



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



AZTEC Financial Group Newsletter

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Theodore Roosevelt once said, "Do what you can, with what you've got, where you are." Many people think they don't have enough, make enough or know enough to start investing. This is rarely the case. There are many different ways to invest in your future and I would like to help you to find the best route to do what you can with what you've got right now. Give me a call so we can set up a time to go over your options!

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I would like to thank everyone who submitted answers to our question last month. The winner of the drawing for February is (not drawn yet). Congratulations (xxx)!

This month's drawing will be for a \$25 gift certificate to The Thirsty Moose Taphouse. The Moose was founded by a group of friends who enjoy tasty beer, great food and most importantly good company. They have over 70 tap lines, American bar and grill style cuisine made from scratch and three convenient locations in Portsmouth, Dover and Manchester. For more information click [HERE](#).

And the question is...

Under what circumstance should you consider buying umbrella liability insurance?

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



www.aztecfcg.com
(603) 343-4515
eric.wasson@lpl.com

Did You Know?

...that your brain is an amazing place? While awake, the brain generates between 10 and 23 watts of power - enough to power a light bulb - and even more energy is required for dreaming. Today you will average 70,000 thoughts, which will fly around your brain at the speed of 260 mph. Over the course of your lifetime, you will retain up to 1 quadrillion pieces of information. And while your brain only accounts for 2% of your body mass, it uses a full 25% of your body's oxygen and energy!

Oh, and one more thing. Don't bother trying to tickle yourself. The brain is programmed to anticipate unimportant or expected sensations, like your rear against a comfy chair or the socks on your feet. It saves the valuable synapses for the weird and unexpected, like when there's a poisonous spider crawling down the back of your shirt. No matter how cleverly you try to sneak in a tickle, your subconscious mind is always one step ahead of you. There is, however, a lone exception to the no-tickling rule: Schizophrenics have the notable ability to tickle themselves on demand.

Local Events!

St. Paddy's Run Before You Crawl 5K Road Race and Pub Crawl:

Saturday, March 12, starting at the Dover Transportation Center. For more information click [HERE](#).

Cynthia's Challenge for Kevin 24hr Ski-a-Thon: March 18 - 19 at King Pine Purity Spring Resort. For more information click [HERE](#).

New Hampshire Maple Producers Association 21th Annual Maple Weekend: March 19 - 20, various times and locations. For more information click [HERE](#).

Food historian Sandy Oliver presents Pot Herbs and Sallets: Cooking with Green Stuff in Early America: 7:00pm on Tuesday, March 29 at Strawberry Banke Museum Visitor Center. For more information click [HERE](#).

UNH Dance Company Concert "Les Enslave": March 31 - April 2nd, various times at Johnson Theatre. For more information click [HERE](#).

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A Look at Diversification

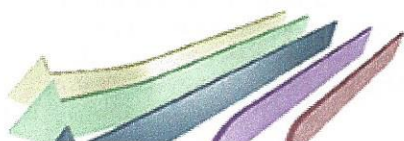
Ancient Chinese merchants are said to have developed a unique way to reduce their risk. They would divide their shipments among several different vessels. That way, if one ship were to sink or be attacked by pirates, the rest stood a good chance of getting through and the shipment could be saved.

Your investment portfolio may benefit from that same logic

Diversification is an investment principle designed to manage risk. However, diversification does not guarantee against a loss. The key to diversification is to identify investments that may perform differently under various market conditions.

On one level, a diversified portfolio should be diversified between asset classes, such as stocks, bonds, and cash alternatives. On another level, a diversified portfolio also should be diversified within asset classes, such as a diverse basket of stocks.

A Diversified Approach





For example, say a stock portfolio included a computer company, a software developer, and an internet service provider. Although the portfolio has spread its risk among three companies, it may not be considered well diversified since all the firms are connected to the technology industry. A portfolio that includes a computer company, a drug manufacturer and an oil service firm may be considered more diversified.

Similarly, a bond portfolio that invests exclusively in long-term U.S. Treasuries may have limited diversification. A bond fund that invests in short- and long-term U.S. Treasuries as well as a variety of corporate bonds may offer more diversification.

Mutual Funds and ETFs.

The concept of diversification is one reason why mutual funds and Exchange Traded Funds (ETFs) are so popular among investors. Mutual funds accumulate a pool of money that is invested to pursue the objectives stated in the fund's prospectus. The fund may have a narrow objective, such as the auto sector, or it may have a broader objective, such as large-cap stocks. ETFs also can have a narrow or broader investment objective. Keep in mind, however, the more narrow an investment objective, the more limited the diversification.

The concept of diversification is critical to understand when you are evaluating a portfolio. If you want more information on diversification, or have questions about how your money is invested, please call so we can review your situation. Shares, when redeemed, may be worth more or less than their original cost.

Mutual funds and exchange-traded 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.

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Keep Your Umbrella Handy

In 2014, the U.S. had a record 10.1 million millionaires, up from 9.6 million in the previous year. An increase in personal wealth may bring greater financial flexibility; it may also bring greater liability. Individuals with high net worth, or those who are perceived to have high net worth, may be more likely to be sued. And personal injury claims can reach into the millions.

Umbrella liability insurance is designed to put an extra layer of protection between your assets and a potential lawsuit. It provides coverage over and above existing automobile and homeowner's insurance limits.

