



LPL Financial

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Napoleon Hill once said, "First comes thought; then organization of that thought, into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination." What are your financial thoughts for the New Year? Give me a call so we can set up a plan to help turn those thoughts into reality!

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

This month's drawing will be for a \$25 gift certificate to Sweet Meadows Florist in Dover.

With a long tradition of serving the Greater Dover community, Sweet Meadows Flower Shop is recognized for their fine fresh flowers, garden style design and superior customer service. For more information click [HERE](#).

And the question is...

Where are three places to look for competitive intelligence?

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



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In This Issue

[Interesting Facts!](#)

[Local Events!](#)

[When Women Remarry: Finding Financial Balance](#)

[Life Insurance: Adapting to Changing Needs](#)

[Insurance Claim Tips for Businesses](#)

Interesting Facts!

The towns of Verkhoyansk (population 1,311) and Oymyakon (population 500), both in Russia, are considered to be the coldest permanently inhabited locations on Earth. The lowest temperature recorded there was -90°F (topped only a -128.6°F reading taken at Antarctica's Vostok Station). The average temperature in January is -51.5°F , although by July the temperature has warmed up to a balmy average of 58.8°F .

Fruits and vegetables are a rarity, as the ground remains frozen all year round, so the main diet consists of meat, fish and dairy products. Vehicles must remain running at all times unless they are parked in a heated garage and eyewear cannot be worn outside or it will freeze to the wearer's skin.

Although Oymyakon is most known for its bone-chilling winters, the surrounding region is a popular tourist destination during the summer. Many companies offer multi-day treks through the region so tourists can experience the breathtaking beauty.

Local Events!

Winter Farmer's Market: Various locations and times. For more information click [HERE](#).

Cynthia's Challenge for Sammy 24 Hour Ski-A-Thon: Beginning 9pm Friday, January 9th through Saturday, January 10th at King Pine Ski Area in Madison. For more information click [HERE](#).

I Am My Own Wife: Friday, January 16 at 8:00 pm at West End Studio Theatre in Portsmouth. For more information click [HERE](#).

The Reductive Lens & The Physicality of Color Art Exhibition: Beginning Friday, January 23 at 6:00 pm at the UNH Museum of Art. For information on this and other events click [HERE](#).

Third Annual Groundhog Day Luau: Saturday, January 31 from 6:00 to 10:00 pm at Ashworth By The Sea. For more information click [HERE](#).

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

Giftgiving Your Way to Estate Tax Savings



If you have been fortunate enough to accumulate substantial assets during your lifetime, do you know that estate taxes could reduce the amount you'll be able to

pass on to your heirs? Under current law, the Federal estate tax in 2014 has an applicable exclusion amount of \$5.34 million and a top tax rate of 40%. As a result, it is very important to develop an estate planning strategy that helps reduce the impact of estate taxes. By making gifts of existing assets during your lifetime, you can help reduce the size of your estate and lessen your family's future estate tax burden.

Gift-Giving Basics

1. The annual gift tax exclusion allows a donor to give away up to \$14,000 (subject to inflation indexing) in 2014, per recipient, without incurring a gift tax liability. If the donor is married and his or her spouse consents to "splitting" the gift, the annual gift tax exclusion increases to \$28,000, even if only one spouse actually makes the entire gift.
2. Making gifts during one's lifetime shifts future appreciation of gifted property to the recipient.
3. Taxable income may be shifted from the high tax bracket of a donor to the lower tax bracket of a recipient, age 19 or older.
4. No gift tax is paid out-of-pocket until taxable gifts exceed the lifetime gift exemption (\$5.34 million for 2014). The Federal gift tax is cumulative. If the gift qualifies for the annual gift tax exclusion, it does not count against your lifetime exemption.

What about Life Insurance Gifts?

Life insurance can often be the single largest asset in a gross estate. If this is true in your case, you may wish to consider how to shield the death benefit proceeds from federal estate tax liability. If, at your death, you own a life insurance policy, the death benefit proceeds will be included in your gross estate and could be subject to federal estate taxes (depending on the size of your estate).

An irrevocable life insurance trust (ILIT) can be set up to be the owner and beneficiary of a new policy. The use of this type of trust has been widely regarded as an effective means for keeping life insurance policies from the taxable estate of the insured. When properly drafted, this trust can eliminate the death benefit proceeds not only from your gross estate, but also from the gross estate of the trust's beneficiary.

If you plan to use an existing policy, you must live for more than three years following the transfer to the ILIT. Otherwise, the policy proceeds will be included in your taxable estate. Also, keep in mind that if the transferred policy has a cash

value, a federal gift tax may apply. For a new policy, the trust should be designated as the owner, applicant, and beneficiary.

The use of a tax reduction technique such as gift giving, can have a positive effect on the reduction of the size of your estate. However, as with all tax planning matters, a qualified professional should be consulted to help ensure planning decisions are consistent with your overall goals and objectives.

