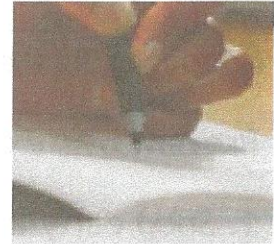


The content in this preview is based on the last saved version of your email - any changes made to your email that have not been saved will not be shown in this preview.



**LPL Financial**  
**Eric Wasson, CFP®**  
CERTIFIED FINANCIAL PLANNER™  
Member FINRA/SIPC



This month brings a new addition to the office team. Lorin Dannar is working as my Office Assistant. She is extremely excited to meet all of you and to provide any assistance that you may need.

I can hardly believe how quickly 2011 has flown by! Warmest Holiday wishes to you all and have a happy and safe New Year!

#### **In This Issue**

Interesting Facts!

'Tis the Season...to Control Holiday Spending

Tax Advantages of Charitable Gift Annuities

Know Your Risk Tolerance

**When ketchup was originally developed by the Chinese in 1690, it contained no tomatoes. It was made out of pickled fish, shellfish, and spices.**

'Tis the Season...to Control Holiday Spending

Each year, the advertisements seem to start earlier than the last: The holiday season is right around the corner! How can you avoid the pressure to overspend, while retaining the pleasure of gift-giving with family and friends?

The answer lies in planning ahead. Start by making a list of those for whom you want to buy gifts. Include at least one gift idea for each person and a general idea of where to find the gift. Try to avoid making decisions while you're in the store-impulse purchases often

cost more than you planned to spend.

Next, set an overall limit on the number and cost of gifts. Finally, estimate the cost of your proposed purchases and make adjustments until your total expenditures fit your holiday budget.

#### Shopping Strategies

Prevent overextending yourself with the following tips:

1. Shop early in the season, especially at off-peak hours and during sales. This prevents last-minute panic purchases made in crowded stores.
  2. Layaway plans offered by many stores may provide some interest-free "credit" for holiday purchases.
  3. Payment by cash or check can help you shop within your means and prevent credit card surprises.
  4. A name exchange or grab bag among friends and family members-with an agreement on dollar limits-eliminates the pressure of buying too many gifts.
  5. Pooling funds with friends and family members to buy something special for one person can turn an expensive idea into an affordable gift.
  6. Discount stores can be a paradise for "stocking stuffers."
  7. Keep an envelope or folder for receipts and sales slips of all purchases and their recipients. This can expedite any necessary returns after the holidays.
  8. Be creative in making gifts and cards. Personal, hand-made gifts are often more special than the store-bought variety.
- Be organized this year before the holidays arrive. You can discover the satisfaction of getting the most value for your dollar, leaving you free to enjoy a stress-free holiday season.

Copyright © 2011 Liberty Publishing, Inc. All Rights Reserved.  
PFBB043-AS



## Tax Advantages of Charitable Gift Annuities

---



Would you like to donate to the causes you care about, while also generating a steady retirement income and saving on your taxes? If doing good, while continuing to work toward achieving your financial and estate planning goals, sounds appealing, you may want to consider purchasing a charitable gift annuity.

Many charities have programs that assist donors in purchasing gift annuities, which are designed to provide long-term financial support to both the donor and the nonprofit organization. Essentially, a charitable gift annuity is a contract between the donor and the nonprofit organization that calls for the charity to make fixed lifetime payments to the donor and, in some cases, to his or her spouse. In exchange, the charity receives the remainder of the gift to further its work when the donor, or the donor's spouse, dies.

In addition, purchasing a charitable gift annuity can reduce the size of your taxable estate. You may, for example, wish to donate appreciated property that currently generates little or no income, but which would be taxable if it were sold or passed on to the next generation.

A charitable gift annuity can also be a great option if you want to donate to your favorite charity, but cannot afford to make a large gift outright. If you are thinking about purchasing a charitable gift annuity, you should, however, be aware that these annuities are not identical to commercial products, which generally offer higher rates of interest. But the tax savings associated with gift annuities can help to offset the smaller payments. The interest rates paid by all types of annuities are also usually superior to those paid on savings accounts and certificates of deposit.

Purchasing an annuity can be especially attractive at more advanced ages, as the payments will be higher. If you are younger and do not



yet need the income, you can select an annuity that allows you to defer payments until reaching a specific age. If you are interested in buying a charitable gift annuity but do not yet know when you might wish to start collecting payments, you can opt for a flexible annuity, which does not require you to choose the payment starting date at the time of purchase.

