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## AZTEC Financial Group Newsletter

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*Warmest wishes are what we bring to you for joy that lasts all season and throughout the new year, too!*

*Thank you all who attended our Open House! We had a great turnout and lots of fun!*

Isn't it wonderful to watch the seasons change from spring to summer, from summer to fall, and from fall to winter. This is the color of nature the cycle of life we live. May everyone make a positive life change as nature has shown us every season. Don't let the cold weather keep you indoors! Who knows maybe I'll see you on the slopes!!!

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!

### Quick Links

[Our Team](#)

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This month's drawing is for a \$25 gift certificate to **Sonny's** in downtown Dover. For more information, click [HERE](#).

Congratulations to Marcel Robidas for being last month's winner with a gift card to Wing-Itz!

And the question is...  
List three reasons why you should invest...

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



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### Did You Know?

The wreath has significant meaning for the season. It's circular shape represents eternity, for it has no beginning and no end. The evergreen, most frequently used in making wreathes, symbolizes growth and everlasting life.

### Local Events!

#### ***The Music Hall Presents: Elf The Musical On Stage!***

*December 1*

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

#### ***Strawberry Banke 39th Annual Candlelight Stroll***

*December 1*

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

## ***Portsmouth Christmas Tree Lighting & Illuminated Holiday Parade and Food Drive***

*December 1*

*For more information click*

[\*\*HERE.\*\*](#)

## ***Sole City Dance Presents: The Nutcracker 2018***

*Beginning December 8*

*For more information click [\*\*HERE.\*\*](#)*

## ***Convenient MD is offering FREE flu shots***

*For more information click [\*\*HERE.\*\*](#)*

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

## **Protecting Your Business from the Loss of a Key Person**

Charles de Gaulle once remarked, "The graveyards are full of indispensable men."<sup>1</sup> While we know that life goes on regardless of the loss of any "indispensable" person, for a small business, the loss of a key person is not only a human tragedy, it can also represent the potential for significant financial loss.

Though business owners cannot protect themselves from the unexpected and sudden loss of a key employee, they may be able to protect themselves from the financial consequences of such a loss through the purchase of what is called "key person insurance."

### **Who's Key?**

There is no legal definition for who a key person is, but he or she is someone whose loss, due to death or disability, would cause a material financial setback to the business. For example, a key person may be a top salesperson whose production would take considerable time to replace. Or perhaps it's someone who is guaranteeing the business access to needed future capital.

Key person insurance is a standard insurance policy that is usually owned by the business and whose premiums are paid by the business. These premiums are generally non-deductible. The benefits of the policy are paid to the business in the event that the insured key person dies or becomes disabled.<sup>2</sup> (Coverage for death and disability are separate policies.)

### **Calculating Costs**

When considering the coverage amount the business owner should first calculate the financial impact of the loss of a key person. The next step is to ascertain the cost of

insurance for that amount. With that information, the business owner will then be able to make a decision that balances his or her protection needs with what the business can afford.

The proceeds may be used in any manner deemed appropriate. For example, the proceeds may be needed to meet day-to-day expenses, pay off debts, or to recruit new talent to the organization.

For most businesses, their most important asset is their people. Yet, while they insure their other assets-such as buildings and cars-they often overlook the wisdom of doing the same for those individuals who are critical to their success.

1. Brainyquote, 2017
2. 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 policyholder 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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### **Four Really Good Reasons to Invest**

Forty-six percent of Americans do not own any stocks or stock-related investments, such as mutual funds, according to a recent Gallup poll.<sup>1</sup>

Individuals may cite different reasons for not investing, but with important long-term financial goals, such as retirement, in the balance, the reasons may not be good enough.

#### Why Invest?

- Make Money on Your Money

You might not have a hundred million dollars to invest, but that doesn't mean your money can't share in the same opportunities available to others. You work hard for your money; make sure your money works hard for you.

- Achieve Self-Determination and Independence

When you build wealth, you may be in a better position to pursue the lifestyle you want. Your life can become one of possibilities rather than one of limitations.

- Leave a Legacy to Your Heirs

The wealth you pass to the next generation can have a profound impact on your heirs, providing educational opportunities, the capital to start a business, or financial support to your grandchildren.

- Support Causes Important to You

Wealth can be an important tool for impacting the world in a meaningful way. So whether your passion is the environment, the arts, or human welfare, you can use your wealth to affect positive changes in your community or around the world.

### A Framework for Investing

The decision to invest is an acknowledgement that it comes with certain risks. Not all investments will do well and some may lose money. However, without risk, there would be no opportunity to potentially earn the higher returns that can help you grow your wealth.

To manage investment risk, consider maintaining a broad diversification of your investments that reflects your personal risk tolerance, time horizon, and the nature of your financial goal.<sup>2</sup>

Because investing can be complicated, consider working with a financial professional to help guide you on your wealth-building journey.

1. Gallup.com, May 24, 2017

2. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

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### **When Heirs are Imperfect**

Passing your estate to an heir with credit problems or a gambling or alcohol addiction might not only lead to that wealth being squandered, but the inheritance could worsen the destructive behaviors.

Of course, you don't want to disinherit your child simply because of his or her personal challenges. There are potential solutions that allow parents to

control and incent behaviors long after they are gone, ensuring that a troubled child's inheritance won't be misused.<sup>1</sup>

### *Some Common Approaches*

A trust is one idea since it can pass wealth to an heir while maintaining control over how, when, where and why the heir can access funds.<sup>2</sup>

When establishing such a trust, you can appoint a trustee, which is typically an independent third party (e.g., trust company) or family member. Appointing a family member, however, may be fraught with problems. For example, who do you think is more able to resist the pleadings of a desperate beneficiary, a close relative or a corporate entity?

The trust can specify the precise circumstances under which money will be paid to the trust's beneficiary, or specify that the trustee will retain complete discretion in the disbursement of funds.

### *Structuring Ideas*

Trusts can also include incentives, such as requiring drug or alcohol testing before the funds are paid out, or that a lump sum payment be made only upon graduation from college.

To ensure that an heir is committed to change, lump-sum amounts can be paid out after prescribed periods of time, e.g., five years of sobriety. To encourage your heir to seek gainful employment, the trust might pay out a dollar for every dollar in wages.

Alternatively, the trust can be written whereby payments are made directly to service providers, like a landlord or utility company.

Trusts can be flexible in their design, but before moving forward with a trust, consider working with a professional who is familiar with the rules and regulations.

1. 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.

1. 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.

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