



LPL Financial
Eric Wasson, CFP®
 CERTIFIED FINANCIAL PLANNER™
 Member FINRA/SIPC



AZTEC Financial Group Newsletter

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Comedian Bill Hicks once said, "It's just a ride and we can change it any time we want. It's only a choice." He was talking about the world, of course, but the same can be said of your personal life and financial security. Let's get together so we can discuss where you would like your "ride" to be headed!

I would like to thank everyone who submitted answers to our question last month. The winner of the drawing for June is Paula Hogan. Congratulations, Paula!

This month's drawing will be for a \$25 gift certificate to Harvey's Bakery. Harvey's has been family owned and operated for over 80 years. Located in downtown Dover, they are known for their wonderful baked goods as well as their restaurant, which serves breakfast and lunch.

For more information click [HERE](#).

And the question is...

At what point should a parent begin to prepare their child to be a successful college student?

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



www.aztecfg.com
 (603) 343-4515

eric.wasson@lpl.com

Did You Know?

Tourism is the #2 industry in New Hampshire, generating more than \$5 billion of economic activity and supporting 68,000 jobs. Most visitors to our lovely state come in the summer and fall for sightseeing and scenic drives. This is especially true in the fall as our foliage is known to be among the most colorful in the world! Of course summer activities includes water sports of all kinds but people also come for the special events. Laconia's Motorcycle Week alone brings in 400,000 and more than 100 million dollars in revenue.

But New Hampshire tourism doesn't slouch in the winter either! While other seasons bring mostly women and families, winter tourism is predominately men. Skiing and snowboarding, snowmobiling, ice fishing and dog-sledding top the list of cold weather activities. The Meredith Rotary Ice Fishing Derby is the biggest winter attraction in the state as well as the one of the top fundraisers, allowing the Rotary to donate more than 1.5 million dollars back into the community.

What is your favorite seasonal recreation activity?

Local Events!

Soulfest: August 4-6 at Loon Mountain in Gilford. For more information click [HERE](#).

Tough Mudder Northeast: August 13 & 14 at New Hampshire Motor Speedway. For more information click [HERE](#).

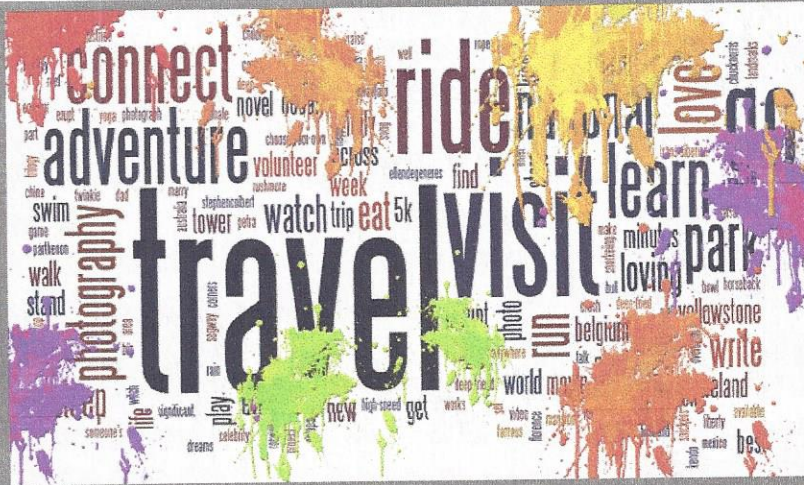
Sunset Ghost Cruise: Leaving at 7 p.m. from Rye Harbor State Marina on August 19. For more information click [HERE](#).

20th Annual Hookfest: August 20 from 3:00 - 10:00 at Redhook Brewery. For more information click [HERE](#).

Dover Mini Maker Faire: August 27 from 10:00 - 4:00 at The Children's Museum of New Hampshire. For more information click [Here](#).

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A Bucket Plan to Go with Your Bucket List



The baby boomers have re-defined everything they've touched, from music to marriage to parenting and, more lately, to what "old" means-60 is the new 50! Longer, healthier living, however, can put greater stress on the sustainability of retirement assets.

There is no easy answer to this challenge, but let's begin by discussing one idea-a bucket approach to building your retirement income plan.

The Bucket Strategy can take two forms.

The Expenses Bucket Strategy: With this approach, you segment your retirement expenses into three buckets:

- Basic Living Expenses-food, rent, utilities, etc.
- Discretionary Expenses-vacations, dining out, etc.
- Legacy Expenses-assets for heirs and charities

This strategy pairs appropriate investments to each bucket. For instance, Social Security might be assigned to the Basic Living Expenses bucket. If this source of income falls short, you might consider whether a fixed annuity can help fill the gap. With this approach, you are attempting to match income sources to essential expenses.

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).

