LPL Financial

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What a mild winter we have had and it's starting to feel like Spring already! The lack of snow had me yearning for more so I took a week long trip to Utah. I had a wonderful time skiing with friends and came back feeling totally refreshed. I hope that you all are enjoying the unseasonably warm weather!

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In This Issue

Interesting Facts

Apples, not caffeine, are more efficient at waking you up in the morning.

Build Your Financial Foundation with Regular Reviews

Life in the 21st Century offers many exciting challenges and opportunities. Today, there are many financial strategies that can help you reach your short- and long-term goals. Your financial professional can be a valuable resource as you review your financial situation, ascertain your progress, and make any necessary adjustments.

Most everyone has, formally or informally, a financial strategy that should be regularly reviewed. For example, you probably follow a budget, save for special goals, or look over your retirement savings from time to time. Whether paying bills or preparing your income tax return, you frequently look at various parts of your finances. However, once each year, you should pull all your records together and take a close look at your entire financial picture.

Here's a brief description of what a typical annual review might entail:

1) Cash flow analysis. Does your income equal or exceed your fixed and variable expenses? The amount of income that exceeds what you spend is called positive cash flow. If your expenses exceed your income, you have negative cash flow. If your cash flow is negative, it may be time to reorganize your budget and minimize any unnecessary expenses so that you can focus on saving for your future.

2) Provide money for special goals. For every financial goal you establish, you need to address the projected cost, the amount of time until your goal is to be realized (time horizon), and your funding method (a scheduled savings plan, liquidating some assets, or taking a loan).

You should plan your goals according to priority. Most importantly, you should have an emergency fund of at least three months of income to handle life's unexpected turns. Secondly, you may establish a savings plan for larger, long-term goals, such as your child's wedding or educational expenses. Finally, consider the priority of more flexible goals (e.g., purchasing an automobile, enacting home renovations, and planning a vacation).

3) Enrich your retirement. Are you going to have enough money when you retire? Pensions and Social Security may provide insufficient income to maintain existing lifestyles during your retirement years. Consequently, review your retirement needs and plan a disciplined savings program for your retirement.

4) Minimize income taxes. Many taxpayers reduce their liability by taking advantage of tax breaks, such as contributing pre-tax dollars to an employer-sponsored retirement plan. Most also claim deductions for mortgage interest, traditional IRA contributions, or charitable donations. In addition, there may be other ways of reducing your tax liability. For example, under appropriate circumstances, losses or expenses from previous years may be carried over to the next tax year.

5) Beat inflation. Suppose the current inflation rate is 4%. In order to maintain your buying power, you would need a 4% annual wage increase so that your income keeps pace with rising prices. A decline in your buying power would certainly lower your standard of living and affect your lifestyle. Consequently, consider putting your money to work for you to beat inflation.

6) Manage unexpected risks. You are probably well aware that life involves risk, which could lead to financial loss. For example, you could become disabled without income, or an untimely death could cause financial hardship for your family. As a result, many have made insurance the cornerstone of their overall finances because it offers protection that can help cover potential liabilities and risks.

These six steps will help you focus on the important issues that affect your finances. As you review your financial situation on an annual basis, you will probably need to make alterations due to changing goals and circumstances. However, if you faithfully keep track of your progress in these six areas, you may be able to both afford your future and finance your dreams.

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Over 50? Retirement Savings Strategies

The baby-boom generation is about to trail blaze into another new era: retirement. Never a generation to accept the status quo, they are ready and set to redefine the outmoded image of "golden years." Forget about endless days spent in repose. This group seeks an unprecedented time of adventure, travel, creativity, and new business pursuits. While these exciting changes will redefine aging, will the baby boomers be able to finance their adventurous plans? Today, many age 50 and older have still not begun to save for retirement or have amassed insufficient funds.

