LPL Financial

Eric Wasson, CFP®

CERTIFIED FINANCIAL PLANNER™

Winter is in full swing and I hope you have had a chance to get out there to enjoy it. I think most of you know that skiing is my favorite winter pastime but there are many other cold weather activities to help you get through this, typically the coldest month of the year! I've highlighted a few (both indoor and outdoor) below in the Local Events section. If you have a local event you would like me to share in the newsletter, please give a call or drop me a line with the details!

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

This month's drawing will be for a $25 gift certificate to Kelley's in Somersworth.

After closing their Dover location due to a devastating flood last year, Kelley's has reopened in their new Somersworth location. For more information click HERE.

And the question is...

What are some signs that your credit card situation is getting out of hand?

Click here to submit your answer by email. Good luck!

www.aztecfg.com
(603) 343-4515
eric.wasson@lpl.com

In This Issue

Interesting Facts!

Did you know that the Super Bowls are the most watched TV events of all time? This was topped only by the series finale of M*A*S*H* which held the record until 2010 when Super Bowl XLIV drew more than 106 million viewers. (M*A*S*H* was just shy of 106 million).

Local Events!

The New England Sled Dog Club Race: Sunday February 1 beginning at 9:00 am on Lake Chocorua. For more information click HERE.

15th Annual Snowfest Snow Golf Tournament: February 6 from 8:00 am to 4:00 pm at Loon Mountain. All proceeds benefit CASA of New Hampshire. For more information click HERE.

Songs for a New World: Sunday, February 8, 5:00 pm at the Players Ring. For more information click HERE.

Portsmouth Fire and Ice Festival: February 12-16 at various times and locations in Portsmouth. For more information click HERE.

Alice In Wonderland Valentine's Day Tea Party: Saturday, February 14 at the Children's Museum in Dover. Seatings are available at 10:30 am or 1:00 pm. For more information click HERE.

These websites are provided to you for informational purposes. We are not responsible for the website content

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Checking the Credit Scores of Job Seekers

Bringing the right employees on board can make or break your business. While most of the people you are likely to hire are honest and motivated to do a good job, some employees lack the proper work ethic and may even steal from the company or disclose sensitive information to competitors.

Because of the legal, financial, and security risks you run as a business owner when you hire employees, it is essential to screen job candidates to ensure that their reported professional experience and personal details are accurate. In addition to checking the references the candidate provides, you may want to conduct searches that tell you more about the applicant's background, including investigations of the candidate's criminal and credit histories.

Why is it useful to look into a job candidate's personal finances? A history of bad credit may be a sign of irresponsibility and could be a negative indicator of the candidate's future job performance. In addition, the employer could be faced with a negligent hiring claim if it is subsequently shown that the company failed to conduct proper background checks on an employee who committed acts resulting in harm to others. Finally, depending on the position, an employee who is under financial pressure could also pose a security risk, becoming subject to bribery or vulnerable to offers from competitors attempting to buy confidential information. Many employers use outside consumer reporting agencies to conduct background checks on job candidates or existing employees being considered for reassignment or termination. Before ordering the credit report of a job applicant or current employee from a consumer reporting agency, you should take steps to comply with federal laws. Under the Fair Credit Reporting Act (FCRA), the employer must obtain written authorization from the job seeker or employee before requesting information on the individual's credit history from a consumer reporting agency.

While the FCRA does not require employers to obtain written authorization from job candidates to conduct background investigations in-house, it is seldom practical to gather financial information on a candidate without ordering reports from one of the three nationwide consumer credit reporting companies: Equifax, Experian, and TransUnion. These reports may be obtained by contacting these credit bureaus directly or by using a consumer reporting agency that performs background investigations that include credit checks.

If information contained in a third-party agency's report results in a decision not to hire or reassign the applicant, employers are required under the FCRA to alert the individual in the form of an adverse action notice. The notice must include the name, address, and phone number of the consumer reporting agency that supplied the report, a statement that the agency is not responsible for the decision and cannot give specific reasons for it, and a notice of the individual's right to dispute the accuracy or completeness of any information the agency furnished.

While a credit report can be a useful tool in determining whether a job applicant is suitable for employment, it should seldom be used as the deciding factor when hiring. In some cases, refusing to hire a job seeker because a background check revealed a history of credit problems could even result in legal action against the employer. A candidate who is turned down for a position because of bad credit may file a lawsuit against the prospective employer on the grounds that creditworthiness is irrelevant to the duties of the position. Given these potential pitfalls, you may want to use credit checks as a hiring criterion only when there is a clear and compelling reason for doing so.

If a credit report on a job seeker reveals problems, it makes sense to discuss the findings with the applicant before reaching an employment decision. You may find that the candidate has experienced personal setbacks, such as divorce or sickness, and is in the process of recovering financially. Keep in mind, too, that some people with low credit scores may be bad at managing money, but are nonetheless great at their jobs.

Insurance and Risk Sharing

An unexpected event such as a death, disability, or other personal loss, is certainly not something for which you can easily plan. Yet, the financial ramifications can be staggering-not only to you, but to your family, as well. Therefore, it is important to create a risk management plan as part of your overall financial strategy.

Insurance, in all its varied forms, is simply a method for managing risk. In order to plan an effective insurance program, consider what risks you and your family are exposed to and how financial loss would affect you. For each risk exposure, the key elements to consider are the severity and possibility of loss.

All Risks Are Not Created Equal

Some risks may be so small that you decide to accept full responsibility for any potential loss. In insurance language, you "self-insure" for such risks. For example, it is rarely cost-effective to carry collision coverage on a 10-year-old automobile. Collision coverage generally pays actual cash value, and since a 10-year-old car may have little current fair market value (FMV), it is common to self-insure in such cases. In making this choice, you assume full responsibility for any accidental damage you may cause to the vehicle.

