

**Year-end
2016
Edition**



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L&M Profile



L&M "We Show Up!"

L&M Financial representatives have been providing benefit programs and financial services to individuals, families, and small businesses since 1972, and through their affiliation with Securities America, Inc. since 2007. But we're not simply a team of financial planners managing money. We are trusted advisors, life coaches, and loyal partners. We truly care about our clients' well being. And we strive to build long-term relationships with each and every one of them. In other words, "we show up." By showing up, we help our clients make smart financial decisions – so they can enjoy life and focus on what matters most.

Through our offices in Buffalo, Rochester, and Binghamton, our nearly 100 employees and representatives, and the latest in technology, we offer our clients guidance that is consistent with their goals for the future. For more information, contact us at 716-839-1234 or 800-326-8410, or visit us online at www.lmfs.net.

7 Money Moves to Make Before Year's End

With 2017 coming up fast, you've still got December to squeeze in a few last-minute money moves to ensure your finances are in the best shape possible. Here are 7 to consider:

#1. Take a look back.

Evaluate where you've been spending your money in 2016 and start planning for next year. Do you need to set aside more in emergency savings? Do you want to increase the amount you're investing toward retirement? Are you trying to reach an important financial milestone, like purchasing a new home? Or perhaps you achieved all your financial goals set earlier this year and now it's time to think about new ones.

Whatever the case, the end of the year is the perfect time to review your spending patterns for the past year and determine which goals you want to achieve in 2017 and beyond. You can then identify areas where you can trim

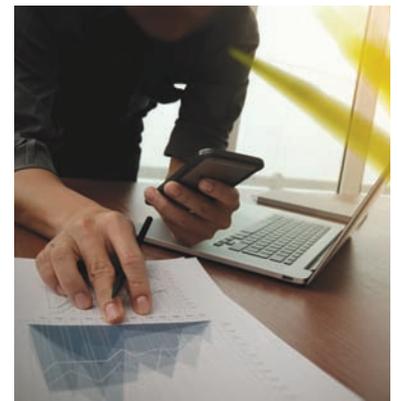
and save in order to meet your objectives.

#2. Check on your monthly expenses.

At least once a year, review regular monthly payments, such as your cable, cell phone, and Internet bills, as well as insurance premiums. Then call your providers to ask for a lower rate. When you call, mention a competitor's offering so you can increase your odds of getting a matching offer or better rate.

#3. Rebalance your retirement accounts.

With all the market volatility, it's a good idea to rebalance your investment accounts. This simply means adjusting your holdings to maintain your desired level of asset allocation. In addition, investments that have dropped in value can be sold to offset gains and reduce your overall taxable income.



#4. Strive to maximize your retirement contributions.

You might not be able to contribute the maximum amount to your 401(k)...yet. But it is possible to build up to that goal by increasing your retirement contributions a little by little each year. Also, if your employer offers a match, do whatever you can to get the maximum amount. This is essentially free money for your retirement savings; don't pass it up!

For more information about L&M's services or to schedule an annual review, just fill out the enclosed, prepaid reply card.



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Glossary

Asset Allocation

An investment strategy that aims to balance risk and reward by dividing up a portfolio's assets according to an individual's goals, risk tolerance, and total length of time they expect to hold a security or a portfolio.

Donor Advised Fund

A separately identified fund or account that is maintained and operated by a section 501(c)(3) organization, which is called a sponsoring organization. Each account is composed of contributions made by individual donors. Once the donor makes the contribution, the organization has legal control over it. However, the donor retains advisory privileges with respect to the distribution of funds and the investment of assets in the account.

Flexible Spending Account

A special account you put money into that you use to pay for certain out-of-pocket health care costs.

Health Savings Account (HSA)

A savings account used in conjunction with a high-deductible health insurance policy that allows users to save money tax-free for medical expenses.

Rebalancing

Adjusting or realigning your holdings (buying and selling certain stocks, funds, or other securities) to maintain an established asset allocation.

6 Legal Secrets Revealed To Help You Minimize Your Tax Bill



While you might not file your taxes until April, there are steps you can take now – before year's end – to help minimize your payment. Here's a look at 6 of them:

Pay ahead.

For instance, pay your property taxes in December rather than January when they're due. Also consider early payment on college tuition, medical bills, or other expenses that you can take as deductions in 2016.

Defer a bonus.

