



**LPL Financial**  
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4th of July is a day to rejoice, be proud and salute all those brave warriors who fought for the freedom of our country. No amount of appreciation will be enough to describe their efforts. Have a great 4th of July!

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

This month's drawing will be for a \$25 gift certificate to Riverstone Custom Framing.

Located at 33 North Main Street in Rochester, Riverstone Custom Framing is Rochester's first and foremost frame shop and art gallery. For more information click [HERE](#).

And the question is...

What items would you NOT put in a living trust?

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



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## **Interesting Facts!**

In 1905, an 11-year-old boy named Frank Epperson invented the first Popsicle. He created it completely by accident. Frank accidentally left a mixture of powdered soda and water, with a stirring stick, on his porch. He awoke the next morning and found a frozen pop! He first named his frozen pop an "Epsicle", but when he got older his kids asked for "Pop's" sicle and the new name was born. Popsicles are more popular than ever today, with cherry being the number one favorite flavor.

## **Local Events!**

**Fourth of July Fireworks and Celebrations:** Various times and places. For more information click [HERE](#).

**The Friday Night Headliner Concerts:** Beginning July 10 at 6:00 in Henry Law Park, Dover. For more information on this and other Cochcho Arts Festival events click [HERE](#).

**Farmers Markets:** Various times and locations. For more information click [HERE](#).

**5th Annual Monster Mud Run:** Saturday, July 11 beginning at 8:00 am on Loon Mountain. For more information on this and other activities on Loon Mountain click [HERE](#).



**Stratham Fair: July 16 - 19 at the Statham Fairgrounds.**  
For more information click [HERE](#).

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## Financing College Costs on One Income



If you are like most parents, you're probably wondering how you'll be able to send your kids to college without going into serious debt. With the cost of an undergraduate education at a private four-year institution, including tuition, fees, room, and board averaging over \$42,000 per year (Source: Trends in College Pricing-2014, The College Board), paying the bill might seem overwhelming, especially if your family has only one wage earner.

One option might be to do nothing in the way of saving and simply hope for the best with the college financial aid system. However, that could be a risky proposition. When it comes to paying for college, unless your child is fortunate enough to get a full scholarship, most schools will expect you to pay some part of the bill. And, who knows what might be available in the way of college financial aid in the future?



### What's a Parent to Do?

One of the myths about going to college is that you must go to a "prestige" school in order to have any chance in life. If that were true, not too many of us would have made it because those schools can take only a small percentage of each year's applicants.

While it is true that a "designer label" degree may help gain entry into some "designer label" graduate and professional schools, there are many excellent, reasonably priced colleges that turn out graduates fully capable of competing in the real world. Check them out!

### **Who Needs Help?**

Many families will need some financial assistance to pay for college, but need can go both ways: Colleges also have a need: for customers (students) in order to utilize the full capacity of their classrooms and dorms. Some colleges seek regional diversity in their student bodies and will provide aid to attract students from distant parts of the country. Expanding your geographical horizons could pay off with big savings.

Perhaps your graduate-to-be is going to "kick back" or work during the summers between school years. Maybe going to summer school is a better idea. Some schools reduce their tuition and board fees for the summer term, and earning credits toward graduation at summer "discount" rates might lower the overall cost of getting a degree. Furthermore, colleges expect a student to contribute from his or her own earnings to fund the education, so part of the earnings from that summer job may be factored back into the payment of tuition bills.

### **Make Plans**

Perhaps the most important thing in preparing for college expenses is to start early. When your child is first born, consider putting money away on a regular basis-however small the amount might be-in order to build up a college fund. The magic of compounding can work wonders with a seventeen-year time horizon!

For kids in high school, the sophomore year is not too early to begin investigating colleges, even though your child may have little idea about what he or she wants to do in life at that age. Good planning is a process of finding the "right fit" between your child and a college, a process better developed over a period of time than entered into at the last minute.

Whatever you do, don't despair! With a little detective work, some creative planning, and a willingness to forgo the "designer" degree, you can find a school that will provide your child with a fine education, and you do not have to go broke paying for it.



## Can a Living Trust Replace Your Will?



Many people are hearing more about using a revocable living trust in place of a will. While it is true that a properly managed revocable living trust provides unique benefits, it does not completely replace a will. In determining whether this type of trust is right for you, it helps to understand the major purpose, benefits, and tradeoffs of this estate planning tool.

A revocable living trust is created during your lifetime, and you can alter it in any way and at any time. One of its key features is that it allows you to retain control of the management and distribution of your assets.

### The Probate Issue

Many people establish a revocable living trust to avoid probate, which is the legal process of settling your estate. Assets distributed from a trust upon your death do avoid probate. However, the probate process itself is not as burdensome for many estates as in the past. Many states have adopted the Uniform Probate Code, which greatly simplifies the process for many small- to medium-sized estates.

