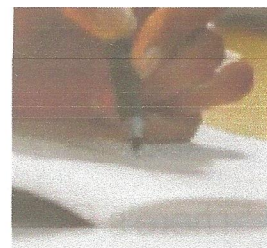


**LPL Financial**  
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Mark Singer, author of *The Changing Landscape of Retirement* said, "I believe that the biggest mistake that most people make when it comes to their retirement is they do not plan for it. They take the same route as Alice in the story from "Alice in Wonderland," in which the cat tells Alice that surely she will get somewhere as long as she walks long enough. It may not be exactly where you wanted to get to, but you certainly get somewhere." Do you know where your retirement is headed? Call me to set up a review so we can make sure your retirement plans are on track!

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

This months drawing will be for a \$25 gift certificate to The Farm Bar and Grille in Dover. And the question is...

What percentage of the workforce is employed by family owned businesses? [Click here](#) to submit your answer by email. Good luck!



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### **In This Issue**

[Interesting Facts!](#)

[Local Events!](#)

[Insurance Solutions for...Dual Income Families](#)

[Guardianship for the Elderly](#)

[Estate Planning and Your Family Business](#)

## **Interesting Facts!**

"There's GOLD in them thar hills!" So said one of Mark Twain's characters about the Georgia gold rush but did you know there was a minor gold rush in New Hampshire as well? Gold was discovered in Bath, NH in the 1860's and several mining operations were set up. About \$50,000 worth of gold (period value) was shipped out of the area before it was shut down in 1878.

You can still find novice gold hunters in some areas of the state, hoping for their big break. But before you head out to seek your fortune, NHDES reminds you to always seek permission from the landowner (if applicable) and check with the state to find out if a permit is necessary!

## **Local Events!**

**30th Annual WOKQ Chowderfest:** Saturday, June 7th at 11:30 am in Prescott Park. For information on this and other events at Prescott Park, go to:

<http://www.prescottpark.org/chowder.cfm>

**Wings and Wheels:** Saturday, June 14th from 10-2 at Skyhaven Airport in Rochester. All proceeds benefit Gerry's Food Pantry. For more information, go to:

[http://events.wmur.com/Wings and Wheels/200635488.html](http://events.wmur.com/Wings_and_Wheels/200635488.html)

**Portsmouth Market Square Day:** Saturday, June 14th from 9:00 to 4:00. For more information, go to:

<http://www.proportsmouth.org/MarketSquareDay.cfm>

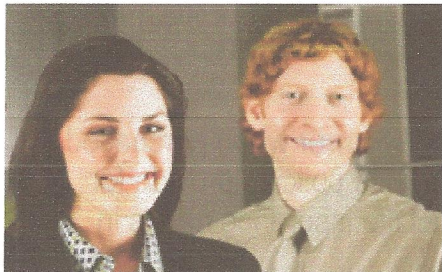
**34th Annual Somersworth International Children's Festival:** Saturday, June 21 at from 10:00 to 4:00. For more information on this and other Somersworth Festival Association events, go to: <http://www.nhfestivals.org/our-events.html>

**South Berwick Strawberry Festival:** Saturday, June 28th. For more information, go to: <http://www.southberwickstrawberryfestival.com/>

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## Insurance Solutions for Dual Income Families



As we move further into the 21st century, the idea of the "traditional" American family has changed. The dual income family-with husband and wife each maintaining separate careers and contributing to the financial success of the household-has now become commonplace.

The economic challenges and opportunities of this new century may often require two incomes to meet overall family expenses. Many families are left asking themselves, "How will we be able to plan for our retirement, save for our children's education, and perhaps help our aging parents deal with some of their financial burdens?" These concerns may be especially pressing given today's high-and rising-cost of living.

### The Cost of Working

Although it may seem that dual income families should have a lot more disposable income to pay for life's necessities, this may not always be the case. First, families with both spouses working will lose some portion of the second paycheck to extra expenses,

such as unreimbursed childcare, domestic help, job-related transportation, business attire and dry cleaning, lunches and dinners at restaurants, and take-out meals. These additional, daily expenses all eat into that second income.

When both parents work outside the home, childcare concerns are especially critical. High quality childcare is a major expense of many dual income families-after housing, food, and taxes. It is this cost that potentially reduces the income that could be used to help fund education or retirement.

Second, as American businesses continue to restructure and downsize, some dual income families may face the possibility of living on a single or reduced income for some period of time. For those who need the additional income to assist in paying for basic expenses-such as the mortgage, food, and clothing-a loss or reduction of one income could have a serious impact on the family finances.

### **Protecting Your Family's Future**

How would your family protect its income if either working parent should die or become disabled? One solution may be to purchase a life insurance policy that will pay a death benefit upon the death of the insured spouse. There are several advantages to life insurance plans: For example, policies bought at a younger age may have lower costs, provide cash value buildup, and maintain level premiums.

Generally speaking, the cost for life insurance policies may be lower when purchased relatively early in life. However, the protection that life insurance policies provide for dual income families can best be calculated by analyzing all life insurance needs in order to determine the best plan for the family.

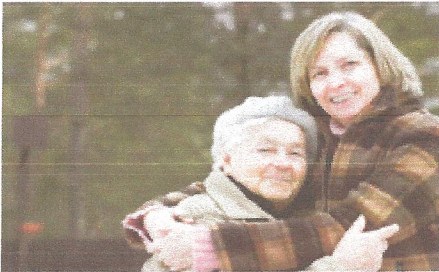
Now, what about loss of family income due to disability? This possibility is not as unlikely as you might think. According to the Insurance Information Institute (III 2013), 43% of all people age 40 will have a long-term (lasting 90 days or more) disability event by age 65. A debilitating illness or injury that cuts off or reduces your family's primary source of income can be a financially devastating experience. It could be worthwhile to see if using an individual disability income insurance policy to replace those lost dollars would be right for your needs.