If you are in this age group and find yourself facing an underfunded retirement, it is never too late to take charge. There are plenty of things you can do-right now-to get on the right track. Here are some ideas:

What's it going to take? First, you need to estimate how much money you will need in retirement. Once you have an idea of the ballpark amount, you can work toward fulfilling that goal. You may need 60-80% of your current annual income in retirement. Your financial professional can help you assess the best figures for your situation.

Work it! If your employer offers a retirement plan, contribute as much as the law will allow. In 2012, you can contribute up to $17,000 to an employer-sponsored 401(k) plan. Those over age 50 can contribute an additional $5,500. Many employers also match contributions. Make sure you contribute enough to claim all of this "free" money, which can add up significantly over time.

Create a spending plan. In other words, make a budget. Many people think a budget will be restrictive, but look at it this way: You can spend now, or you can actually have the money to be able to afford your dream adventures. It is very important that you pay down debt now and, furthermore, do not accrue new debt. Examine your spending habits and replace some of your discretionary spending with saving. Even as little as $20 extra per week is a step in the right direction.

Take some initiative. On top of contributing to your employer's plan, you can save even more by opening your own Roth IRA. Contributions are made after taxes, but earnings and distributions are tax-free, provided you have owned the account for at least five years and have reached age 59½. Those age 50 and over can contribute $6,000 a year in 2012. Eligibility for these plans begins to phase out with adjusted gross incomes of $110,000-$125,000 for single filers and $173,000-$183,000 for married joint filers.

Hang your shingle. Many boomers hope to start their own businesses in retirement. But why wait? If you begin your entrepreneurial efforts now, your business has the potential to be in full swing by the time you finally do retire, and any profits between now and then can be added to your savings.

Move it or lose it. It's very likely that your home may have significantly increased in value since you first bought it. You may have even already paid off the mortgage. With children at or near adulthood, do you really need that extra space? Selling now and moving to a smaller, more affordable location will allow you to transfer the equity in your home into a savings vehicle.

Why quit? If you want to pad out your retirement savings, consider staying on the job longer. Many people actually leave retirement to reenter the workforce because they feel more fulfilled in a working lifestyle. Others seek part-time work, consulting, or entrepreneurial efforts. If any of these situations sound right for you, you will earn more money each year to save, and you may be able to put off drawing down your savings.

With all of the above options, time and compounding will be to your benefit. Each year that your savings remain untouched will give them more time for growth potential. The baby-boom generation intends to redefine retirement as we know it. With a few steps in the right direction, starting today, you will have the resources to usher change into a whole new era.

Avoid the Pain of Keyboard Strain

The explosive growth of computer use in the workplace and at home has benefited our modern economy in many ways. However, along with those benefits have come some new concerns.

Many people are sitting in one position in front of a computer screen all day at work, and often again later that night at home, while making repetitive motions for prolonged periods of time. As a result, there has been a corresponding increase in cases of cumulative trauma disorders (CTDs), such as carpal tunnel syndrome, tendonitis, and other muscle and joint pain.

Such strain can have a detrimental effect on your productivity, as you may slow down or become incapacitated for some length of time. More serious cases can even require medical attention and therapy to help alleviate the pain. Between loss of productivity and affected lifestyle, taking preventive solutions to avoid computer keyboard strain is often well worth the effort.

Begin with Awareness

Paying attention to how you sit and arrange your workspace can be a vital first step in alleviating physical stress. Here are some tips to help increase comfort and decrease strain when working at your computer keyboard:

- Keep your feet flat on the floor or on a footrest.
- Position both the trunk of your body and your head vertically, with thighs parallel to the floor and knees bent to approximately a 90° angle.
- Maintain your elbows at keyboard height, also bent to a 90° angle, with forearms parallel to the floor.
- Keep your wrists almost straight, and rest your fingers comfortably on the keyboard.
- Take breaks. Maintaining a fixed position for an excessively long duration may result in aches or discomfort. It is important to frequently get up and stretch, or vary routines so you have a chance to step away from the keyboard for a time.

Safety First

Taking the proper steps to avoid keyboard stress can be the "key" to avoiding unwanted and painful repetitive stress injuries.

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