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AZTEC Financial Group Newsletter

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I am sad that the ski season is winding down but happy for all of you who are glad that Winter is over. I joined a NASTAR racing team this year at Gunstock. Let me tell you that was a challenge. We are in the planning stages of our Spring Social Event! Stay tuned I promise you it will be fun and interesting!!

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Did You Know?

The Haskell Free Library and Opera House is a 400-person capacity historical arts facility on the border of the United States and Canada. The stage of the facility is in the town of Stanstead in the province of Quebec in Canada, while the audience sits in Derby Line village in the state of Vermont in the U.S.

Local Events!

BLUES GOT ME: AN EVENING WITH CHERYL ARENA

April 8, Dover

For more information click [HERE](#)

THE WORLD BELOVED-A BLUEGRASS MASS

April 14 Portsmouth

For more information click [HERE](#)

LIGHTHOUSES OF SOUTHERN NEW HAMPSHIRE AND MAINE

April 25 Durham

For more information click [HERE](#)

LECTURE: USS ALBACORE AGSS569: THE CREW TELLS THEIR STORIES

April 27 Portsmouth

For more information click [HERE](#)

SHRED DAY

April 27 Rochester

For more information click [HERE](#)

Financial Strategies in a Post-DOMA World

The Supreme Court's decision declaring The Defense of Marriage Act (DOMA) unconstitutional was a watershed event that may require some same-sex couples to reconsider the financial strategies they currently have in place.

But uncertainties abound. Federal agencies still need to interpret portions of the Supreme Court's ruling. And, with some states not recognizing same-sex marriages, challenges remain for those looking to update their financial strategies and approaches.

Here's a brief overview of the post-DOMA ruling.

Taxes

Legally married same-sex couples are eligible to file joint federal tax returns and may want to consider amending previous years' returns. Also, they will be eligible for capital-gains treatment accorded to the sale of a home. However, as a married couple, they may also be subject to the "marriage penalty" associated with certain tax treatments and rates.¹

Retirement

Social Security Benefits

Same-sex spouses are now eligible for some Social Security and Medicare spousal benefits.² Medicaid, on the other hand, is administered by the state, so couples living in a state that doesn't recognize gay marriage may be denied spousal benefits.

Federal Retirement Benefits

For federal government employees with pensions, legal spouses are eligible for survivor benefits regardless of whether the state in which they live recognizes gay marriage.

IRAs

A surviving spouse in a legal same-sex marriage will be allowed to roll over a deceased spouse's IRA funds to his or her IRA, preserving its tax-deferred benefits. Spousal IRA contributions will also be permitted.^{3,4}

Qualified Retirement Plans

Same-sex spouses will be able to leave a pension to the surviving spouse. Should a married same-sex couple divorce, a qualified domestic relations order (QDRO) would be available to ensure that both spouses receive their share of a qualified retirement plan.⁵

Estate Strategies

The surviving spouse of a legal same-sex marriage will no longer have to pay federal estate taxes on assets received from the deceased spouse, nor will same-sex spouses be required to pay federal gift taxes when transferring funds to one another.⁶

Same-sex partners need to take into account the fact that some states still do not recognize same-sex marriage, however.

Same-sex partners should consider:

- how property is titled, especially the home, so as to ensure transfer to the surviving partner;
- a revocable living trust to pass assets, in order to avoid the transfer being contested by blood relatives;⁷
- a power-of-attorney that allows a partner to manage financial issues if the other partner becomes incapacitated;
- listing a partner as primary beneficiary on retirement accounts;
- additional life insurance to cover the assets reduced by estate taxes.⁸

The DOMA ruling represents an ideal time for same-sex couples to revisit their financial strategies to ensure they reflect the changes in the landscape and fulfill their objectives.

1. Internal Revenue Service, 2013
2. U.S. Department of Health & Human Services, 2014
3. Internal Revenue Service, 2013
4. Withdrawals from traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.
5. Internal Revenue Service, 2013
6. Internal Revenue Service, 2013
7. Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional who is familiar with the rules and regulations.
8. Several factors will affect the cost and availability of life insurance, including age, health and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policy holder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

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Creative Ways to Motivate Your Employees

The common thread that runs through all small businesses, from professional services to manufacturing, is that a motivated workforce is central to the business's success.

Here are some quick, inexpensive, and potentially effective ways to motivate your employees and improve your employee retention.

Weekly "Good News" Emails

Too often the business day can be about addressing problems or issues, large and small. We forget to recognize the "wins" and other positive accomplishments. Yet, it is the successes we achieve that inspire us to reach new heights.

Encourage Mental Breaks

Whether it is making sure employees go out for lunch, take a mid-day walk, or even take a short "power nap," these breaks away from the grind can re-energize, refresh, and even lead to new ideas.

Be Visible

As a leader, your troops appreciate your visibility and a human connection to you. Walk around the floor. Write handwritten notes of appreciation. Roll up your sleeves to help meet a deadline.

Break the Routine

Think about bringing in a community speaker for a "lunch and learn" session. Perhaps even sponsor a "bring your pet to work day!" Changing up the routine inspires, invigorates, and makes it more fun to be at work.

Invite Staff to Client Visits

Not only will an employee appreciate the opportunity to visit with a client and the vote of confidence it implies, but he or she will gain a valuable perspective on what a client needs and the integral role he or she has in delivering your service or product.

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Your Changing Definition of Risk in Retirement

During your accumulation years, you may have categorized your risk as "conservative," "moderate," or "aggressive" and that guided how your

portfolio was built. Maybe you concerned yourself with finding the "best-performing funds," even though you knew past performance does not guarantee future results.

What occurs with many retirees is a change in mindset-it's less about finding the "best-performing fund" and more about consistent performance. It may be less about a risk continuum-that stretches from conservative to aggressive-and more about balancing the objectives of maximizing your income and sustaining it for a lifetime.

You may even find yourself willing to forego return potential for steady income.

A change in your mindset may drive changes in how you shape your portfolio and the investments you choose to fill it.

Let's examine how this might look at an individual level.

Still Believe

During your working years, you understood the short-term volatility of the stock market but accepted it for its growth potential over longer time periods. You're now in retirement and still believe in that concept. In fact, you know stocks remain important to your financial strategy over a 30-year or more retirement period.¹

But you've also come to understand that withdrawals from your investment portfolio have the potential to accelerate the depletion of your assets when investment values are declining. How you define your risk tolerance may not have changed, but you understand the new risks introduced by retirement. Consequently, it's not so much about managing your exposure to stocks, but considering new strategies that adapt to this new landscape.¹

Shift the Risk

For instance, it may mean that you hold more cash than you ever did when you were earning a paycheck. It also may mean that you consider investments that shift the risk of market uncertainty to another party, such as an insurance company. Many retirees choose annuities for just that reason.

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).

The march of time affords us ever-changing perspectives on life, and that is never more true than during retirement.

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. This is a hypothetical example used for illustrative purposes only.

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