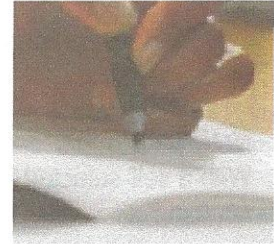


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LPL Financial
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I hope that you are all staying warm this winter. Luckily Mother Nature has been kind to us so far this season! Please feel free to call at any time with questions on your accounts, or just to say hello!



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Interesting Facts

The Baby Ruth candy bar was actually named after Grover Cleveland's baby daughter, Ruth.

Income Tax Filing-What You Should Know



The April 15th tax deadline always seems just around the corner. Preparing in advance to file your federal income tax return might help make a sometimes overwhelming process easier to tackle. Fortunately, the Internal Revenue Service (IRS) has established several convenient methods to help each taxpayer file promptly and with ease.

Electronic Filing (E-File)

Since computers have become a part of everyday life, the IRS has implemented several filing methods known collectively as e-file. Whether you use your personal computer or a tax preparer, you may now electronically submit your federal income tax returns to the IRS. The following are your e-file options:

Using Your Computer. There are numerous tax planning computer software programs available that can help take some of the mystery and mathematical headaches out of income tax return preparation. These easy-to-use, menu-driven programs prompt you to input tax information directly from your tax forms and records. Software to file your income taxes is available, generally at a low cost. A list of companies "tested and approved by the IRS" is available on their website, www.irs.gov.

Note: Individuals "can choose to file a completely paperless tax return by using a self-selected PIN. With a self-selected PIN (Personal Identification Number), there is no paper signature document to send in."

Using a Tax Preparer.

This method allows individuals to file their federal income tax returns electronically (including the use of a self-selected PIN in place of a signature), but still with the assistance of a tax preparer. "Authorized IRS e-file Providers (EROs)" are tax preparers with the ability and authority to file electronically. For a complete list of EROs, visit the IRS online at the web address previously provided.

Late Filers

Some individuals have complex tax planning issues that may require additional time to sort through. If you will be unable to complete your tax return by the April 15th deadline, an automatic extension of four months beyond April 15th may be granted for filing a return (but not for payment of tax), provided that Form 4868 is properly filed and accompanied by payment of the estimated tax owed for the year. No late payment penalty will be imposed if 1) the tax paid with Form 4868 is at least 90% of the total tax due with Form 1040, and 2) the remaining unpaid balance is paid with the completed return within the extension period. However, if the amount of tax included with the extension request is insufficient to cover the taxpayer's liability, interest will be charged on the overdue amount, including other penalties.



If you expect to owe taxes and are concerned that you may be unable to make a full payment to the IRS by the April 15th deadline, it is important that you at least make a partial payment when it comes time to file your tax return. Include a letter explaining your situation and then immediately contact your local IRS office. In future years, keep in mind that early filing results in quicker refunds from the IRS and tends to eliminate the frustrations that are typically experienced by late filers (e.g., obtaining answers to last-minute questions, searching for additional forms, etc.).

Other Important Topics

Maintaining Your Tax Records. Generally, the IRS has up to three years to conduct an audit, either randomly or based on a questionable return. However, if income is misstated by 25% or more, the IRS has up to six years to enact an audit (there is no limitation if the IRS suspects fraud). Thus, it is generally wise to hold on to your tax records (tax returns, W-2s, other forms, etc.) for six years.

Questions for the IRS. If you seek answers to some frequently asked questions, call the IRS Tele-Tax service line at 1-800-829-4477, where you can find pre-recorded messages covering more than 100 tax topics. Also, you can check the status of your refund through the IRS website. You will need to provide your Social Security number, your filing status, and your refund amount.

Seeking Professional Assistance. One question frequently asked by taxpayers is whether to prepare one's own return or seek out a tax return preparer. Some taxpayers may be uncomfortable preparing their own returns because of complex schedules (e.g., Schedule C for self-employed business expenses) or tax issues (e.g., capital losses carried over from a previous tax year, complicated deductions, etc.). If you fall into this category, you may wish to consult with a qualified tax professional.

Taking the time now to prepare and file your return will certainly help make this and future tax seasons much more relaxing and stress free!

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ID Theft-How Does It Happen?



In today's technologically advanced society, identity theft is easier to commit than you might think. The Identity Theft and Assumption Deterrence Act of 1998 defines identity theft as the following: when someone "knowingly transfers or uses, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under any applicable State or local law."

The Internet and automated teller machines (ATMs), now widely used for a variety of financial transactions such as shopping online and making cash withdrawals, are often cited as two contributing factors to what many perceive to be an identity theft epidemic.

