



**LPL Financial**  
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## AZTEC Financial Group Newsletter

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*June is hectic, what with all those weddings and graduations.*

*July is loud - firecrackers, political conventions, family reunions - and the humidity is stifling.*

*But August, dear sweet lovely August?*

*It might just be the most perfect month of the summer.*

*And here's why:*

*It's high season for sweet corn, tomatoes and cantaloupe.*

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!

This month's drawing is for a \$25 gift certificate to The Flower Room in Dover. It is locally owned offering full service florist. For more information, click [HERE](#).

Congratulations to Ronni Bovyn for being last month's winner with a gift card to Tucker's Restaurant.

And the question is...  
 What is a Medigap policy?

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



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### Did You Know?

The month of August is often referred to as the "dog days of summer" but not because of pet pooches. It has to do with the star Sirius, also known as the dog star, which rose at the same time as sunrise during the month of August in ancient Roman times.

### Local Events!

#### ***Drink "N" Draw***

*August 9, 2018. For more information click [HERE](#).*

#### ***Cocheco Arts Festival Presents: Boston Baked Blues***

*August 10, 2018. For more information click [HERE](#).*

#### ***Dover Farmers' Market***

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

#### ***Gundalow Company: 8th Annual Round Island Regatta***

*August 11, 2018*

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

## ***Take a tour of the Hamilton House (c. 1785)***

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

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

### **Your Changing Definition of Risk in Retirement**

During your accumulation years, you may have categorized your risk as "conservative," "moderate," or "aggressive" and that guided how your portfolio was built. Maybe you concerned yourself with finding the "best-performing funds," even though you knew past performance does not guarantee future results.

What occurs with many retirees is a change in mindset-it's less about finding the "best-performing fund" and more about consistent performance. It may be less about a risk continuum-that stretches from conservative to aggressive-and more about balancing the objectives of maximizing your income and sustaining it for a lifetime.

You may even find yourself willing to forego return potential for steady income.

A change in your mindset may drive changes in how you shape your portfolio and the investments you choose to fill it.

Let's examine how this might look at an individual level.

#### **STILL BELIEVE**

During your working years, you understood the short-term volatility of the stock market but accepted it for its growth potential over longer time periods. You're now in retirement and still believe in that concept. In fact, you know stocks remain important to your financial strategy over a 30-year or more retirement period.<sup>1</sup>

But you've also come to understand that withdrawals from your investment portfolio have the potential to accelerate the depletion of your assets when investment values are declining. How you define your risk tolerance may not have changed, but you understand the new risks introduced by retirement. Consequently, it's not so much about managing

your exposure to stocks, but considering new strategies that adapt to this new landscape.<sup>1</sup>

## SHIFT THE RISK

For instance, it may mean that you hold more cash than you ever did when you were earning a paycheck. It also may mean that you consider investments that shift the risk of market uncertainty to another party, such as an insurance company. Many retirees choose annuities for just that reason.

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).

The march of time affords us ever-changing perspectives on life, and that is never more true than during retirement.

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. This is a hypothetical example used for illustrative purposes only.

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## Understanding the Basics of Medigap Policies

Medicare coverage can be a critical component for living a healthy life in retirement, as well as for maintaining your financial independence during these years. Yet, as important as it is, Medicare does not cover the full range of healthcare expenses you may experience in your golden years.

To fill the holes that exist in Medicare, Medigap insurance can be purchased by individuals over 65 to supplement Medicare.

A Medigap policy is designed to cover expenses such as copayments, coinsurance and even deductibles-the so-called gaps in Medicare. Coinsurance is only covered after you

have paid the deductible, unless you select a Medigap policy that also covers the deductible.

### **From A to N**

Medigap is private health insurance that must follow federal and state laws designed to protect you. In most states, you can only purchase standardized coverage packages, or Plans, each of which is identified by the letters A through N.

These standardized packages must offer the same basic benefits regardless of which insurance company is offering it. Cost is usually the only difference between Medigap policies with the same letter.

All insurance companies are required to offer the Plan A standardized package. Each Medigap plan option (A-N) will differ on the benefits offered and the percentage of coverage for these Medicare gaps.

To get a better understanding of what each of these plans offers, go to [www.medicare.gov](http://www.medicare.gov) and click on the "Supplements & Other Insurance" tab at the top of the page. Then click on "How to Compare Medigap Policies."

### **An Early Start at 65**

You must have Medicare Parts A and B to buy a Medigap policy, and the best time to buy Medigap insurance is within the first six months you are both 65 or older and enrolled in Medicare Part B. By doing this you will not need to undergo a medical underwriting. For those with existing health conditions, this enables them to buy a policy at the same price that is charged for people in good health.

A separate Medigap policy must be purchased for each spouse.

If you are nearing retirement, or have already discovered that these Medicare gaps can be expensive, it may be time to determine if a Medigap policy is right for you.

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### **Fallen Tree Damage-Who Pays?**

As a homeowner, are you responsible for the damage caused by a tree on your property that hits your neighbor's home or other insured structure, such as a garage or shed?

In most cases, the answer is "no."

When such damage occurs to your neighbor's home due to forces outside your control, e.g., weather events, your neighbors may

have to file a claim with their insurer to receive a reimbursement for the damage a down tree or branches cause.

There is one exception, however.

If it is determined that the tree damage stems from your negligence (e.g., dead limbs that you refused to cut down, or you chose to trim your tree as a weekend project), then the neighbor's insurer may come after you to recover their loss-a process called subrogation.<sup>1</sup>

You may want to check your policy or speak to your insurance agent to ascertain if your homeowners policy covers your liability in cases of negligence.

### **When Neighbors Sue**

Some neighbors may seek to bring legal action against you, though often that is unnecessary.

First, determine what municipal laws are in place to cover such instances. Generally speaking, you are not responsible unless you knew, or should have known, about the danger. Proving what you knew or should have known can be difficult and costly in a court of law. It typically benefits both parties to arrive at a compromise that avoids an expensive legal process.

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