It's nice to have some extra cash on hand during the holidays. But keep in mind, an end-of-year bonus means you might wind up in a higher tax bracket come tax time. If that's the case for you, ask your employer if you can receive the bonus in January so it counts for income in 2017, giving you a little more time and flexibility.

Take advantage of tax credits.

Tax credits can be a gold mine of savings. For instance, a tax credit is available for those homeowners who install renewable energy equipment, such as solar hot water heaters, solar electric systems, geothermal heat pumps, and wind turbines. It equals 30% of what a homeowner spends, including labor costs.

In addition, the energy tax credit, which equals 10% of the cost up

to \$500 for eligible items, such as roofs, insulation, and central air conditioning, is also available through 2016.

Also, don't forget about the American Opportunity Tax Credit for college tuition, the Lifetime Learning Credit for adult education, and the Earned Income Tax Credit for low- and moderate-income working families.

Give back.

Be sure to make charitable donations by December 31st so they count toward your 2016 taxes. If you have a sizeable donation you'd like to make, but don't want to establish a foundation, consider donor advised funds. Such funds allows you to receive an immediate tax deduction whenever you make a contribution to the fund, even if the funds are dispersed at a later date.

Write off your job search.

When you add up the cost of a new business suit, traveling to interviews, and subscriptions to job boards, job searches can get expensive. The good news is that you can deduct all related expenses if you're looking for a job in the same field – whether or not you actually find one.

Contribute to a health savings account (HSA).

If you have a high deductible medical plan, make sure you contribute to an HSA. Even if you're healthy, the contributions you don't use for medical expenses can roll over indefinitely and grow tax free for future medical expenses.

If you'd like to learn more about tax minimization strategies, make an appointment today with your L&M financial advisor.

The Financial facts

- According to *CreditCards.com*, the average credit card interest rate is around 15%. So, if you have \$15,000 debt and make a minimum payment of \$250 per month, it'll take you nine years and three months to pay off your debt – on top of paying \$12,899 in interest alone.

- As of 2013, a person born between 1980 and 1984 had on average \$5,689 more in credit card debt than his or her parents at the same stage of life, and \$8,156 more than his or her grandparents.

(Economic Inquiry)



The Financial funnies

A hiring manager asked a young engineer just out of college, "And what starting salary are you looking for?"

The engineer replied, "Around \$125,000 a year, depending on benefits."

The interviewer responded, "Well, how about six weeks vacation, full medical and dental, a company matching retirement fund of 50% of salary, and a company car?"

The engineer sat straight up, smiled broadly, and said, "Wow! You're kidding!"

The interviewer replied, "Yes, but you started it."

Recipe for Success

Creamy Hot Cocoa



Ingredients

1/3 cup unsweetened cocoa powder
3/4 cup white sugar
2 tablespoons white sugar
1 pinch salt
1/3 cup boiling water
3 1/2 cups milk
3/4 teaspoon vanilla extract
1/2 cup half-and-half cream
1 cup heavy whipping cream

Directions

Combine cocoa, 3/4 cup sugar and salt in a saucepan. Blend in the boiling water. Bring mixture to a boil while stirring continuously. Simmer and stir for about 2 minutes, making sure it doesn't scorch.

Stir in 3 1/2 cups of milk and heat until very hot, but do not boil. Remove from heat and add in vanilla.

Meanwhile, place 2 tablespoons sugar and whipping cream in metal bowl and whip until cream reaches stiff peaks.

Divide cocoa between four mugs. Divide and stir in half-and-half and top with whipped cream.

Biggest Year-End Financial Mistakes Retirees Make

When it comes to financial planning during retirement, the stakes are high. Even a few missteps can have a big impact on your finances during your golden years. Below are some common year-end mistakes retirees make – and how you can avoid them.

Spending too much during the holidays.

You've worked hard for decades and it's nice to be able to spoil your family a little. But make a holiday spending budget – and stick to it so you don't go overboard. The last thing you want is to have to take money from retirement accounts to pay off a huge credit card bill.

Taking investing advice from family and friends.

The talks often turn to money around the dinner table. Just don't act on investment advice provided by someone who isn't a financial or tax professional without talking to your financial advisor first. Someone might make it seem like they know the secret for beating the market. But they don't know your personal financial situation, nor do they always understand all the implications for the 'advice' they're offering.

Supporting adult children.

