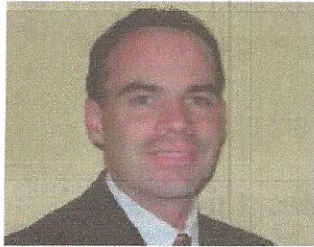


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**LPL Financial**  
**Eric Wasson, CFP®**  
CERTIFIED FINANCIAL PLANNER™  
Member FINRA/SIPC



I hope that you all had a wonderful Holiday! I can hardly believe how quickly this year has flown by and that 2012 is only days away. For those of you on Facebook, I have set up a new page where you can access links to interesting articles and updates weekly. To access my facebook page directly please [click here](#). I wish you all a very Happy New Year!

### **In This Issue**

Interesting Facts!

Six Ways a Budget Can Help Boost Savings

Caregivers May Qualify for Tax Credits

Paid Time Off for Workers Can Pay Off for Employers

### **Interesting Facts**

**Between 1968 and 2010, the world population doubled from 3.5 billion to 7 billion people. During a similar period (1969-2010), NH's population followed suit, doubling from 675,000 to 1.3 million.**

### **Six Ways a Budget Can Help Boost Savings**

At some point in your life, you probably have heard about the importance of developing a budget. But, why is a budget so important? Perhaps you simply spend what you must and save whatever's left over. Or, perhaps you spend all you have and borrow or charge anything else that you need. In either case, given the limits of your income, you may have wondered, "What good would it do to have a budget?"



Whether you have substantial resources or live close to your means, a budget can serve as an effective foundation for a savings program. It may be one of the best tools to help you control your personal and household expenses, thereby freeing up income that you can redirect toward savings.

How does a budget help you accomplish this? Consider the following six points:

1. Putting your actual expenses down on paper may reveal several areas of misuse of your financial resources.
2. Once you see where your money is going, a budget can help you conserve your financial resources or spend them more wisely.
3. A budget can help you to anticipate financial problems that could arise from your present spending habits, thus allowing you to remedy the situation before you are faced with additional difficulties.
4. A budget can help you recognize the need for an alternative course of action to achieve your financial goals.
5. A budget can motivate you to adhere to a savings plan.
6. Finally, a budget can help you evaluate your progress toward meeting your long-range financial objectives.

Whether you dream of higher education for a child, an early retirement, or a special family vacation, a budget can help boost your savings and bring your dreams closer to reality.

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### Caregivers May Qualify for Tax Credits

As the baby boom generation makes its way toward retirement, many are finding that they are facing a new responsibility: providing care for their aging parents. According to the 2009 report, "Caregiving in the U.S.," by the National Alliance for Caregiving and the American Association of Retired Persons (AARP), family members provide 86% of care, with unpaid care provided by approximately one quarter of U.S. households. In order to provide care, six out of ten of these caregivers have had to readjust their work hours or leave work altogether.





Caregivers need help in many areas. For those with reduced work schedules and moderate incomes financial concerns are paramount. Many caregivers are simultaneously striving to raise children, save for retirement, and meet daily bills. Enter Uncle Sam. With the Child and Dependent Care tax credit, the federal government has recognized this financial strain and has tipped its hat to families providing care.

The Child and Dependent Care tax credit may be worth up to \$3,000 for one dependent or \$6,000 for two or more dependents. In addition to the number of dependents, the amount depends on your income and the cost of qualified expenses. Qualified expenses include home nursing care, licensed care centers, nursery school and kindergarten costs, and other necessary domestic help for the well-being of the dependent. The dependent must live with you and be a) under age 13, b) a physically or mentally disabled spouse, or c) incapable of self-care regardless of age. Like any tax credit, in order to claim it, certain qualifications must be met, including the following:

- Care-related expenses must be incurred in order for the provider to earn an income. Married couples claiming the credit must both work at least part time, with an exception for disabled spouses or those who are full-time students.
- The caregiver must be responsible for over 50% of the dependent's household maintenance expenses.
- Married individuals must file a joint tax return, unless they qualify under separation rules.
- Deductible household help must not have been paid to a child under 19, a spouse, or another dependent.
- If hired help provides care, the caregiver will be required to file the person's name, address, and taxpayer identification number with his/her tax returns.

