Your financial outlook may be less positive if your balance sheet shows your liabilities exceeding your assets and/or your cash flow statement shows more outflow than inflow.

This picture indicates that you are spending beyond your means, so it may be wise to assess the areas in which you can decrease your liabilities.

Two goals worth pursuing are increasing your net worth each year and keeping your annual expenditures under control. If your financial picture is a little out of focus, taking action now to sharpen the view will make your financial future far more promising.

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Retirement: A Community Audition



A house once filled with the constant, clamoring of a growing family has grown quiet. Family visits have become few and far between. The silence can be deafening. If these thoughts seem familiar, maybe you and your spouse have outgrown a home you once considered to be too small.

Life changes can raise housing concerns regarding accessibility, maintenance, location, community resources, social interaction, and consistency with prior lifestyle. If you have lived in the same home for many years, decisions about future housing can be difficult. Your family home may have provided continuity in terms of familiarity and community, and it may be paid for by the time you reach retirement. However, its size and maintenance requirements may have been more appropriate when children were home and you had more energy. You may also begin to feel isolated in the family home if its location limits access to social support systems (particularly if lifelong friends have died or moved away).

Although housing needs change as we age, shelter, in any form, is always more than mere physical comfort. It is a financial, psychological, and social base, which anchors our sense of stability. For this reason, it is common to find people who had moved to warmer climates in their early retirement years later returning to the familiarity of their original communities and the proximity of family and friends.

With many other soon-to-be seniors in similar situations, retirement communities, also known as 55+ communities, have become a viable alternative for people looking to downsize their homes. These neighborhoods or complexes, which vary from condominium-style settings to single-family homes, usually require that at least one member of the household be age 55 or older.

Retirement communities typically offer an active and independent lifestyle to those who do not require assisted living facilities (ALFs). The Housing for Older Persons Act of 1995 eliminated the requirement that these communities have "significant facilities and services designed to meet the physical and social needs of older persons." This legislation has increased the popularity of such communities as an alternative for people age 55 and over who do not require assisted care.

Considerations

Relocation of any kind requires a careful examination of the possible pros and cons. Before selling your home to move to the newest 55+ community, consider the following:

Security. Retirement communities may offer security that a typical neighborhood would not. Generally, they have security guards at the entrance of the neighborhood or building. With this added protection, you may sleep more soundly at night.

Recreation. With people living longer than ever before, retirement less often evokes an idle existence. These days, retirement can be as active and adventurous as you choose. Generally, retirement communities offer a recreation center that hosts group activities that may be as vigorous as sporting events or as leisurely as card games.

Medical Facilities. Many retirement communities have medical facilities located within the property limits. You or your spouse may not currently require ongoing care;

however, it can be comforting to know that qualified medical professionals are accessible at any time, if the need arises.

Maintenance. Although you might have once considered shoveling snow, mowing the lawn, and pulling weeds pleasurable pastimes, they may now be tiresome. Oftentimes, these self-contained neighborhoods handle exterior maintenance-including lawn care and snow removal. A retirement community enables you to enjoy a yard without having to maintain it.

Costs. The services retirement communities provide come at costs that must be considered in addition to typical homeowners' expenses. Usually, there are entrance fees and monthly maintenance costs (similar to condo fees), which increase your purchase price.

Limited Socialization. While many people consider a retirement community's social lifestyle an advantage, some consider it a disadvantage. If transportation is not readily available, the prospect of being surrounded by the same group of people could seem confining.

Determining where you want to spend your "golden years" is a decision that requires serious consideration. Whether you choose to stay in your current location, decide to call a retirement community home, or opt to explore other living arrangements, it is important that you are comfortable with your choice.

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Disability Protection for Business Owners

Most business owners would not think twice about carrying life insurance. Yet, many often fail to insure themselves against disability. If you were to become disabled, would you be able to generate sufficient income to maintain your family's standard of living? Would your company have the financial resources to continue its business operations? When planning for disability income protection, business owners should consider both personal disability income insurance, as well as business overhead expense insurance. A personal disability income policy helps replace a portion of the income you may lose due to disability. Business overhead expense insurance helps cover lost profits and continuing fixed costs, such as salaries, lease or mortgage payments, utility bills, and insurance premiums that may occur during the disability. Of course, you hope you will never become disabled. But, if you do, having the proper insurance coverage in place can provide important peace of mind for you and your family. It can also help your business, which you have worked so hard to build, stay up and running.

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660 Central Avenue, Dover, NH 03820
Phone: (603) 343-4515 Fax: (603) 343-1863
Email: eric.wasson@lpl.com

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Eric Wasson, CFP®
LPL Financial

(603) 343-4515



Eric.Wasson@LPL.Com

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