In other situations, the risk may be so large (or the cost of any potential loss so great) that the best strategy is to try to avoid the risk entirely. You practice risk avoidance in daily life when you say something is "not worth the risk."

Sometimes, risk can be reduced. For example, installing an automobile anti-theft device or home security system is a strategy to reduce the risk of loss.

Risk Transfer and Risk Sharing

Insurance is a method that allows you to transfer risk you cannot afford, or choose not to accept. Since you may be unable to afford to rebuild your home in the event of fire, for example, you may choose to transfer that risk to an insurer by purchasing a homeowners policy. Even in situations of risk transfer, it is common to share some risk. For example, the deductibles and premiums you pay for insurance are a form of risk sharing-you accept responsibility for a small portion of the risk, while transferring the larger portion of the risk to the insurer.

Consider these other important insurance options. Between the ages of 25 to 35, for example, many couples are just starting out-getting married and establishing families and careers. During these years, the death of one partner could seriously jeopardize the surviving spouse's or family's financial future. In such situations, life insurance can be used to help create an "instant estate." A life insurance policy death benefit can help provide a continuing source of income, pay off a mortgage, or help fund a child's education.

Additionally, many people give little thought to how they would handle financial responsibilities, such as mortgage payments, car payments, college tuition, and utility expenses, if their income suddenly stopped for an extended period of time. Disability income insurance can help replace a portion of income, should you experience a disability.

Taking a closer look at different types of risk that may affect your family can help you answer some important questions. What should I insure? What type of insurance do I need? How much coverage should I purchase? Remember, the fundamental rationale behind all forms of insurance is to determine what risks can be shared or transferred on a cost-effective basis.

Credit Card Blues: Tips You Can Use

Credit card debt is a major problem in the United States. According to the Consumer Federation of America, 80% of all households have at least one credit card. In addition, the Federal Reserve Bank of Boston estimates that there are more than 609 million credit cards held by U.S. consumers. For those households with card balances, the average credit card debt is more than $15,000.

It is not uncommon or difficult for credit card use to get out of hand. In fact, our society promotes credit card use through incentive programs, loyalty programs, promotions, and advertising. Consequently, many consumers find themselves struggling to make even their minimum monthly payments. Regardless, new credit card offers arrive in the mail constantly, along with those checks inviting consumers to go ahead and "take that vacation" or "make those home improvements." At first, it may seem tantalizing. But buying regularly on credit can quickly become a vicious cycle, creating a case of the credit card blues.

Warning Signs

The following warning signs may be an indication of the credit card blues:

- You use credit cards to pay for basic needs, like food and gas.
- You are only able to pay the minimum balance due on your cards each month.
- You're paying above-average interest rates and can't find lower rates because of your credit score.
- You aren't able to contribute to a savings account or IRA.
- You don't know how much you charge or how much you owe.

- You lose sleep over your mounting debt.
- You transfer balances frequently to avoid credit card payments.

If any of these sound familiar, take heart-you are not alone! However, it's important that you take action now and create a plan to pay down your debt and avoid exacerbating the problem. You don't have to resign yourself to living with the credit card blues.

Getting Back on Your Feet

To begin, make and maintain a worksheet to track your credit card use. You may do this by hand, using different colored markers for different creditors, or on the computer-whatever feels most comfortable. On your worksheet, include the names of your creditors, the last date of each payment, the annual interest rates, the minimum monthly payments, and the total amounts due.

Here are more simple steps to help you get back on your feet:

- Create a financial budget. Once you look at your expenses and figure out where all your money is going, you can look for areas where you can cut back, even temporarily, to free up some of your cash for credit card payments.
- Set up a repayment schedule and stick with it! Start paying the debts that carry the highest finance charges first.
- Don't charge any more until your present debts are under control.
- Reduce your finance charges by using cards with the lowest possible rates.
- Avoid using checks that arrive in the mail from your credit card company. The value of each check you use will be added to your existing debt-plus extra transaction fees!

Of course, there are times when using credit is unavoidable. If you must use credit, try the following:

- Keep your cards in a safe place when you aren't using them.
- Reduce the number of credit cards you carry to one or two.
- Keep your cards separate from your purse or wallet to prevent theft.
- Never give your credit card number out on the telephone, particularly if you did not place the call.
- If you have carbon receipts from your purchases, make sure all are properly destroyed by shredding.
- Shred all unsolicited and unwanted credit cards.

- Use your credit cards only for essential purchases and pay the balance as quickly as possible to avoid additional interest or late payments.

Remember, if you're charging more than you're paying, your credit card debt will always continue to increase. A meeting with your financial professionals can help you develop strategies for improving your spending, saving, and debt habits.

The information in this newsletter is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

660 Central Avenue, Dover, NH 03820
Phone: (603) 343-4515 Fax: (603) 343-1863
Email:eric.wasson@lpl.com
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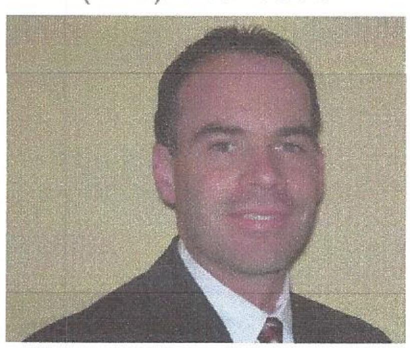
Eric Wasson, CFP®
LPL Financial

(603) 343-4515



Eric.Wasson@LPL.Com

http:/www.aztecfg.com

LPL Financial | 660 Central Ave. | Dover | NH | 03820