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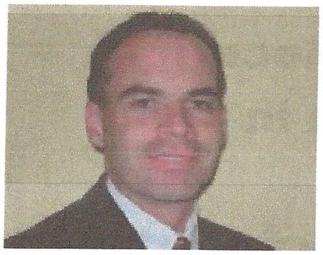


LPL Financial

**Eric Wasson, CFP®**

CERTIFIED FINANCIAL PLANNER™

Member FINRA/SIPC

I would like to thank everyone who submitted answers to our question last month. The winner of the drawing for the March newsletter question is Kim Nunan. Congratulations, Kim!

This months drawing will be for a $25 gift certificate to Wentworth Greenhouse on Rollins Road in Rollinsford. And the question is... According to the Consumer Federation of America, what percentage of households have at least one credit card? Click here to submit you answer by email. Good luck!

Also, don't forget that April 15th is the deadline to file your 2012 taxes!

**Aztec Financial Group**

**www.aztecfg.com**

### In This Issue



## Interesting Facts!

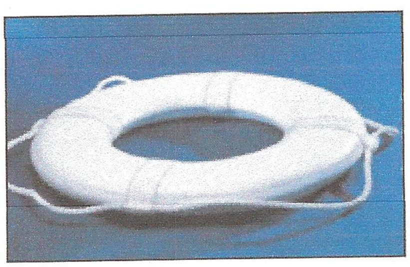
**The most misused Social Security number of all time was 078-05-1120.**

**That was on a fake, display "Social Security" card put in wallets sold at Woolworth in 1938.**

**The number belonged to the manufacturer's secretary, Hilda Schrader Whitcher.**

**The sample card had no name on it and many confused it with their Social Security number. In all, at least 40,000 people used Hilda's number on their taxes.**

## Life Insurance and Divorce: Protecting Your Family's Future



Sometimes in life things don't work out as we plan. One of the most trying examples of this is when a couple decides they can't make their marriage work and, subsequently, file for divorce. Divorce takes a significant financial and emotional toll on both parties, their children, and other family and friends. In the midst of the immediate financial and legal concerns, couples need to look beyond the present to help ensure that their financial futures are secure and that the future needs of children, such as education expenses, will be provided for in the event of an untimely death. Life insurance may offer a solution.

With the majority of care belonging to mothers with relatively modest average incomes, concerns arise regarding the future educational expenses of college-bound children. According to The College Board's annual report (Trends in College Pricing, 2012) the average sum of tuition, fees, room and board for the 2012-2013 school year was $17,860 at in-state public colleges ($30,911 for out-of-state) and $39,518 at private colleges.

Because educational expenses are only expected to increase, the need to plan for future financial security during divorce becomes even more paramount. Let's look at several different scenarios.

After divorce, if the spouse paying alimony and/or child support were to die, then the custodial parent may be hard-pressed to maintain the children's current lifestyle, let alone be able to afford the potentially significant college fees. On the other hand, if the custodial parent were to die prematurely, the ex-spouse may be at a loss to cover daily childcare expenses. For these reasons, divorcing couples may want to strongly consider making life insurance policies part of the divorce decree. An example of this language would be as follows: "(Name of husband or wife) shall maintain insurance on (his/her) life in the total amount of ($ amount) as long as (he/she) is required to pay child support. The insurance shall be payable to (Name) as trustee for the minor children. If such insurance is not in force at death, the children shall have a claim against the estate for ($ amount)."

A custodial parent may want to look into purchasing a life insurance policy on his or her ex, but if this turns out to be an impossibility, transferring ownership and beneficiary arrangements on an existing policy may be another option. If policy premiums fall outside of the budget, the custodial parent may request alimony or child support increases to cover the costs. If the non-custodial parent remains the policy owner, the divorce decree can include arrangements to ensure the custodial parent is named as the irrevocable beneficiary and receives ongoing proof that the payments continue to be made and the policy remains in effect.

A parent without custody may wish to keep the policies he or she already has to protect the financial interests of other family members, such as children from a new marriage. In this case, the non-custodial parent should consider purchasing a new policy with the ex as the beneficiary. If this is done before or during the divorce proceedings, gift tax will not be owed. Premiums may be tax deductible if policy ownership belongs entirely to the ex.