For the Discretionary Expenses bucket, you might consider investing in top-rated bonds and large-cap stocks that offer the potential for growth and have a long-term

history of paying a steady dividend.^{1, 2} Finally, if you have assets you expect to pass on, you might position some of them in more aggressive investments, such as small-cap stocks and international equity.³

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risk unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

The Timeframe Bucket Strategy: This approach creates buckets based on different timeframes and assigns investments to each. For example:

- **1-5 Years:** This bucket funds your near-term expenses. It may be filled with cash and cash alternatives, such as money market accounts. Money market funds are considered low-risk securities but they are not backed by any government institution, so it's possible to lose money. Money held in money market funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Money market funds seek to preserve the value of your investment at \$1.00 a share. However, it is possible to lose money by investing in a money market fund. Money market mutual funds are sold 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.
- **6-10 Years:** This bucket is designed to help replenish the funds in the 1-5 Years bucket. Investments might include a diversified, intermediate, top-rated bond portfolio. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.
- **11-20 Years:** This bucket may be filled with investments such as large-cap stocks that offer the potential for growth.²
- **21+ Years:** This bucket might include longer-term investments such as small-cap and international stocks.²

Each bucket is set up to be replenished by the next longer-term bucket. This approach can offer flexibility to provide replenishment at more opportune times. For example, if stock prices move higher, you might consider replenishing the 6-10 Years bucket even though it's not quite time.

A bucket approach to pursue your income needs is not the only way to build an income strategy. But it's one strategy to consider as you prepare for retirement.

1. The market value of a bond will fluctuate with changes in interest rates. As rates rise, the value of existing bonds typically falls. If an investor sells a bond before maturity, it may be worth more or less than the initial purchase price. By holding a bond to maturity an investor will receive the interest payments due plus their original principal, barring default by the issuer. Investments seeking to achieve higher yields also involve a higher degree of risk.

2. 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. Dividends on common stock are not fixed and can be decreased or eliminated on short notice.

3. Asset allocation is an approach to help manage investment risk. Asset allocation does not guarantee against investment loss.

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What You Should Do About Insurance Following a Divorce



Divorce can be an emotionally and financially challenging life event. In the face of the many possible adjustments divorce entails, making changes to insurance coverage may be overlooked.

Here's a look at each type of coverage:

Auto

If there is a change in auto ownership, you may need to obtain car insurance coverage to coincide with that change. You also may want to think about removing your former spouse from a policy to protect yourself against potential liability and ensure that his or her name does not appear on any claim check. Don't forget to notify the insurance company of any address change.

Home

A divorce may mean a new place of residence for one or both spouses. Consider purchasing renter's insurance if you are moving into a new apartment. If you are staying in your present home, you may want to remove your ex-spouse's name from the policy and consider changes to any property coverage if, for instance, your former spouse is taking jewelry or other items of value from the premises.

Life

Life insurance is often purchased to cover financial obligations that may occur when a spouse passes away.¹ Life insurance policies may be an element of your divorce agreement. If possible, consider buying a policy on a former spouse's life if he or she is providing alimony or child support.

If you do retain a pre-existing policy, be sure to review and amend the beneficiary

so that it reflects your current wishes.

Disability

A disability may have an adverse impact on the ability of a former spouse to pay alimony or child support. As such, you may want to include the maintenance of such a policy in the divorce agreement.²

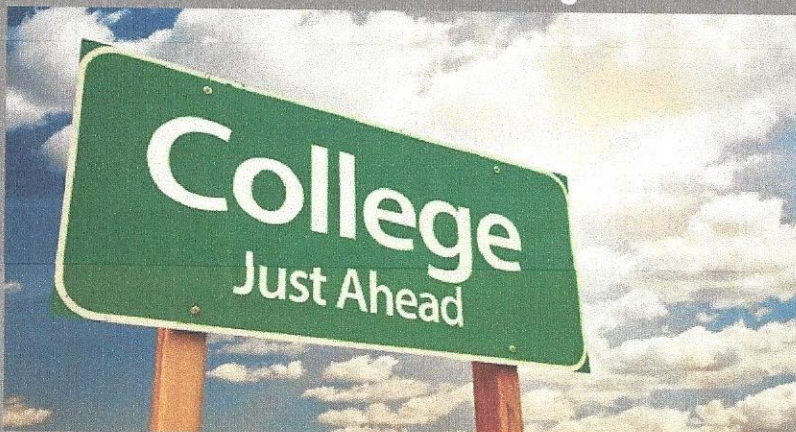
Health

If you or your children are covered under your former spouse's employer group plan, you may want to contact the employer to continue coverage under COBRA (Consolidated Omnibus Budget Reconciliation Act). If you have an individual policy, you may want to consider adding your children to the policy. You may not want to duplicate coverage for your children.

