



**LPL Financial**  
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## AZTEC Financial Group Newsletter

### In This Issue

**Did You Know?**

**Local Events!**

**The Financial Literacy Crisis.**

**Weighing the Benefits of Prepaid Debit Cards**

**Investment Challenges of the Affluent Investor**

### Quick Links

**Our Team**  
**Mission Statement**  
**Products & Services**  
**Useful Links**  
**About LPL Financial**  
**LPL Research**  
**Resources**  
**Past Newsletters**

It's July 4th weekend, which officially kicks off the summer season! This brings to mind beaches, barbecues and long summer evenings. What are your plans for fun in the sun?

I would like to thank everyone who submitted answers to our question last month. The winner of the drawing for June is Paula Frenette. Congratulations, Paula!

This month's drawing will be for a \$25 gift certificate to The Dover Brickhouse. The Brickhouse offers a diverse menu, 26 craft beers on tap and supports local music.

For more information click [HERE](#).

And the question is...

What are some of the disadvantages of a prepaid credit card?

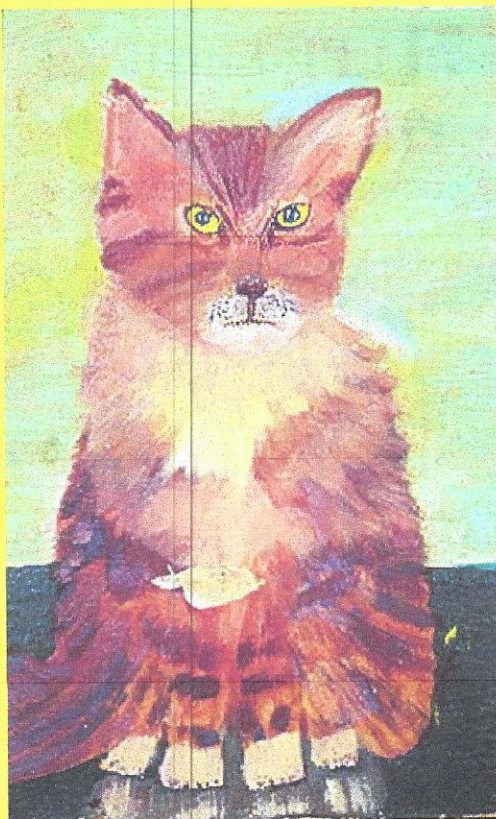
[Click here](#) to submit your answer by email. Good luck!



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**Did You Know?**





Looking for unusual art? The Museum of Bad Art (with two locations -- Somerville and Dedham, MA) might be just what you've been seeking!

With a tagline stating "Art Too Bad To Be Ignored" it comes as no surprise that their exacting standards lead them to artworks with that "special quality that sets them apart in one way or another from the merely incompetent," according to Executive Director Louise Sacco.

Pieces worthy of the MOBA spotlight are often found by scouring flea markets, thrift stores, and curbside trash but this museum has become so popular that donations now come in from all around the world.

## Local Events!

**July 4th Weekend Festivities:** Various times and locations. For more information click [HERE](#).

**Cochecho Arts Festival:** Henry Law Park, various dates and times. For more information, click [HERE](#).

**2016 Seacoast Microbrew Festival:** July 9th and 10th from 1:00 - 4:00. For more information click [HERE](#).

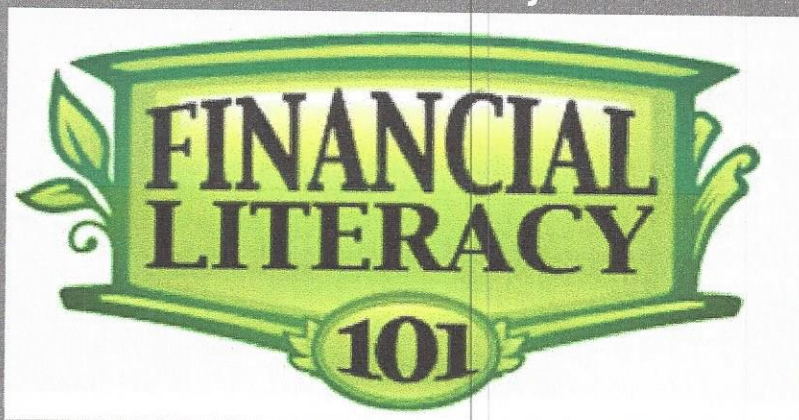


**Blues and BBQ Festival:** July 16 10:30am - 5pm in downtown Rochester.  
For more information click [HERE](#).

**Stratham Fair:** July 21-24. For more information click [HERE](#).

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## The Financial Literacy Crisis



Imagine driving a car without a basic understanding of the rules of the road, or even how to operate it. Scary thought.

Yet many Americans are operating their personal finances with only the barest minimum of knowledge - especially those in the younger generation. When asked five basic questions about finances and the markets, only 24% of millennials were able to answer 4 or 5 questions correctly. Only 18% of younger millennials (ages 18 to 26) got 4 or 5 answers right.<sup>1</sup>

The Consumer Financial Protection Bureau found that approximately \$670 million is spent each year on financial education by public, private and non-profit sectors.<sup>2</sup> Now this may sound like a sizable sum until you realize that it translates to a little more than \$2 per U.S. citizen, per year.

For perspective, the financial services industry spends about \$17 billion each year to market products and services to Americans.<sup>2</sup>

It has been said that knowledge is power, and if that's true, then too many Americans lack the power to control their financial futures. Success rarely comes accidentally; it is the culmination of a journey whose first steps are in education.

