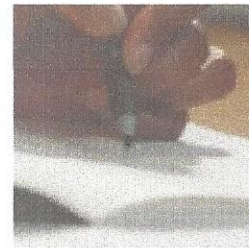




**LPL Financial**  
**Eric Wasson, CFP®**  
CERTIFIED FINANCIAL PLANNER™



For many, rising temperatures, melting snow and an influx of new greenery are not only signs that spring is here, but that it's time to clean house and get rid of all the dust and dirt that accumulated over the winter.

When it comes to spring cleaning, you probably haul the junk out of your garage, scrub your fridge, and wash the rugs and drapes. But don't forget about your personal finances. As tax season wraps up, it's the perfect time to perform an annual evaluation of your bank accounts, debts, and investments. Call me to set up an appointment to go over your portfolio!

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 (not drawn yet). Congratulations, xxx!

This month's drawing will be for a \$25 gift certificate to Red's Shoe Barn.

For over 50 years Red's Shoe Barn in Dover and Plaistow, N.H. has provided shoe shoppers more than 200 brands of shoes, boots and sneakers for the entire family at everyday low prices. For more information click [HERE](#).

And the question is...

What is the difference between a Stafford loan and a PLUS loan?

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



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## **Interesting Facts!**

Fenway's first game is this month and that leaves a lot of us excited for a long summer of baseball! But with a snowfall of over 100" this winter, it does make you wonder how they cleared all that snow in time for opening day. The answer? More than 2 tons of dyed black sand. The black sand attracts the heat from the sun and melts the snow away. Now if you're thinking they have some sort of high tech "sand-throwing machine", you would be wrong. Groundskeepers do it the old fashioned way by wading out into the snow with shovels full of sand. They also have something else working in their favor...The Green Monster! While this Boston landmark appears to be doing nothing (except blocking the view for non-paying spectators), it actually throws quite a bit of heat when the sun shines on it which also helps to melt the snow. Batter up!

## **Local Events!**



**Easter Egg Hunt:** Various times and locations. For more information click [HERE](#).

**Northeastern Ballet Theatre Presents "Beauty and the Beast":** April 11th and 12th at Oyster River High School. For more information click [HERE](#).

**Wine Expo NH:** April 14th from 5:30 to 7:30 at Portsmouth Harbor Events Center at Portwalk Place. For more information click [HERE](#).

**The Rescue Run: Race for Marine Mammals:** April 25 at 9:00 am starting from The Seacoast Science Center at Odiorne Point State Park. For more information click [HERE](#).

**Somersworth Festival Association Spring Craft Fair:** April 25 from 9:00 to 3:00. For more information click [HERE](#).

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## Applying for Federal Aid for College



When thinking about sources of funding for your children's college education, you may assume your family earns too much to qualify for federal grants, loans, and

work-study assistance. In fact, even families with higher incomes are frequently eligible to receive some form of financial aid from the government.

The U.S. Department of Education uses a formula for calculating financial aid eligibility that takes into account a range of factors in addition to income and assets, including family size and other financial obligations. When assessing a family's ability to pay for college, the federal government treats only a small percentage of parents' assets as potential contributions, while certain types of assets, including home equity and savings in IRAs and 401(k) plans, do not figure at all in the qualification formula.

### **Filing FAFSA**

Even if you expect to cover your child's college costs through sources other than federal aid, it is usually worthwhile to complete the Free Application for Federal Student Aid (FAFSA). In addition to determining your family's eligibility for federal assistance, the FAFSA is the primary qualifying form used by many college, state, local, and private financial assistance programs.

The first step in applying for financial aid is filling out the FAFSA, which is distributed and processed by Federal Student Aid, an office of the Department of Education. Hard copies of the FAFSA are often available at high school guidance offices, libraries, or post offices, or by calling the Federal Student Aid office. The simplest way to complete the FAFSA is by going to the office's website, [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Filling out the form online will alert you to mistakes or omissions; it can also speed up the processing time by one to two weeks.

Assuming you are a parent requesting aid for your dependent child's education, the documents you will need to complete the FAFSA include your federal income tax return and W-2 forms from the previous year, current bank statements, records of untaxed income such as Social Security or veterans benefits, current business and investment mortgage information, and investment records. If you are divorced and are the child's custodial parent, only information about your own household's income and assets, including any child support and alimony, are required by the FAFSA. While some colleges take into account the financial resources of the non-custodial parent in determining the student's need, the federal government does not.





## **The Student Aid Report**

When filling out the FAFSA, you may request that your financial information be sent to up to six colleges. If your child intends to start college in the fall, it is usually advisable to file the FAFSA as soon as possible after January 1 of that year, as deadlines for submitting FAFSA information may be early in the year for some colleges and state awards programs.

Within a few days to a month after it is filed, you should receive by post or e-mail a form known as the Student Aid Report (SAR). On the SAR, you will find the Expected Family Contribution (EFC), an estimate of the amount your family should be able to contribute toward the student's college expenses for the year. The colleges you listed on the FAFSA will use this figure as a basis for determining the size and composition of any financial aid awards.