For existing policies, individuals should remember that the insurance company must be notified of any beneficiary changes: Using a will for this purpose will not be valid. In addition, should the insured remarry and the policy name the "husband" or "wife" of the insured as the beneficiary, the new spouse may receive the proceeds. If the insured does not remarry and this same policy language is in force, then the proceeds may be paid to the secondary beneficiary. If the insured's estate is named as the new beneficiary, insurance proceeds will likely be held up in the probate process. If minor children are named as the new beneficiaries, additional problems may arise, as insurance companies generally will not pay minors directly. For this reason, it may be a good idea to create a trust for minor children and name the trust as the beneficiary of the policy proceeds.

Laws vary from state to state, so consulting with an insurance professional is very important. Divorce is rarely easy, but with a well-planned strategy, the short- and long-term financial needs of children can be ensured should life take an unexpected turn.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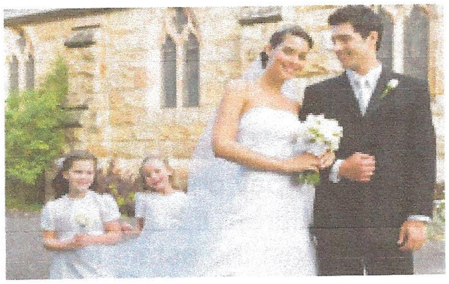
## Milestones for Money Management



On your way to developing and maintaining financial health, good money management will play an important role. A solid financial plan can help you build financial independence for you and your loved ones. To start, accumulate emergency funds for a rainy day. Once you've saved three to six months' worth of income, work toward developing short- and long-term financial goals, as well as strategies to meet them. With your goals set and your plan in motion, it is important to regularlyreview your finances. When you reach a new stage in life, such as getting married, buying a home, or the birth of a child, consider the following issues:

**First Job**. When you obtain your first full-time job, you may be presented with an employer-sponsored retirement savings plan. It is never too soon to begin saving for retirement, and taking advantage of your employer's plan as soon as possible will give your account the maximum amount of time and potential to grow. The combined effects of time and compound interest are powerful, and the sooner you start, the better. Try to contribute enough to your retirement fund to take full advantage of any employer-provided matching contributions.

Be sure to also learn about any insurance provided by your employer, including health, life, and disability insurance. If the insurance coverage offered through your employer's benefit plan does not meet your needs, or if insurance is not offered at all, consider obtaining coverage independently.

If you change jobs, pay attention to these employer-provided benefits. Benefit plans may vary greatly from employer to employer, and changes in insurance coverage and retirement options must be factored into your personal financial plan. For example, funds in your retirement plans might need to be rolled over as you continue to save.
Marriage. Weddings are special occasions that become cherished memories long after the bouquet has been tossed and the rice has been thrown. Marriage also creates financial changes. For example, you may consider opening a joint bank account, owning or purchasing property jointly, and sharing auto and/or health insurance. You may also want to begin saving toward the purchase of your first home and other shared goals, such as raising a family.

Obtaining and/or updating life insurance plans to reflect a name change, if applicable, and to include your spouse as your beneficiary can help ensure that financial goals will continue to be met. Review your retirement plans and goals to establish a savings plan to meet your retirement needs. Getting married will also most likely affect your tax situation. Research the most effective tax strategies for your short- and long-term goals.
New Home or Refinancing. Buying a first home is an exciting milestone. Now, the money you may have spent on rent can build equity in your own home. Whether you are a first-time homeowner or you are looking to refinance, research the various mortgagesavailable to find the one that best suits your needs. Also, purchase a homeowners insurance policy to protect your home and its contents from covered losses. This is also an appropriate time to review life insurance policies to ensure that mortgage obligations can be met in the event of your death.

**Children**. With the added joy of a child comes financial responsibility. If you and your spouse are both working, you may need to plan for child care expenses, or you may perform a cost-benefit analysis to determine whether the income of one spouse could meet your family's needs. Be sure to also consider your insurance coverage. Update your health insurance to include your child, and review your life insurance policy to ensure you have adequate coverage and add your child as a beneficiary.
For an infant, college is 18 years away. Yet, the sooner the family starts saving, the better. A college fund that has many years of contributions and earned interest is ideal. Children may also change your estate plan. Writing or reviewing your willbecomes especially important to ensure your child will be provided for and suitable guardians will be named.