One of the obstacles to increasing financial knowledge is what might be called the "Lake Wobegon effect," the idea that we all consider ourselves above average.<sup>3</sup> It is a self-assessment that keeps many from learning as much as they need to. But whatever your knowledge level may be, it should be recognized that an ever-



evolving financial landscape puts a premium on continual learning.

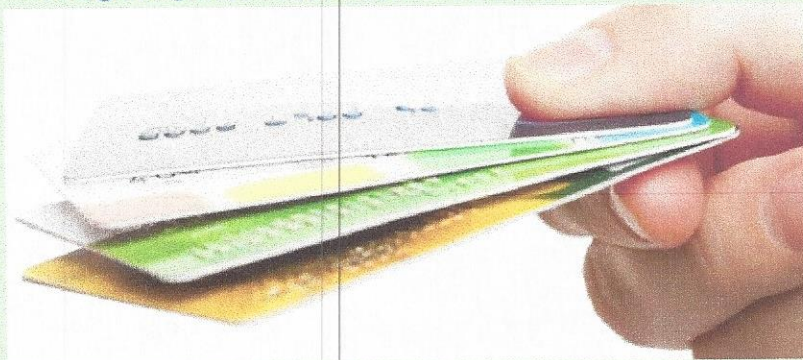
There is a wide range of resources for individuals who understand that the more informed they are, the better the decisions they can make.

If you are committed to increasing your financial literacy, a good beginning is never being afraid to ask questions of financial professionals. Another good place to start your self-education is on a U.S. Treasury-sponsored website, which was created for that very purpose.

1. FINRA Investor Education Foundation, 2014.
2. Consumer Financial Protection Bureau, November 2013 (Most recent statistics available.)
3. Word IQ, January 2014

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## Weighing the Benefits of Prepaid Debit Cards



Americans spent about \$37 billion on prepaid debit cards in 2013, double the amount from 2009, according to a report by Bankrate, a publisher that reports financial trends and statistics.<sup>1</sup>

A prepaid debit card is established when an individual provides cash to a financial institution in exchange for a card that can be used like any debit card or credit card, except it is limited to purchases in an amount not to exceed the card's cash balance. When the balance runs low, or is exhausted, the card can be reloaded with additional cash.

There are reasons why you might consider using a prepaid debit card, including:

- The conveniences of widespread acceptance and not having to carrying cash. For individuals with poor credit, who may be unable to get a credit card, prepaid debit cards may provide them these advantages.



- For individuals who have trouble managing their spending, prepaid debit cards can act as a restraint on poor habits.
- An alternative to credit cards for college students, they may be able to protect parents from excessive spending, while teaching children important budgeting lessons.
- Potential protection against the loss of cash when traveling.
- In a world of data theft, prepaid debit cards do not house personal data such as your social security number or bank account information, shielding that data in the event of theft.

They do come with drawbacks, such as:

- They do not provide any advance of credit, like a credit card. So if you have an emergency expense that exceeds your prepaid debit card balance, the debit card will be of limited use.
- Prepaid debit cards may come with considerable fees, including account opening fees, transaction fees, and monthly charges. Depending upon the balance, they can represent a high percentage of your cash value.
- You will not earn reward points or rebates, like you may with a credit card.

If you are considering a prepaid debit card, be sure to comparison shop. The fees can vary widely, so look for an appropriate card. And keep yourself informed about your running balance so you don't find yourself short on money.

1. Bankrate.com, August 2014

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## Investment Challenges of the Affluent Investor



High-net-worth investors face investment challenges that some would consider unique to their financial status. The fundamental tenets of investing apply equally to them as with any other investor, but the affluent investor needs to be mindful of



issues that typically arise only from substantial wealth.

Let's examine a few of these.

**Being Too Conservative** - When an individual has more assets than they think they'll ever spend, there can be a tendency toward conservative investment. This may result in lower long-term returns that may shortchange the impact of bequests to charities or the wealth that will transfer to the next generation.

**Collectibles** - The affluent have a tendency to invest in their passions, and many collectibles have performed well over the years. However, one common mistake is not keeping up-to-date appraisals on record, which may have adverse consequences with regard to estate liquidity and taxes.<sup>1</sup>

**Concentrated Equity** - Some senior executives accumulate large stock positions in the company that employs them.<sup>2</sup> This creates a unique risk and potentially can be managed in several ways.

**DIY Mentality** - Some wealthy investors have achieved a high level of success in their careers in large measure due to their intelligence, hard work, and self-confidence. This very success often carries over to the belief that building or managing successful enterprises is not dissimilar to managing great wealth. In fact, it can be quite different, requiring a whole different body of knowledge and experience.

**Too Many Advisors** - Affluent investors often place their investment assets with multiple advisors thinking that better results will arise from that. However, many of the key needs for larger portfolios such as risk management and tax efficiency will suffer, since there is no overarching view into the larger picture of an individual's entire portfolio. The independent actions by separate advisors, all with the best of intentions, may actually work to sub-optimal outcomes.

With increasing wealth come even more unique challenges beyond those covered by this discussion. Consequently, affluent investors are encouraged to seek professional guidance that may be best suited for their particular needs and circumstances.

1. The value of collectibles can be significantly affected by a variety of factors, including economic downturns or markets that have little or no liquidity. There is no guarantee that collectibles will maintain their value or purchasing power in the future.
2. Keep in mind that the return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.

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