### **It Takes Two**

Dual income families have become a fixture in today's society. Although individuals may have a variety of different motives for working, most families come to depend on that second income, whether it is used to meet current or future needs. Thus, it is important to be certain that the incomes contributed by each spouse are protected from loss.

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## Guardianship for the Elderly



Suppose an elderly family member becomes incapacitated and has prepared no advance directives. Advance directives-such as living wills, powers of attorney, and health care proxies-are legal instructions that express a person's wishes regarding financial and health care decisions in the event he or she becomes unable to make them. However, if incapacity occurs and there are no advance directives, is guardianship a viable option?

Guardianship for an adult is far different from guardianship of a minor child. For minor children, guardianship essentially involves parenting. This is because minor children require adult care until they reach a certain age. Moreover, minors do not enjoy various societal rights, such as the right to vote or the right to drive a car, until they "come of age." Minor children do not give up any rights by virtue of guardianship.

By comparison, an adult, who is accustomed to making his or her own decisions, typically loses the right to vote, hold a driver's license, marry, and make a will (individual state laws may vary) when placed under guardianship. The guardian, appointed by the court, becomes a decision-maker for the incapacitated person, and he or she has the power to make some, or all, financial and care decisions for that person. Consequently, guardianship for an adult is considered a serious intervention.

Unlike a power of attorney, which must be set up before the individual becomes incapacitated, guardianship for an adult cannot be put into effect until after a clear need arises. At a minimum, most states require a court hearing and examination by a physician and/or psychologist to determine incompetence. The person for whom guardianship has been petitioned (i.e., the ward) must be informed of his or her rights and notified that a court hearing has been scheduled. Proposed wards generally have

the right to retain an attorney and to object to the petition for guardianship, even if incapacity prevents them from attending the hearing.

### **Gray Areas**

Confusion and eccentricity do not necessarily indicate incapacity. For example, an elderly parent may appear to be spending money frivolously, but that alone may not indicate an inability to manage his or her affairs. Also, consider what would happen if the court appoints a guardian for someone in a coma who later comes out of the comatose state. For these and other reasons, guardianship for an adult is generally considered a course of last resort in the absence of advance directives.

### **Time Is of the Essence**

The process of appointing a guardian may consume critical time, especially when important financial decisions must be made (such as those involved in running a family business). This underscores the need for early estate planning and putting advance directives—living wills, powers of attorney, and health care proxies—in place while mental faculties are sound and appropriate contingencies can be formulated.

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## **Estate Planning and Your Family Business**



Liquidating the family business in order to pay estate taxes is often an unpleasant reality for families of individuals who die without wills (intestate) or estate plans. If you own a family business, you should consider taking steps now to help assure one of your most valuable assets will still be around for your children, grandchildren, and beyond.

### **The Plain Facts**

The terms "family business" or "small business" can be misleading, especially when you consider the impact these businesses have on the U.S. economy. According to a recent estimate by The Family Business Institute, there are around 24 million family-owned businesses in the United States. These businesses generate 64% of the gross national product (GNP) and employ approximately 82 million people (62% of the workforce).

It is natural to assume that many business owners would like to keep this kind of influence in the family. However, in reality, the situation is much different-only a fraction of business owners who want their family business to remain in the family take active steps to devise a formal succession plan.

Why is it that only a small number of business owners act on their intentions? Because business continuation is often a difficult subject for family business owners to confront. In many cases, succession is often avoided, rather than planned. It is often a taboo topic.

Business owners may be reluctant to hand over a business they spent much of their lives building. They may be forced to confront and resolve sibling rivalry and other unpleasant family disagreements. Sometimes, an owner will have greater difficulty grooming a family member for succession because of the overlap of family and business boundaries. Additionally, if the owners plan to rely on the family business for retirement income, they may worry about the business's success under new owners.

### **Survival Planning for Your Company**

However, the costs of not planning for the continuation of family businesses may be enormous. Often, companies without formal succession plans are courting disaster. According to recent data from the Family Firm Institute, while more than 30% of all family-owned U.S. businesses survive into the second generation, only about 12% are passed onto the third generation.

How can you make sure that your business will survive for successive generations? A sound solution is to establish an estate plan. Simply put, you need to do the following:

- Develop a formal management succession strategy that will help ensure your business stays in the family after your death.
- Equalize your estate so that if you have children, you can make alternative bequests to those who do not want to be involved with the family business. At the same time, you can leave the business to the children who do wish to be active in the business.
- Guarantee that the business continues in an orderly manner after your death.

- Create a buy-sell agreement for family and non-family members who may own stock in your business.

As you can see, ensuring that your business lives on is a complicated issue that engenders many concerns. Care must be taken to ensure that all issues will receive open and honest discussion. With the right estate planning team and the right succession plan in place, you may be able to beat the odds to maintain your company's success and ensure your family's ownership for future generations.

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

Securities and Advisory Services offered through LPL Financial, A Registered Investment Advisor,  
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Eric Wasson, CFP®  
LPL Financial

(603) 343-4515



[Eric.Wasson@LPL.Com](mailto:Eric.Wasson@LPL.Com)

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