The Child and Dependent Care tax credit covers 20%-35% of the first \$3,000 or \$6,000 of expenses, depending on the number of dependents and the caregiver's adjusted gross income (AGI).

It's clear that caregivers need all the help they can get, and the federal government is offering a small measure of relief to those who qualify through the Child and Dependent Care tax credit. The Family Caregiver Alliance (FCA) reports, "As a result of their caregiving, informal caregivers are estimated to each lose an average of \$25,494 in Social Security benefits, an average of \$67,202 in pension benefits and an average of \$566,433 in wage wealth. Combined, the result is a loss of \$659,139 over a lifetime" (FCA, 2006).

In order to help combat these losses, caregivers can learn about local community-based services by calling the Eldercare Locator at 800-677-1116 or by logging on to [www.eldercare.gov](http://www.eldercare.gov). For specific tax advice, consult your qualified tax professional.

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## Paid Time Off for Workers Can Pay Off for Employers



The most common practice among U.S. employers is to provide employees with a minimum of ten paid vacation days after six to twelve months with the company, and three weeks after five years of service. Some companies also offer a fourth and a fifth week of vacation after a decade or more. Because many organizations use this seniority system, providing workers with progressively more vacation time can act as an incentive for long-serving employees to remain with the company. Extra paid vacation days may also be offered as a performance-related bonus.

As well as giving workers the rest they need to recover from an illness, paid sick leave discourages employees from coming to work when contagious and unproductive. Companies typically offer between four and ten days of sick leave a year, sometimes more based on the seniority or rank of the employee. To better manage the cost of providing an income to employees when they are unable to work due to a serious illness or injury, consider enrolling employees in a short-term and/or long-term disability plan.

There are certain types of leave that most employers are legally obligated to allow, though these may be unpaid. Employers must, for example, permit workers to take time off to vote, serve on a jury, and fulfill military training commitments. Under the Family and Medical Leave Act (FMLA), organizations with 50 or more employees are required to grant eligible employees up to 12 weeks a year to recover from a serious illness, to care for a sick family member, or to handle the birth or adoption of a child. States and cities may also require employers to provide workers with additional forms of unpaid leave.

Instead of allotting a certain number of days for each type of paid leave, you may want to consider establishing a "paid time off" (PTO) bank. Companies with a PTO policy combine vacation, sick time, and other forms of leave other than paid holidays into a single bank of days. Employees can use these days at their own discretion, and are not required to specify whether they are taking vacation, a personal day, or sick leave.



Compared with traditional leave programs, PTO banks offer workers greater flexibility and autonomy, making it less likely that healthy employees will call in sick at short notice for personal reasons or take advantage of unused sick leave. PTO banks are also easier for employers to effectively manage and administer.

There are some potential disadvantages to moving to a PTO bank, including the possibility that employees who would not otherwise use all of their sick days will end up taking more time off. Workers also tend to view their PTO allotment as vacation time, and they may come to work sick to avoid using their paid time off. On the other hand, the perception that a company offers a large number of days that could be used for vacation can give the organization a competitive advantage in attracting qualified employees, especially young people who appreciate having time for recreation but do not expect to get sick.

In developing a paid time off benefit program, you should attempt to balance both the needs of the business and the interests of your staff. To minimize unscheduled absences and avoid abuses of paid leave benefits, establish clear guidelines on when, and under what conditions, employees are permitted to take leave. On the other hand, you may find it necessary to structure your program to encourage hardworking employees to take time off to rest and recuperate.

If workers appear to be taking too much or too little time off, examine the reasons why. Employees who are shirking their responsibilities or who, conversely, feel they cannot afford to take a vacation, are often signs of a company culture in need of an overhaul. Under pressure to balance work, family, and other personal commitments, paid time off is among the benefits employees value most. However, employers in the United States are generally under no legal obligation to offer paid leave to workers. But, as a business owner, you will likely find it difficult to attract and retain skilled employees without providing paid vacation, holidays, and sick days.

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Eric Wasson, CFP®  
LPL Financial

(603) 343-4515

[Eric.Wasson@LPL.Com](mailto:Eric.Wasson@LPL.Com)

[www.myfinancialwebsitehome.com/](http://www.myfinancialwebsitehome.com/)



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