But, even with improvements in the probate process, the probated assets in your estate still become a matter of public record, which raises important privacy concerns. Avoiding probate may also make sense if you own properties outside your state of domicile, which means your estate would be subject to multiple probate proceedings.

Once you set up a trust, you must transfer assets into it. Failing to do so will subject your assets to probate. Simply signing a trust document without retitling assets renders your living trust useless.

### If I "Fund" a Trust, Do I Still Need a Will?

The short answer is yes. Generally, a revocable living trust cannot entirely replace the need for a will. There are some assets you may not wish to place in a trust. For

example, it may be impractical to transfer tangible personal property such as automobiles, furniture, and jewelry to a trust. Consequently, some of your assets will remain outside your trust, making a will necessary to specify your intended beneficiaries. If you have minor children, a will may also be used to designate a guardian for them.

Also, some assets may require special considerations. For example, retirement plan accounts (Individual Retirement Accounts (IRAs), 401(k)s, profit-sharing plans, and Keoghs, to name a few) cannot be retitled to a living trust, although you could change the beneficiary designation to the trust. However, naming someone other than a spouse as beneficiary of a qualified retirement plan may require spousal consent, since in many states, spouses now have rights to retirement plan benefits. In addition, naming your trust, rather than your spouse, as the beneficiary of your qualified plan may have income tax consequences when you die.

### **Advanced Issues**

Revocable living trusts are complex legal documents. In addition to the advantages mentioned, they offer other benefits, as well. For instance, under the right circumstances, a properly funded living trust can help reduce estate taxes. The bottom line is that qualified legal expertise is a must to help ensure proper planning. Your legal professional can help you examine all variables affecting your property-the type of assets (e.g., real estate, life insurance, bank accounts, savings, business interests, and personal property), where they are located, and how they are titled-and determine if a revocable living trust can benefit your short- and long-term estate planning goals.

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## **Conserving Cash and Building Relationships through Bartering**



Even when rising inflation takes a bite out of the bottom lines of companies, some



innovative businesses find ways to lessen the sting of higher prices and hold on to their cash by choosing to barter, rather than to buy and sell, certain goods and services. Done properly, bartering can turn out to be a great way to improve productivity and efficiency, while forging new business relationships and attracting new customers.

Forms of bartering have been around throughout human history, and direct trades preceded the invention of money by millennia. But the potential for cashless exchanges between sometimes distant trading partners has ~~just~~ started to reemerge in modern times with the advent of the Internet, which facilitates the process of identifying barter partners and arranging mutually advantageous trades.

Bartering can be particularly attractive to businesses that are short of cash. While there is often little option but to pay cash for certain items, such as utilities and insurance, it may be possible to exchange goods and services in other areas. For example, a landscaping company could agree to tend the lawn of a local car dealer over a certain period of time in exchange for a truck or van.

For some types of businesses, bartering may also provide a channel for shedding excess inventory, while acquiring something more valuable than the cash they would have earned by liquidating non-performing assets. And, by offering their goods or services as a trade during slack times when fewer paying customers are lining up, companies may be able to continue to make "sales" that are reimbursed with trade credits.

There are a number of ways for businesses interested in bartering to get started. Companies can, of course, approach existing customers or suppliers directly to discuss what types of trades could be mutually beneficial. Local trade organizations also offer networking opportunities for businesses looking to barter, while supporting enterprises in their community.

Business owners who become involved in barter relationships should, however, take care to formalize any barter agreements. Even if no actual cash changes hands, trading partners should draw up a contract specifying exactly what is being bartered and assign a monetary value to all trades. Not only is this helpful in avoiding misunderstandings about the amount of goods or level of services that are being traded between the bartering partners themselves, but it is also necessary for tax purposes. With very few exceptions, the IRS requires both parties engaged in commercial bartering to report these transactions as income in the year in which the goods or services were received. It may, however, be possible to deduct the costs incurred in performing the work that was bartered.

To widen their opportunities for bartering, many businesses join exchange groups. Some of these exchanges have hundreds or even thousands of members, often in a diverse range of industries. Members can take advantage of these exchanges by offering their goods and services to other members. But instead of getting something in return directly from the recipient, the member business earns trade credits that may be used to obtain property or services from yet another member. By using an exchange, members can more easily access the precise goods and services they want, without having to find a company with needs that complement their own exactly. It should be noted that some exchanges are for-profit ventures that collect membership fees or a portion of the value of the transaction.

The opportunity to network is yet another reason why smaller companies may wish to consider bartering. Participation in a barter exchange can help business owners develop relationships with other entrepreneurs who may turn into paying clients, or even business partners. As members of online exchanges, companies can present profiles of their organizations to a wide audience and participate in online forums that can prove useful for making valuable contacts and swapping information.

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