



**LPL Financial**  
**Eric Wasson, CFP®**  
 CERTIFIED FINANCIAL PLANNER™



## AZTEC Financial Group Newsletter

### In This Issue

**Did You Know?**

**Local Events!**

**Understanding  
 Long-Term Care**

**The New Red Scare:  
 Chinese Ownership  
 of U.S. Debt**

**What If You Get  
 Audited?**



July is the month when summer has a firm hold on all of us. The average temperature just about everywhere in the country is above 70°F, and thunderstorms are nearly as abundant as ants at a picnic. July is also the month of the Full Buck Moon. Summer is a great time for stargazing. From all of us we wish you a **HAPPY FOURTH OF JULY!!!!**

### Quick Links

**Our Team**  
**Mission Statement**  
**Products & Services**  
**Useful Links**  
**About LPL Financial**  
**LPL Research**  
**Resources**  
**Past Newsletters**

Did you know that we do a monthly drawing for a gift card to a local business? All you have to do is find the answer in this month's newsletter to the question below and click the link below to email your answer! We draw a random winner from all the correct answers and award the gift card!

This month's drawing is for a \$25 gift certificate to Tucker's Restaurant in Dover. They offer a medley of classic favorites and creative surprises on their menu. Tucker's serves breakfast, brunch and lunch. For more information, click [HERE](#).

Congratulations to Peg Slauson for being last month's winner with a gift card to Cowlicks Dairy Bar.

And the question is...

True or False the majority of IRS audits take place face to face.

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



[www.aztecfg.com](http://www.aztecfg.com)  
(603) 343-4515  
[eric.wasson@lpl.com](mailto:eric.wasson@lpl.com)



### Did You Know?

The birthstone for July is the ruby, which is said to arouse the senses, stir the imagination, and guarantee health, wisdom, wealth and success in love.

### Local Events!

#### **Cochecho Arts Festival**

*The 2018 Cochecho Arts Festival is almost here! The festival kicks off on July 6th. For more information click [HERE](#).*

#### **Dover Farmers' Market**

*Seacoast Growers Association. For more information click [HERE](#).*

#### **Seacoast Repertory Theater**

*The Who's musical TOMMY  
For more information click [HERE](#).*

#### **Boots n Bulls**

*Lee USA Speedway. Boots N Bulls is a LIVE professional rodeo featuring all sorts of fun for the whole family.  
For more information click [HERE](#).*

*These websites are provided for informational purposes only. We are not responsible for the website content.*

### **Understanding Long-Term Care**

Addressing the potential threat of long-term care expenses may be one of the biggest financial challenges for individuals who are developing a retirement strategy.

The U.S. Department of Health and Human Services estimates that 70% of people over age 65 can expect to need long-term care services at some point in their lives. So understanding the various types of long-term care services-and what those services may cost-is critical as you consider your retirement approach.

### **What Is Long-Term Care?**

Long-term care is not a single activity. It refers to a variety of medical and non-medical services needed by those who have a chronic illness or disability-most commonly associated with aging.

Long-term care can include everything from assistance with activities of daily living-help dressing, bathing, using the bathroom, or even driving to the store-to more intensive therapeutic and medical care requiring the services of skilled medical personnel.

Long-term care may be provided at home, at a community center, in an assisted living facility, or in a skilled nursing home. And long-term care is not exclusively for the elderly; it is possible to need long-term care at any age.

### **How Much Does Long-Term Care Cost?**

Long-term care costs vary state-by-state, and region-by-region. The national average for care in a skilled care facility (single occupancy in a nursing home) is \$91,250 a year. The national average for care in an assisted living center (single occupancy) is \$43,200 a year. Home health aides cost a median \$20 per hour, but that rate may increase when a licensed nurse is required.

### **What Are the Payment Options?**

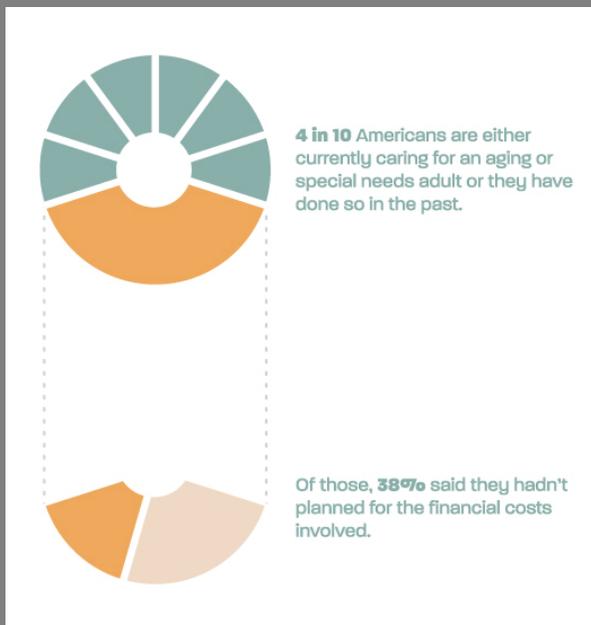
Often, long-term care is provided by family and friends. Providing care can be a burden, however, and the need for assistance tends to increase with age.

Individuals who would rather not burden their family and friends have two main options for covering the cost of long-term care: they can choose to self-insure or they can purchase long-term care insurance.

Many self-insure by default-simply because they haven't made other arrangements. Those who self-insure may depend on personal savings and investments to fund any long-term care needs. The other approach is to consider purchasing long-term care insurance, which can cover all levels of care, from skilled care to custodial care to in-home assistance.

When it comes to addressing your long-term care needs, many look to select a strategy that may help them protect assets, preserve dignity, and maintain independence. If those concepts are important to you, consider your approach for long-term care.