If you worry about your personal information getting into the wrong hands, familiarize yourself with the following ways a criminal might obtain information with the intent to steal money or commit other crimes:

"Shoulder Surfing." Shoulder surfing occurs when someone lurks near you while you give personal information to a person or enter it into a machine. Usually, the perpetrator peers over your shoulder and procures your information while you continue with your transaction. For example, if you are in a public place using a cellular phone to make hotel reservations, an eavesdropper might be able to remember, or write down, your name and credit card information. That information can then be used to make fraudulent purchases. Or, suppose you make a store purchase with a credit card and lose your receipt. Someone—even the store employee—could take the receipt with your information and commit fraud. Shoulder surfing can also be a hazard at ATMs. If someone inconspicuously standing in line manages to get your personal identification number (PIN), it may help him or her gain access

to your bank account.

Pickpocketing and Lost Wallets. Years ago if you lost a wallet or were pickpocketed, you probably only worried about the cash that was inside. However, nowadays, being pickpocketed or losing a wallet can mean facing thousands of dollars in fraudulent purchases with credit cards.



"Dumpster Diving." Dumpster diving is as obvious as it sounds. If you dispose of trash in a dumpster, others may have access to it. Identity theft perpetrators might "dive in" and easily find the information they need, via old bank statements, receipts, and bills, to wreak financial havoc in your name.

Intercepting Mail. Identity thieves watch mailboxes every day, waiting for the next credit card pre-approval letter to arrive. They then call the credit card company posing as the victim in order to open an account. While you cannot stop all solicitations, you can choose to "opt out" of receiving some of these letters. Calling 1-888-5-OPTOUT can help you limit the amount of unsolicited mail and phone calls you receive.

The Internet. Many Americans rely on the Internet to help them handle their personal finances. While it can be a useful tool for banking or paying bills, the Internet can also be a haven for prospective identity thieves. Entering your personal information into an unsecured website may allow an experienced hacker to obtain that information and use it at your expense.

Protecting Yourself

If you become a victim, it can be financially, as well as emotionally, devastating. With your personal information, a criminal might be able to simply open a credit card account and make fraudulent charges, or in more extreme cases, he or she may even assume your identity, open bank accounts, and commit more serious crimes—all under your name. These are just some of the ways criminals commit identity theft, the effects of which can be difficult and time-consuming to correct. Therefore, taking steps now to protect yourself may save you aggravation and money in the long run. For more details on how to avoid falling victim to identity theft, visit the Federal Trade Commission (FTC) online at www.ftc.gov.

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Key Factors in Retirement Planning

While your retirement may seem a long way off, you owe it to yourself to look toward the future and begin thinking about what you can do today to help ensure a secure retirement tomorrow. Although time may be on your side, if you ask some of the retirees you know, they will probably tell you that saving for retirement is not as simple as it initially appears.



Here are four key factors to consider when planning for your retirement:

- 1) Inflation. You may be aware that, over time, inflation can erode your savings. But, many people don't realize the potentially serious effects of inflation. At 3% inflation, \$100 today will be worth only \$67.30 in 20 years—a loss of one-third of its value. At 35 years, this amount would be further reduced to just \$34.44. Thus, it is important to seek retirement savings vehicles that have the best chance of outpacing inflation.
- 2) Taxes. Your present income level, tax bracket, and the types of tax-deferred retirement savings plans that are available can all play an integral part in how much money you can save for your retirement. By maximizing your pre-tax contributions to employer-sponsored plans and Individual Retirement Accounts (IRAs), you can take advantage of the tax-deferred benefits of such plans.
- 3) Compound Interest. Becoming a disciplined saver is one of the key components of retirement plan success. By making regular contributions to your employer-sponsored retirement plan and your IRA, you can maximize the power of compound interest (the interest earned not only on the initial principal, but also on the accumulated interest from prior periods). With consistent contributions, your retirement savings have a greater chance of accumulating to meet your long-term goals.
- 4) Personal Savings. Considering the effects of inflation, it is possible that your retirement plan income may fall short of your needs, especially during a long retirement. Social Security generally provides only a base level of retirement income. Thus, to avoid a potential shortfall, start planning to supplement your retirement income with personal savings.

While understanding these principles is no guarantee of future success, they can get you started on the right path. The sooner you recognize the effects that economic forces can have on your retirement income, the more likely you will be to adopt strategies that can help you achieve your long-term objectives. Being proactive today can help increase your retirement savings for tomorrow.

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