1. 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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Countdown to College



Most parents want to give their children the best opportunity for success, and getting into the right college may help open doors. A recent study found that individuals with a Bachelor's degree or better accounted for 34% of all workers in America - and 53% of all earnings.¹

Unfortunately, being accepted to the college of their choice may not be as easy as it once was. These days, preparing for college means setting goals, staying focused, and tackling a few key milestones along the way.

Before High School

The road to college begins even before high school. Start by helping your elementary and middle school children develop a love for learning. Encourage good study habits and get them dreaming about college. A trip to a nearby university or your alma mater may help plant the seed in their minds. When your child reaches middle school, take the time to find out which prerequisite courses may set the right track for math and science in high school.

The earlier you consider how you expect to pay for college costs the better. The average college graduate today owes \$35,051 in debt, while the average salary for a recent graduate is \$45,478.²

Freshman Year

Before the school year begins, consider meeting with your child's guidance counselor. Discuss college goals and make sure your child is enrolled in classes that are structured to help him or her pursue those goals. Also, encourage your child to choose challenging classes. Many universities look for students who push themselves when it comes to learning. At the same time, keep a close eye on grades. Every year on the transcript counts. If your child is struggling in a subject, don't wait to get a tutor. One-on-one instruction can be a huge benefit when mastering difficult material.

In addition to academic performance, many colleges want prospective students to be well rounded, so encourage your child to engage in extracurricular activities, such as sports, music, art, community service, and social clubs.

Sophomore Year

During their sophomore year, some students may have the opportunity to take a practice SAT. The practice test is a good way to give your child an idea of what the test entails and which areas need improvement. If your child is enrolled in advanced placement (AP) courses, encourage good performance on AP exams. A solid grade shows universities your child can succeed at a higher level of learning.

Sophomore year is also a good time to get some depth in extracurricular activities. Help your child identify passions and stick to them. Encourage your child to read as much as possible. Whether they read *Crime and Punishment* or *Sports Illustrated*, they will expand their vocabulary and critical thinking skills. Summer may be a good time for sophomores to get a job, do an internship, or travel to help fill their quiver of experiences.

Junior Year

Near the beginning of junior year, your child can take the Preliminary SAT, (PSAT), also known as the National Merit Scholarship Qualifying Test (NMQT). Even if he or she won't need to take the SAT for college, taking the PSAT could open doors for scholarship money. Junior year may be the most challenging in terms of course load. It is also a critical year for showing good grades in difficult classes.

Top colleges look for applicants who are future leaders. Encourage your child to take a leadership role in an extracurricular activity. This doesn't mean he or she has to be drum major or captain of the football team. Leading may involve helping an organization with fundraising, marketing, or community outreach.

In the spring of junior year, your child will want to take the SAT or ACT. An early test date may allow time for taking the test again in senior year, if necessary. No matter how many times your child takes the test, colleges will only look at the best score.

Senior Year

For many students, senior year is the most exciting time of high school. They will finally begin to reap the benefits of all their efforts during the previous years. Once your child has decided which schools to apply for, make sure you keep on top of deadlines. Applying early can increase your student's chance of acceptance.

Now is also the time to apply for scholarships. Your child's guidance counselor can help you identify scholarships within reach. Also, find out about financial aid and be thorough. According to research by NerdWallet.com, nearly \$3 billion in free federal grant money went unclaimed in the last academic year simply because students failed to fill out the free application.³

Finally, talk to your child about living away from home. Help make sure he or she knows how to manage money wisely and pay bills on time. You may also want to talk about social pressures some college freshmen face for the first time when they move away from home.

For many people, college sets the stage for life. Making sure your children have options when it comes to choosing a university can help shape their future. Work with them today to make goals and develop habits that will help ensure their success.

South Paws Wanted

Your child doesn't have to be the high school valedictorian to qualify for a scholarship. In fact, thousands of dollars are awarded each year for the most unusual things. Consider these:

1. **Right-handers need not apply.** Frederick and Mary F. Beckley offer \$1,000 to lucky left-handed students (who also want to attend Juniata College in Huntingdon, PA).
2. **Stick It.** Duck Brand Duct Tape offers \$3,000 to students who go to their high school prom dressed entirely in duct tape
3. **How Tall Is Tall?** Tall Clubs International offers \$1,000 each year to a tall person attending college. Get out the measuring tape. A woman must be at least 5'10" and a man must be 6'2" or taller to qualify.
4. **Candy Connoisseurs Unite.** The American Association of Candy Technologists offers \$5,000 to students who have exhibited an interest in confectionary technology.
5. **From "Mr. Top Ten" Himself.** David Letterman offers \$10,000 to students of Ball State University (his alma mater) who produce an original video, audio, written, graphic, or film presentation.

Source: Financialaidfinder.com, 2015

1. Georgetown University, 2015
2. MarketWatch, May 9, 2015; National Association of Colleges and Employers, 2015
3. NerdWallet, January 12, 2015

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Eric Wasson CFP®
LPL Financial

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

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