**Starting Your Own Business**. Leaving your job to start your own business can be an exciting adventure. As you assume responsibility for establishing, maintaining, and growing your business, be sure to consider the benefits that were previously provided by your employer. It is important to maintain retirement, disability, medical, and life insurance plans as you continue building financial independence in conjunction with a new business.

**Retirement.** Retirement is a time to enjoy the fruits of your labor. You may be considering relocating to a warmer climate and anticipating the adventures awaiting you. Your finances require attention as you seek to make your retirement dreams come true. Remember to maintain adequate health care coverage, and know your future care options. Proper planning can help preserve your hard-earned assets.

It can be comforting to know that you are financially independent and prepared for whatever life brings your way. Conduct annual checkups to assess financial goals, help provide for your loved ones, and build for the future. As you approach each life stage, you may find that additional planning can be well worth the effort.



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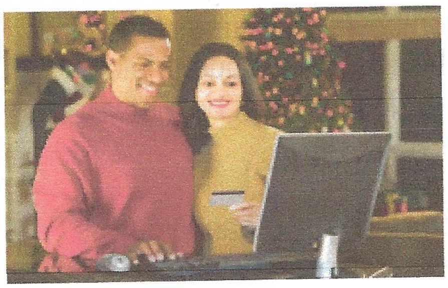
## Credit Card Blues: Tips You Can Use



Credit card debt is a major problem in the United States. According to the Consumer Federation of America, 80% of all households have at least one credit card. In addition, the Federal Reserve Bank of Boston estimates that there are more than 609 million credit cards held by U.S. consumers. For those households with card balances, the average credit card debt is more than $15,000.

It is not uncommon or difficult for credit card use to get out of hand. In fact, our society promotes credit card use through incentive programs, loyalty programs, promotions, and advertising. Consequently, many consumers find themselves struggling to make even their minimum monthly payments. Regardless, new credit card offers arrive in the mail constantly, along with those checks inviting consumers to go ahead and "take that vacation" or "make those home improvements." At first, it may seem tantalizing. But buying regularly on credit can quickly become a vicious cycle, creating a case of the credit card blues.

### Warning Signs

The following warning signs may be an indication of the credit card blues:

- You use credit cards to pay for basic needs, like food and gas.
- You are only able to pay the minimum balance due on your cards each month.
- You're paying above-average interest rates and can't find lower rates because of your credit score.
- You aren't able to contribute to a savings account or IRA.
- You don't know how much you charge or how much you owe.
- You lose sleep over your mounting debt.
- You transfer balances frequently to avoid credit card payments.

If any of these sound familiar, take heart-you are not alone! However, it's important that you take action now and create a plan to pay down your debt and avoid exacerbating the problem. You don't have to resign yourself to living with the credit card blues.

## Getting Back on Your Feet

To begin, make and maintain a worksheet to track your credit card use. You may do this by hand, using different colored markers for different creditors, or on the computer-whatever feels most comfortable. On your worksheet, include the names of your creditors, the last date of each payment, the annual interest rates, the minimum monthly payments, and the total amounts due.

Here are more simple steps to help you get back on your feet:

- Create a financial budget. Once you look at your expenses and figure out where all your money is going, you can look for areas where you can cut back, even temporarily, to free up some of your cash for credit card payments.
- Set up a repayment schedule and stick with it! Start paying the debts that carry the highest finance charges first.
- Don't charge any more until your present debts are under control.
- Reduce your finance charges by using cards with the lowest possible rates.
- Avoid using checks that arrive in the mail from your credit card company. The value of each check you use will be added to your existing debt-plus extra transaction fees!

Of course, there are times when using credit is unavoidable. If you must use credit, try the following:

- Keep your cards in a safe place when you aren't using them.
- Reduce the number of credit cards you carry to one or two.
- Keep your cards separate from your purse or wallet to prevent theft.
- Never give your credit card number out on the telephone, particularly if you did not place the call.
- If you have carbon receipts from your purchases, make sure all are properly destroyed by shredding.
- Shred all unsolicited and unwanted credit cards.
- Use your credit cards only for essential purchases and pay the balance as quickly as possible to avoid additional interest or late payments.

Remember, if you're charging more than you're paying, your credit card debt will always continue to increase. A meeting with your financial professionals can help you develop strategies for improving your spending, saving, and debt habits.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Securities and Advisory Services offered through LPL Financial, A Registered Investment Advisor, Member FINRA/SIPC.

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