



## Financial Strategies For Your Future

### April Newsletter

Hello Eric,



**Hello Spring!**

**Although I don't want the snow to go away yet (I can never have enough ski-days!) I am looking forward to all that Spring brings.**

**On to the days of hiking, planting seeds, and spending more time outdoors.**

**I would love to hear from you to discuss your future plans and to see if I can help you budget for them!**

**Please give me a call anytime at:  
(603) 343-4515 anytime to schedule a meeting, or just to say hello.**

**I am available for meetings over the phone, virtual or in person.**

## Did you know...

Before Spring was called Spring, it was called Lent in Old English. Starting in the 14th century, that time of year was called “springing time”—a reference to plants “springing” from the ground. In the 15th century this got shortened to “spring-time,” and then further shortened in the 16th century to just “spring.”

<http://justfunfacts.com/interesting-facts-about-spring/>

## Events & Resources

### Great Bay Half Marathon & 5K

**Where:** Newmarket, NH

**Date:** Sunday, April 11

**Cost:** Half Marathon \$59  
5K \$29

Half marathoners begin their race by traversing winding roads complete with captivating views (keep your eyes peeled for bald eagles and great blue herons), culminating with a downhill finish complete with beautifully restored buildings, centuries-old mills, and all the rich history the heart of Newmarket has to offer.

Even better, all runners are rewarded with gifts!

[More Information](#)

### Chocheo Academy of the Arts Prospective Student/Parent Info. Night

**Where:** Virtual

**When:** April 16th @ 6PM

**Cost:** Free

CATA is an arts-integrated public charter high school that offers focused study in the visual and performing arts, and welcomes individuals who think creatively, work both independently and collaboratively, and value a small, thoughtful, and connected community.

[More Information](#)



## **Edible Perennial Vegetables**

**Where: Online**

**When: Saturday, April 10, 1-3PM**

**Cost: \$10**

**Author of "Around The World in 80 Plants: An Edible Perennial Vegetable Adventure For Temperate Climates," Stephen Barstow has devoted 30 years to trialing 6,000 vegetables from around the world.**

**He will tell us his story, talk about the benefits of perennial vegetables, the importance of eating seasonally and foraging in the wild. He then leads us on an inspiring global adventure, introducing us to a selection of his top perennial vegetables from New England westwards through North America, South America, Australasia, China, Japan and Korea, Siberia, the Himalayas, the Caucasus and the Mediterranean.**

[More Information](#)

## **Spring 2021 Kids Online Consignment Event**

**Where: Online**

**When: April 6-10**

**Cost: 0-\$15**

**Our Online Store will be PACKED with THOUSANDS of Spring and Summer Kid's and Mom's items from over 250 participating families.**

**FIVE days to SHOP great DEALS at 50-90% off retail prices!**

**Save the Date and Reserve Your Shopping Time Today.**

**NEW last season: Women's Clothing, Coats, Shoes and Accessories as well as Books for children, pregnancy and adults!**

**At our online shopping event, you will find children's clothes, toys, books, baby gear, maternity, women's and much more...**

[More Information](#)

## **Retirement Income and the Traditional Portfolio**



**Taking withdrawals from a traditional portfolio exposes fixed-income investors to “sequence of returns” danger. In other words, experiencing negative returns early in retirement can deplete your portfolio more quickly than you planned and potentially undermine the sustainability of your assets. So you may want to consider a couple of strategies to help mitigate this concern.**

## **Liquid Assets**

The first is to have a pool of very liquid assets to fund two-to-three years of retirement spending; this may keep you from selling longer-term assets at an inopportune time. Through time, and depending upon market conditions, you may have the opportunity to replenish this cash reserve using gains from your retirement portfolio.

## **Annuities**

Another complementary strategy is to integrate annuities. This can help shift the risk of market volatility off your shoulders and onto the issuing insurance company.

The guarantees of an annuity contract depend on the issuing company’s claims-paying ability. Annuities have contract limitations, fees, and charges, including account and administrative fees, underlying investment management fees, mortality and expense fees, and charges for optional benefits. Most annuities have surrender fees that are usually highest if you take out the money in the initial years of the annuity contract. Withdrawals and income payments are taxed as ordinary income. If a withdrawal is made prior to age 59½, a

10% federal income tax penalty may apply (unless an exception applies).

Until retirement, portfolio optimization largely focuses on the blending of different asset classes in the appropriate measure to create optimal portfolios. But in retirement, investors must integrate different retirement investment vehicles to enhance income and manage risk.

One of the industry's leading thinkers, Ibbotson Associates, has done a great deal of research around this very idea.

In a landmark study, "Retirement Portfolio and Variable Annuity with Guaranteed Minimum Withdrawal Benefit," Ibbotson's research came to several key conclusions that hold important ramifications for meeting the retirement-income challenge.

