



Financial Strategies
For Your Future



AZTEC Financial Group Newsletter

Greetings!

Introducing our new Newsletter Format! Let us know what you think!!!

Celebrate the gorgeous month of May! The Sun is warming, the birds are chirping, the flowers are blooming, and the garden is growing. Happy Mother's Day and Memorial Day from our team at AZTEC Financial Group!

[Contact Us](#)

Did You Know?

A lump of pure gold the size of a matchbox can be flattened into a sheet the size of a tennis court.



Local Events!

FOOTLOOSE THE MUSICAL

*Rochester Opera House
May 2 - 19
Rochester, NH*

[More Information](#)

FREE YOGA CLASS

*Dover Public Library
Every Thursday 4pm - 5pm
Dover, NH*

[More Information](#)



CHILDREN'S DAY

*May 5
12:00 pm - 4:00 pm
Portsmouth, NH*

[More Information](#)

GREAT BAY FOOD TRUCK FESTIVAL

*May 4th
12:00 pm
Stratham Hill Park, Stratham, NH*

[More Information](#)

When Life Insurance Becomes Taxable

Consider these facts on aging from the 2010 Census:¹

- The highest growth rate for a 10-year age group within the older population (age 65+) was for men 85 to 94 years old (46.5%). For women, this age group grew by 22.%.
- Of all five-year age groups, men ages 90 to 94 had the fastest growth rate (50.3%).

Living this long may have unexpected tax consequences. Here's why.

Many older life insurance policies mature at a specific age, typically 95 or 100. If the insured individual attains that age, the policy's cash value may be paid out to the policy owner in lieu of a death benefit payment.²

Tracking Taxes

This payout may be taxed as ordinary income on the amount that exceeds the policy owner's cost basis (or the sum of after-tax premiums). The after-tax amount would then become part of the policy owner's estate and may be subject to further taxation upon the policy owner's death.³

If a policy is owned by an irrevocable trust, the trust is responsible for any tax owed, though the proceeds would not become part of the insured's estate if the insured had no incidents of ownership.⁴

Avoiding the Taxable Risk

This taxable risk may be mitigated through a maturity extension rider, which allows the policy to continue until the death of the insured. Many newer life policies come with a

higher maturity age (like 120) or an indefinite period.

1. U.S. Census Bureau
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.
3. 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.
4. 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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Weighing the Benefits of Prepaid Debit Cards

Today more than half of all Americans use prepaid debit cards for personal use, compared to just 19% in 2008.¹

A prepaid debit card is established when an individual provides cash to a financial institution in exchange for a card that can be used like any debit card or credit card, except it is limited to purchases in an amount not to exceed the card's cash balance. When the balance runs low, or is exhausted, the card can be reloaded with additional cash.

There are reasons why you might consider using a prepaid debit card, including:

- For individuals with poor credit, who may be unable to get a credit card, carrying a prepaid debit card means they don't have to carry cash.
- For individuals who have trouble managing their spending, prepaid debit cards can act as a restraint on poor habits.
- As an alternative to credit cards for college students, they can help protect parents from their children's excessive spending, while teaching important budgeting lessons.
- They offer potential protection against the loss of cash when traveling.
- In a world of data theft, prepaid debit cards do not house personal data, such as your Social Security number or bank account information, shielding that data in the event of theft.

They do come with drawbacks, such as:

- They do not provide any advance of credit, like a credit card. So if you have an emergency expense that exceeds your prepaid debit card balance, the debit card will be of limited use.
- Prepaid debit cards may come with considerable fees, including account opening fees, transaction fees, and monthly charges. Depending upon the balance, fees can represent a high percentage of your cash value.
- You will not earn reward points or rebates, like you might with a credit card.

If you are considering a prepaid debit card, be sure to comparison shop. The fees can vary widely, so look for an appropriate card. And keep yourself informed about your running balance so you don't find yourself short on money.

1. CreditCards.com, June 20, 2016

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Whether it's sports, music, or politics, life holds any number of "great debates" that never seem to reach a conclusion. In investments, that great debate asks the question, "Active or passive investing: Which is better?" The fascinating aspect of this debate is that equally intelligent people can argue polar opposite positions, leaving the rest of us to wonder what the answer is—if one even exists.

Passive Pointers

The case for passive management is anchored in the evidence that the preponderance of money managers have failed consistently to beat their comparative index. This, the argument goes, is true for two primary reasons:

1. Markets are efficient and all known information is already reflected in the price of the stock, making it difficult for managers to find companies that are expected to outperform.¹
2. The hurdle of an elevated expense ratio typical of actively managed mutual funds makes it hard to match or exceed a low-expense index fund.

Active Arguments

Active managers counter that, while the markets may be generally efficient, there are windows of inefficiency created by the time it takes for information to be properly reflected in a stock's price.

Active managers further argue that performance is not just about relative return, but also about managing risk. For instance, if an active manager can deliver a hypothetical 90% of the index return at 70% of its risk, then that constitutes a measured outperformance.²

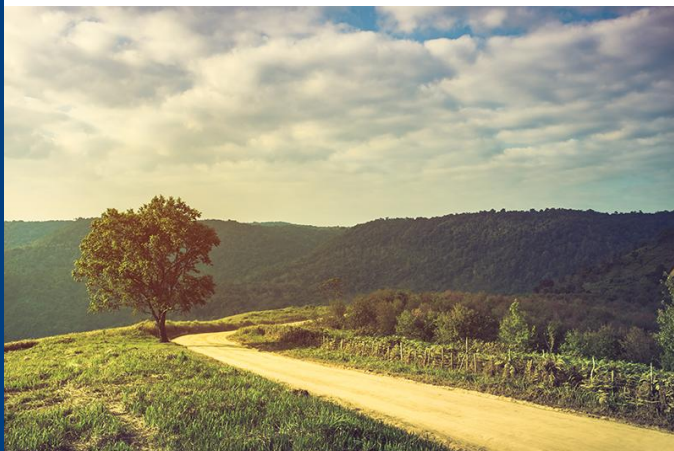
Unlock the Combination

Ultimately, it's a decision based on what you want to pursue. Do you prefer the approach taken by index funds or the strategy behind active management? For some, the combination of both methods represents an approach that takes no sides but seeks to tap into the distinctive benefits each offers.

Mutual funds are sold only by prospectus. Please consider the charges, risks, expenses, and investment objectives carefully before investing. A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.

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.
2. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.

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Heading

At AZTEC Financial Group, we help individual, families, business owners and employees achieve their financial goals through a comprehensive wealth management process.

[Visit Our Website](#)

Eric Wasson, CRP®



Certified Financial Planner™
Financial Consultant

(603) 343-4515
eric.wasson@AztecFG.com



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