## The Best-Laid Plans



Source: U.S. News and World Report, November 13, 2015

1. U.S. Department of Health and Human Services, 2015

2. Genworth 2015 Cost of Care Survey

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright 2018 FMG Suite.

## The New Red Scare: Chinese Ownership of U.S. Debt

Would it surprise you to hear that China owns only about 7% of the total outstanding debt of the U.S. Government?<sup>1</sup>

This still amounts to about \$1.26 trillion, but China's ownership of Treasury securities is well behind two major domestic owners-Social Security and the Federal Reserve.<sup>2</sup> Nevertheless, the emergence of a political and economic competitor on the world stage as a major owner of U.S. debt has unsettled some policymakers and citizens alike.

### The Anatomy of Ownership

Chinese ownership of U.S. debt is primarily due to its exchange-rate policy, which fixes the value of its currency to the U.S. dollar at a rate that is lower than if it were freely traded in the marketplace.

To maintain this favorable exchange rate, China uses its currency to buy dollars, which must then be invested in dollar-denominated assets. It chooses to funnel them into

Treasuries to keep its assets liquid and avoid the political objections that may follow the purchase of high profile U.S. assets, such as stocks or real estate.<sup>3</sup>

### **Is There a Danger?**

This favorable exchange rate helps to promote Chinese exports. While low-cost Chinese products benefit American consumers, a major criticism of China's currency policy is that low-cost exports have the potential to take away American jobs. This concern has abated somewhat due to the repatriation of manufacturing, spurred by new sources of cheaper domestic energy made available through fracking technology.

The dilemma with the U.S. desire for a stronger Chinese currency lies in the potential of higher interest costs on U.S. debt, should the Chinese pare their purchases.

Chinese ownership may actually be more of a straight jacket for China than a means of leverage. Should China seek to unload its holdings, the move could drive Treasury prices down, hurting its own financial interests.

As J. Paul Getty once observed, "If you owe the bank \$100 that's your problem. If you owe the bank \$100 million, that's the bank's problem."

1. Treasury.gov, January 16, 2015
2. Treasury.gov, January 19, 2016. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury security prior to maturity, it could be worth more or less than the original price paid.
3. 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. Real estate property values can be significantly affected by economic downturns or changes in real estate pricing.
4. BrainyQuote, January 2015.

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright 2018 FMG Suite.

## **What If You Get Audited?**

"Audit" is a word that can strike fear into the hearts of taxpayers.

However, the chances of an Internal Revenue Service audit aren't that high. In 2016, the IRS audited 0.7% of all individual tax returns.<sup>1</sup>

And being audited does not necessarily imply that the IRS suspects wrongdoing. The IRS says an audit is just a formal review of a tax return to ensure information is being reported according to current tax law and to verify that the information itself is accurate.

The IRS selects returns for audit using three main methods.<sup>2</sup>

- **Random Selection.** Some returns are chosen at random based on the results of a statistical formula.
- **Information Matching.** The IRS compares reports from payers - W2 forms from employers, 1099 forms from banks and brokerages, and others - to the returns filed by taxpayers. Those that don't match may be examined further.
- **Related Examinations.** Some returns are selected for an audit because they involve issues or transactions with other taxpayers whose returns have been selected for examination.

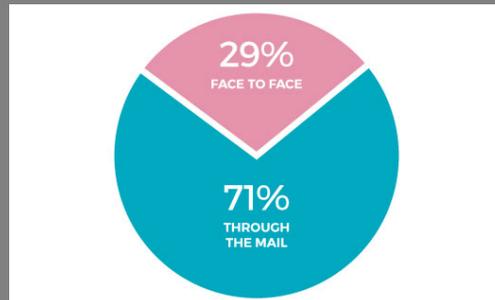
There are a number of sound tax practices that may reduce the chances of an audit.

- **Provide Complete Information.** Among the most commonly overlooked information is missing Social Security numbers - including those for any dependent children and ex-spouses.
- **Avoid Math Errors.** When the IRS receives a return that contains math errors, it assesses the error and sends a notice without following its normal deficiency procedures.
- **Match Your Statements.** The numbers on any W-2 and 1099 forms must match the returns to which they are tied. Those that don't match may be flagged for an audit.
- **Don't Repeat Mistakes.** The IRS remembers those returns it has audited. It may check to make sure past errors aren't repeated.
- **Keep Complete Records.** This won't reduce the chance of an audit, but it potentially may make it much easier to comply with IRS requests for documentation

Remember, the information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.

### Audits Have Changed

Most audits don't involve face-to-face meetings with IRS agents or representatives. In 2015, the latest year for which data is available, 71% were actually conducted through the mail; only 29% involved face-to-face meetings.



Internal Revenue Service, 2016

1. Internal Revenue Service, 2016
2. Internal Revenue Service, 2016

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright 2018 FMG Suite.



Eric Wasson CFP®  
LPL Financial

660 Central Avenue, Dover, NH 03820  
Phone: (603) 343-4515 Fax: (603) 343-1863  
Email: [eric.wasson@lpl.com](mailto:eric.wasson@lpl.com)

The information in the newsletter was not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

The information contained in this newsletter email message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

The copyright protected articles were prepared by FMG Suite.

Securities and Advisory Services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC

LPL Financial Group, 660 Central Ave., Dover, NH 03820

[SafeUnsubscribe™ {recipient's email}](#).

[Forward this email](#) | [Update Profile](#) | [About our service provider](#)

Sent by [eric.wasson@lpl.com](mailto:eric.wasson@lpl.com) in collaboration with

**Constant Contact** 

Try it free today