If need is demonstrated, the schools that admit your child as a student will prepare a financial aid package covering all or part of the difference between your family's EFC and the cost of attending the college. Depending upon your family's income and the resources of the institution, some colleges will offer more or less aid than the gap between the EFC and the actual cost of attending.

The type of federal aid your child receives is largely based on family income. Lower-income students may be awarded grants that do not need to be repaid, such as the Pell Grant or the Federal Supplemental Educational Opportunity Grant (FSEOG), and assistance may be available in the form of a federal work-study job.

Beyond these awards, students may be eligible for subsidized federal loans, such as the Perkins Loan or the Stafford Loan. These loans must be repaid by the student, but the government pays the interest while the student is in school and during grace and deferment periods.

In addition, your family may be offered an unsubsidized Stafford Loan, which must be repaid by the student, or a PLUS Loan, which is in the name of the parents. Interest accrues on these unsubsidized loans from the time the funds are disbursed, though payments may be deferred until after graduation.

When loans offered by federal programs prove insufficient to cover the actual costs of your student's education, you can apply for a private education loan. These loans tend to have higher interest rates than government loans, but they are often less expensive than other debt sources.

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## Maximizing the Potential of Annual Gifts



If you're like most individuals, you've probably worked a lifetime to build your own American dream—an adequate nest egg, a comfortable home, and an array of other assets. Then, at one point or another, you may realize that your finances could create unfavorable estate tax consequences. So, you take care of the compulsory legal documents—wills, trusts, etc.—and learn along the way that giving away assets may help reduce the size of your taxable estate. Even though many individuals make occasional gifts to their children or other family members, few actually take advantage of the benefits offered through a regular gifting program.

## Gifting Made Simple

Current tax laws allow you to give away \$14,000 (\$28,000 if married) in 2015 to as many people as you wish without incurring any gift taxes. This \$14,000 **annual**



**gift tax exclusion** can be an effective means for gradually passing wealth to future generations. In fact, systematically making such a gift can create a rather sizable long-term result.

Consider this hypothetical example: Suppose 60-year-old Joseph starts a gifting program for his newborn grandson, Alex. Each year, Joseph makes a gift of \$14,000. After 25 years, Alex will have accumulated \$350,000, assuming 0% growth. In addition, suppose Joseph's wife Helen, also age 60, also chooses to make a \$14,000 gift to Alex, bringing the total annual gift to \$28,000. In this case, Alex will have accumulated \$700,000 in 25 years (assuming 0% growth). With this win-win scenario, Joseph and Helen help Alex accrue a nest egg, while, at the same time, lowering the value of their estate. This strategy will help Joseph and Helen minimize their estate tax liabilities.

### One Step Beyond

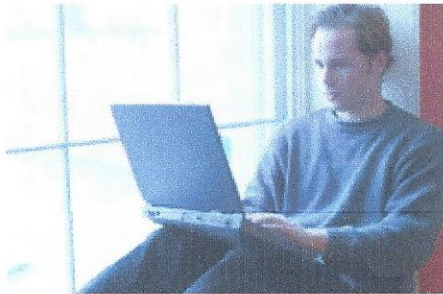
Using the annual gift tax exclusion to fund a **life insurance policy** creates the potential to turn gifts into a substantial death benefit. For instance, take another look at Joseph. Suppose Joseph (the donor) sets up an **irrevocable life insurance trust (ILIT)** for the benefit of Alex. The ILIT then purchases life insurance on Joseph. Upon Joseph's death, the life insurance death benefit proceeds are payable to the ILIT. Since the policy is owned by and payable to the ILIT, there are no **transfer tax** consequences to Joseph's estate.

Life insurance may provide an ideal mechanism for leveraging annual gifts. In the short term, it offers an immediate death benefit that generally outweighs the total premium outlay (gifts). While over the long term, life insurance offers a unique opportunity to potentially leverage annual gifts into a significant benefit for selected beneficiaries. This can be achieved by taking advantage of the tax-deferred buildup of policy values, which in some cases may indirectly increase the life insurance policy's death benefit over time.

The use of a regular gifting program may be advantageous to individuals seeking to gradually reduce the size of their estates. In addition, it affords these individuals the opportunity to pass wealth to children, family members, and others with reduced tax consequences.

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## E-Learning Accommodates Busy Schedules



Many workers are trying to balance a fulfilling professional life against personal goals and family responsibilities, a juggling act that challenges the savviest time managers. In today's hard-wired learning culture, a wide variety of education opportunities are available online through "e-learning" channels. E-learning uses computer-based technology to design, deliver, and administer education. Today, hundreds of institutions offer online undergraduate- and graduate-level courses, certificates, and degrees.

But choosing the right e-learning program can be an arduous task. If you're thinking about taking e-learning courses, make sure the program is accredited. While non-accredited programs, such as Microsoft Certification, do have value, one good rule of thumb is to choose a school with a brick-and-mortar campus alongside its virtual one. Another aspect of e-learning to consider is whether your employer will offset the cost of ongoing education through a benefit plan and accept e-learning coursework as legitimate.

Remember that the point of many e-learning programs is to make ongoing learning opportunities available to you on your schedule. The flexibility provided by most e-learning programs can help you take charge of your day, schedule time for yourself, and remain competitive in a business world that welcomes innovation.

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