For example, imagine your teenage son borrows your car and gets in an accident, seriously injuring the other driver. The accident results in a lawsuit and a \$1 million judgment against you. If your car insurance policy has a liability limit of \$500,000, that much should be covered. If you have additional umbrella liability coverage, your policy can be designed to kick in and cover the rest. Without umbrella coverage, you may be responsible for paying the other \$500,000 out of pocket, which could mean liquidating assets, losing the equity in your home, or even having your wages garnished.

Umbrella liability insurance is usually sold in increments of \$1 million and generally costs just a few hundred dollars a year. It typically covers a broad range of scenarios, including bodily injuries, property damage caused by you or a member of your household, even libel, slander, false arrest, and defamation of character.

Deciding whether liability coverage is right for you may be a question of lifestyle. You might consider buying a policy if you:

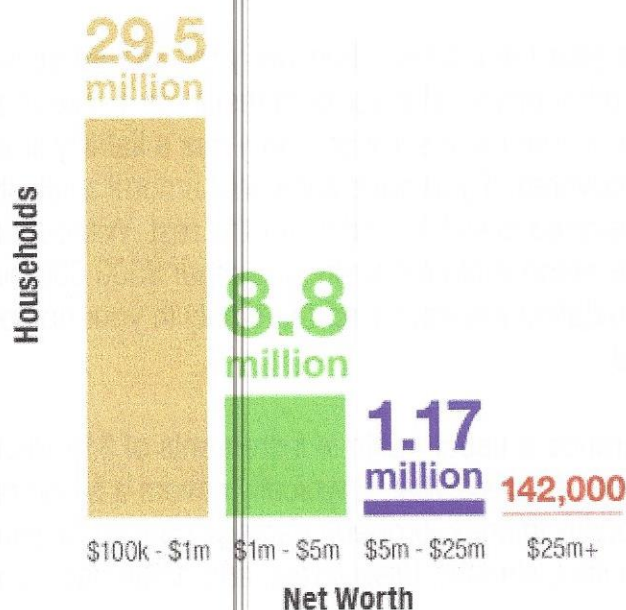
- Entertain frequently and serve your guests alcohol
- Operate a business out of your home
- Give interviews that may be published
- Employ uninsured workers on your property
- Drive a lot of miles or have teenage drivers
- Live in a manner that gives the appearance of wealth
- Have a dog, especially if the breed is known to be aggressive
- Own jet skis, a boat, motorcycles, or snowmobiles

Even if you don't yet have a tent in the millionaire camp, you may want to consider the benefits of liability insurance. You don't have to be a millionaire to be sued for a million dollars. Anyone who is carefully building a financial portfolio may want to limit their exposure to risk. Umbrella liability can be a fairly inexpensive way to help shelter current assets and future income from the unexpected.

This is a simplified description of coverage. All statements made are subject to the provisions, exclusions, conditions and limitations of applicable insurance policies. Please refer to actual policy documents for complete details regarding coverage.

Who's Got What?

In 2014, there were more than 29 million households in the United States whose net worth was in the \$100,000 to \$1 million range (excluding primary residence). Only 142,000 households had a net worth of \$25 million or more.



1. Spectrem Group, 2015

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Tax Deductions You Won't Believe

While Americans are entitled to take every legitimate deduction to manage their taxes, the Internal Revenue Service (IRS) places limits on your creativity. Here are some examples of deductions from the IRS that were permitted and some that were, well, too creative.¹

Creative Deductions that Passed Muster

Usually a child's school-related costs are not deductible. However, one taxpayer was allowed to deduct the cost of travel, room and board as a medical expense for sending their child with respiratory problems to a school in Arizona.

Pet food typically doesn't qualify as a write-off, except in the case where a business owner successfully argued that it was a legitimate expense to feed a cat protecting its inventory from vermin.

Does your child have an overbite? If so, you may find that the IRS is okay with a medical deduction for the cost of a clarinet (and lessons) to correct it.

A deduction for a swimming pool won't float with the IRS, except if you have emphysema and are under doctor's orders to improve breathing capacity through exercise. The deduction, however, was limited to the cost that exceeded the increase in property value. And yes, ongoing maintenance costs are deductible as medical expenses.

Deductions that Were Too Creative

The cost of a mink coat that a business owner bought for his wife to wear to dinner for entertaining clients was denied even though he claimed it was an integral part of dinner conversation and provided entertainment value.

Despite having dry skin, one taxpayer was denied a deduction for bath oil as a medical expense.

Losses associated with theft may be deductible, but one taxpayer went too far in deducting the loss of memories when her photos and other life souvenirs were discarded by her landlord.

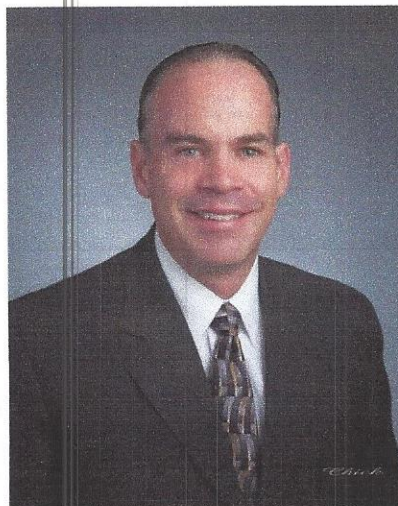
One business owner reported an insurance payment as income, but then deducted the cost of the arsonist as a "consulting fee."

Don't expect taxpayers to pay for enhancements to self-image. Just ask the ballerina who tried to deduct a tummy tuck or the woman who tried to write off her Botox expenses.

Creativity is not something that the IRS typically rewards, so you should be careful testing the limits of its understanding. Seek the counsel of an experienced tax or legal professional for specific information regarding your situation.

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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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