One of the study's conclusions was that the addition of a variable annuity with a guaranteed minimum withdrawal benefits retirement portfolios—replacing cash or fixed-income allocations. It increases total income while it decreases risk.”<sup>1</sup>

A successful retirement is so much more than undertaking sound investment strategies. It also requires understanding "sequence of returns" danger and taking measures to mitigate the risk.

1. The Ibbotson study assumed the investor had a retirement income period of 25 years or longer. For an investor with a shorter horizon, the strategy may not be as beneficial. The guarantees of an annuity contract depend on the issuing company's claims-paying ability. Annuities are not guaranteed by the FDIC or any other government agency. Variable annuities are sold by prospectus, which contains detailed information about investment objectives and risks, as well as charges and expenses. You are encouraged to read the prospectus carefully before you invest or send money to buy a variable annuity contract. The prospectus is available from the insurance company or from your financial professional. Variable annuity subaccounts will fluctuate in value based on market conditions, and may be worth more or less than the original amount invested if the annuity is surrendered.

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# Will Power



Only 45 percent of adults have a will or other estate documents in place, which may not be entirely surprising.<sup>1</sup> No one wants to be reminded of their own mortality or spend too much time thinking about what might happen once they're gone.

But a will is an instrument of power. Creating one gives you control over the distribution of your assets. If you die without one, the state decides what becomes of your property, without regard to your priorities.

A will is a legal document by which an individual or a couple (known as “testator”) identifies their wishes regarding the distribution of their assets after death. A will can typically be broken down into four main parts.

1. **Executors** - Most wills begin by naming an executor. Executors are responsible for carrying out the wishes outlined in a will. This involves assessing the value of the estate, gathering the assets, paying inheritance tax and other debts (if necessary), and distributing assets among beneficiaries. It's recommended that you name at least two executors, in case your first choice is unable to fulfill the obligation.

2. **Guardians** - A will allows you to designate a guardian for your minor children. Whomever you appoint, you will want to

make sure beforehand that the individual is able and willing to assume the responsibility. For many people, this is the most important part of a will since, if you die without naming a guardian, the court will decide who takes care of your children.

3. **Gifts** - This section enables you to identify people or organizations to whom you wish to give gifts of money or specific possessions, such as jewelry or a car. You can also specify conditional gifts, such as a sum of money to a young daughter, but only when she reaches a certain age.

4. **Estate** - Your estate encompasses everything you own, including real property, financial investments, cash, and personal possessions. Once you have identified specific gifts you would like to distribute, you can apportion the rest of your estate in equal shares among your heirs, or you can split it into percentages. For example, you may decide to give 45 percent each to two children and the remaining 10 percent to a sibling.

The law does not require that a will be drawn up by a professional, and some people choose to create their own wills at home. But where wills are concerned, there is little room for error. You will not be around when the will is read to correct technical errors or clear up confusion. When you draft a will, consider enlisting the help of a legal or financial professional, especially if you have a large estate or complex family situation.

Preparing for the eventual distribution of your assets may not sound enticing. But remember, a will puts the power in your hands. You have worked hard to create a legacy for your loved ones. You deserve to decide what becomes of it.

1. Legalzoom.com, 2019. An adult is defined as a person age 18 and older.

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# The Great Debate Continues: Active vs. Passive



Whether it's sports, music, or politics, life holds any number of “great debates”—debates that never seem to reach a conclusion. In investments, that great debate asks the question, “Active or Passive Investing: Which is Better?”

The fascinating aspect of this debate is that equally intelligent people can argue polar opposite positions, leaving the rest of us to wonder what the answer is, if one even exists.

## Passive Pointers

The case for passive management is anchored in the evidence that the preponderance of money managers have failed consistently to beat their comparative index. This is true for two primary reasons:

- 1) Markets are efficient and all known information is already reflected in the price of the stock, making it difficult for managers to find companies that are expected to outperform.<sup>1</sup>
- 2) The hurdle of an elevated expense ratio typical of actively managed mutual funds makes it hard to match or exceed a low-expense index fund.

## Active Arguments



Active managers counter that while the markets may be generally efficient, there are windows of inefficiency created by the time it takes for information to properly reflect in a stock's price.

Active managers further argue that performance is not just about relative return, but also about managing risk. For instance, if an active manager can deliver a hypothetical 90 percent of the index return at 70 percent of its risk, then that constitutes a measure of outperformance.<sup>2</sup>

## **Unlock the Combination**

Ultimately, it's a decision based on what you want to pursue. Do you prefer the approach taken by index funds or the strategy behind active management? For some, the combination of both funds represents an approach that takes no sides but seeks to tap into the distinctive benefits each offers.

Mutual funds are sold only by prospectus. Please consider the charges, risks, expenses and investment objectives carefully before investing. A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risk unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

1. 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.

2. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.

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**Eric Wasson, CFP®**

**Certified Financial  
Planner™**

**Financial Consultant**

**Phone: (603) 343-4515**

**Fax: (603) 343-1863**

**[info@AztecFG.com](mailto:info@AztecFG.com)**



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