To set up a charitable gift annuity, the donor typically makes a donation of cash, stock, or other assets for a set amount -- usually no less than \$5,000. Under a "single life" agreement, the charity commits to making payments to one person for the course of his or her lifetime, while under a "two lives in succession" agreement, the charity makes payments first to one person and then to a designated survivor. If you are married, you may prefer to enter into a "joint and survivor" agreement, in which the organization splits the payments between spouses during their lifetimes and makes the full payment to a surviving spouse.

Remember, however, that annuities are irrevocable, and you will not be able to extract your funds or property once the donation has been made. Keep in mind, too, that charitable gift annuity payments are not inflation-protected, and your income from this type of annuity will not go up even if the cost of living rises. On the other hand, the annuity payments become a general obligation of the charity, and the annuity is backed by the organization's entire assets, not just by the property donated. The charity is therefore committed to continuing payments throughout the lifetime of the donor, regardless of whether the funds used to purchase the annuity have been exhausted.

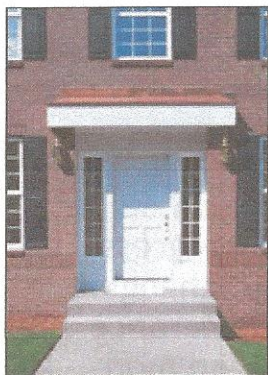
Even if you are already familiar with the charity from which you are purchasing the annuity, it is nonetheless advisable to investigate the financial stability of the organization to ensure that it will be able to make payments well into the future. If the charity becomes insolvent, the funds will be lost and annuity payments will stop. Charitable gift annuities are not insured, but some states regulate this type of annuity, generally requiring charities to maintain sufficient reserves to meet its obligations to annuitants.

It is usually best to choose a charity that has an established charitable gift annuity program, as they will be able to guide you

through the process of purchasing an annuity and help you resolve any issues that might arise.

Copyright © 2011 Liberty Publishing, Inc. All Rights Reserved.  
CGGIFTAN-AS

## Know Your Risk Tolerance



Risk tolerance is a highly individual matter. A portfolio that keeps one investor awake at night may let another sleep soundly. However, investors must be willing to accept a certain risk level to receive investment returns in the form of interest or capital gains.

All investments carry a tradeoff between risk and return-generally, the higher the risk, the higher the potential return-or loss. Conversely, the lower the risk, the lower the potential return or loss. The goal is to find the right level of risk that provides the returns you need, while letting you get a good

night's rest.

Temperament, age, stage in life, investment experience, financial goals, and time horizons are all factors that affect one's risk tolerance. Following is a brief discussion of some of these points to help you assess your own personal risk tolerance:

**Temperament.** Not everyone is comfortable taking financial risks. Just because someone is a weekend bungee jumper doesn't necessarily mean that this risk-taking behavior extends to his or her finances. When selecting investments, it is important to bear in mind that different types carry different degrees of risk, and also that returns for specific investment types may vary over time. For instance, stock market returns that have historically risen over the long term have experienced wide short-run fluctuations. During the 1973-1975 recession, the stock market dropped by 46%. Ask yourself: "How well would I have weathered that loss?"

**Age and Stage in Life.** Single investors may be able to carry more risk



than married couples with children. Individuals just embarking on their careers and building wealth can usually take on more risk than those nearing, or already in, retirement.

**Investment Experience.** Sophisticated investors, who understand capital markets and are knowledgeable about specific investments, can typically assume more risk than novices.

**Financial Goals and Time Horizons.** Another consideration is the amount of time you have to meet your financial goals—that is, your time horizon. For example, if you begin saving for retirement early, you can generally afford to assume a higher degree of risk. While it is not wise to take on more risk than you are comfortable with, remember that the amount of risk you are willing to carry may potentially affect the level of return you can expect.

### **Reassess Periodically**

It is prudent to assess your risk tolerance before beginning an investment program. Then, reassess it periodically as you progress through life's major stages, such as when starting a family, changing jobs, or approaching retirement. Understanding your risk tolerance can help guide your investment decisions, and help you sleep more soundly at night.

Copyright © 2011 Liberty Publishing, Inc. All Rights Reserved.  
IVGRTOL1-AS

Securities and Advisory Services offered through LPL Financial, member FINRA/SIPC.

---



Eric Wasson, CFP®  
LPL Financial

(603) 343-4515

Eric.Wasson@LPL.Com

<http://www.myfinancialwebsitehome.com/>

[Forward email](#)



This email was sent to eric.wasson@lpl.com by [eric.wasson@lpl.com](mailto:eric.wasson@lpl.com) |  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

LPL Financial | 6 Atkinson Street | Dover | NH | 03820