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Life Insurance: Adapting to Changing Needs



When Pat purchased her life insurance policy ten years ago, she assumed that her life insurance planning was complete. She thought that if she just paid her premiums on time, she could sit back and not worry about life insurance any more. True, Pat's policy has provided her with peace of mind by helping to protect her family's finances. However, that doesn't mean she should let her insurance program run on autopilot. Life insurance is just like any other piece of your financial puzzle. It should be periodically monitored as your circumstances and needs change. This way, you can help ensure your life insurance program is achieving its desired objective. Let's take a closer look at some of the things that Pat, like all policyholders, should review, at least annually.

Is Coverage Current?

Pat must first determine if her original reasons for purchasing her policy are still current. She should also evaluate whether or not she's developed any additional needs. For instance, when Pat initially purchased her policy, she was newly married and owned a small, modest home. Now, Pat and her husband, Ed, have three children and a much larger home. Is Pat's existing policy adequate for these additional responsibilities-covering a substantial mortgage, funding college for three, and contributing to the protection of her family's financial security? More

than likely, Pat may require additional life insurance. And, she'll want to make sure she has enough coverage on Ed as well.

If Pat's existing policy is term insurance, she may want to consider converting it to a permanent contract. Permanent insurance is unique in that it has a cash value component that offers the potential for tax-deferred accumulation, as well as the same death benefit features of term insurance. In later years, the cash value could come in handy to help supplement college costs or retirement income needs. It is important to note that access to cash values through borrowing or partial surrenders can reduce the policy's cash value and death benefit, can increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

Updating Beneficiaries

Currently, the primary beneficiary of Pat's life insurance policy is her husband, Ed. If Ed were to predecease Pat, the policy currently names Pat's nephew as a contingent beneficiary. Now that Pat has her own family, she will likely want to update her policy's beneficiary arrangement to name her children as contingent beneficiaries instead of her nephew. In addition, if Pat and Ed eventually set up a living trust, their legal professional may suggest naming their trust as the policy's beneficiary.

Planning for a Growing Estate

Regardless of the type of life insurance Pat owns and who is named as the beneficiary, the death benefit proceeds from the policy will be included in Pat's estate. It's important that Pat and Ed recognize this. As their asset base increases over the years, they should consider ways to help reduce the effects of estate taxation and plan accordingly.

Life insurance can play a significant role in solidifying the family finances of couples like Pat and Ed. However, it is also important to recognize that life insurance policies, like all financial matters, need to be reviewed on a regular basis with a qualified professional. A qualified insurance professional can be a valuable resource when evaluating your present situation and determining an appropriate course of action.

Competitive Intelligence: Strategies for Success



In today's rapidly evolving marketplace, businesses that once relied upon traditional networks to supply them with clients and customers are now forced to become more aware of the competitive landscape in which they operate. Increasingly, market researchers are seeking out intelligence that can enable them to better understand their external competitive environment, including information about rival firms, industry trends, regulatory changes, and the demands of potential and existing clients.

Gathering Research

As practiced by most market researchers, competitive intelligence (CI) gathering is not akin to cloak-and-dagger corporate espionage. Instead, researchers generally adhere to accepted legal and ethical guidelines while trawling publicly available resources for clues about future developments in the industry. The data is then mined and analyzed in an effort to assess the implications of those developments for the individual organization. In the course of collecting CI, a marketer examines published materials available through sources such as the Internet and court records, and he or she may interview or network with industry experts, clients, and people familiar with competitor firms.

An obvious place to start when gathering CI is online. Trade journals and industry association websites are sources of potentially useful material, as are business and general newswires. While these news services will likely synthesize much of the market information of interest, you may also want to seek out more diverse online sources that provide updates on industry developments less widely reported. Depending on your business, these sources may include filings with the Securities and Exchange Commission (SEC), public record search services, market research services, government agency websites, and legislative monitoring services.

Networking is an invaluable source of knowledge about competitors. Gossip overheard at an industry event or conference can provide insight into rival firms that is not available in published form. Meeting with others in the industry, either formally or informally, also allows you to ask questions and probe for information

that is of particular use to your firm. Even a casual conversation with a staff member from a rival firm can alert you to potentially important changes in the organization and in the industry as whole. It is also possible to network online through blogs, discussion groups, and e-mail.



Analyzing Data

Competitive intelligence is about more than simply investigating rivals; the objective is to create a more successful organization relative to competitors. However interesting, the information gathered will only prove valuable if you are able to place it in a context relevant to your own company's market position. Information must be translated into "actionable" intelligence that can be applied directly to business planning and development. An analysis of the data collected can result in recommendations for new initiatives or changes in strategic direction, such as adjusting pricing structures or enhancing services.

When a business is able to predict more accurately which practice areas are likely to generate more or less business in the future, its leaders will be able to make more effective decisions about how to allocate resources. CI can also be useful in determining whether offering a particular product or service that appears to be in demand constitutes a sound business decision given market saturation levels. While conducting competitive intelligence research requires some investment of resources, gaining a more thorough understanding of the competitive environment can help you avert some costly mistakes and anticipate a market for services that may not yet exist.

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