The holidays can bring out the best in people – including a generous spirit. However, that doesn't mean you should be providing financial support for your adult children in the form of a mortgage down payment or



college tuition for a grandchild. Your adult children can always earn more money. However, when you're retired and on a fixed income, you cannot replace the money you give them.

Not taking your RMD.

If you have an IRA or 401(k), then you have what's called a Required Minimum Distribution, which is a certain amount you have to withdraw after you turn age 70 1/2. Not withdrawing the full amount will result in a steep penalty. In fact, you could wind up paying a tax equal to 50% of the required distribution.

Not taking advantage of time together.

If your family doesn't live locally or is rarely together, take advantage of face-to-face time over the holidays to discuss important financial issues or decisions. You don't want to have a serious talk over a family dinner. However, do schedule a lunch date or coffee the next day to talk about any decisions you're contemplating or financial issues that can impact your family members.

“Notable Quotables”

A wise man should have money
in his head, but not in his heart.

– Jonathan Swift

L&M by any other name...

Many companies offer insurance, financial planning, or advice on investing in the stock market. But representatives of L&M are experienced not only in these three areas, but in many more as well. L&M Financial representatives have been providing a broad range of financial planning and benefits programs to many people across New York State since 1972.

Available products and services are:

- Financial and estate planning
- Long-term care planning
- Pre- and post-retirement counseling
- Tax-favored investments
- Mutual funds
- Equities
- Life insurance
- Disability insurance
- Group insurance
- Funding for education
- 401(k)
- 403(b) Tax Sheltered Annuities
- 457(a) Deferred Compensation
- Individual Retirement Accounts
- Third party administration/ payroll deduction services

L&M representatives offer workshops, seminars and, of course, individual meetings in an effort to educate you about effective ways to help establish a secure financial future.

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Resources to Help You

For help with retirement planning and determining how much you'll need to retire comfortably, go to <http://lmfs.net/resources/calculators>. There, you'll find valuable financial calculators, such as:

- 401(k) savings
- 403(b) savings
- 457 savings
- Estate tax planning
- Retirement planner
- Roth IRA
- Social Security benefits

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Winter '17 Quiz

Answer all three questions correctly and you'll be entered to win a certified kosher, cinnamon walnut *My Grandma's of New England* coffee cake delivered right to your home. Three winners will be selected. Email your answers to quiz@lmfs.net or write them on the enclosed reply card and return by December 31 to be eligible.

1. What was the largest bill ever in public circulation in the U.S.?
2. How much gold does the U.S. Bullion Depository at Fort Knox hold?
3. Who painted the portrait of George Washington featured on the U.S. \$1 bill?

Summer/Fall 2016 Quiz Answers:

1. \$50,000
2. 2
3. State of Washington, 20%

Winner: Margaret Covell
Agent: Robert Gentner

L&M in the Community



At the start of the Lipsitz Strong Walk in September, event founder and chair Ruth Lipsitz was presented with a proclamation from NY State Assembly Member Ray Walter declaring April "Esophageal Cancer Month."

L&M employees, friends, and family raised more than \$44,000 for esophageal cancer research at Roswell Park.



L&M sponsored and participated in The Leukemia and Lymphoma Society's Light The Night Walk on September 23rd for research for blood cancer cures.



Clients and friends who came to L&M's semi-annual Goodwill and Shred-it Event donated 1,968 lbs. of items to Goodwill and shredded 8,200 lbs. of paper.



7 Money Moves to Make Before Year's End

Continued from Cover

#5. Rethink your mortgage payment.

If you can, pay January's mortgage payment in December. This way, you can deduct that month's mortgage interest for 2016, rather than on the following year's taxes.

Not only that, but you may want to also adjust your mortgage payment calendar so you're paying every four weeks, instead of once a month. When you do, you'll squeeze in 13 payments, rather than 12, a year, which can make a big dent in the time it

takes to pay off your mortgage. (Go to lmfs.net/resources/calculators and click on Mortgage Payoff to calculate how much you can save.)

#6. Create an auto pay plan for credit card debt.

The average interest on a credit card is around 15%. So even if you make sizeable payments, you still might end up treading water rather than paying off your debt. (See page 2 for more on credit card debt.) If you're in this situation, then make a plan to get out of it. One way to do that is

by setting up automatic monthly payments. That way, the money goes right toward the debt before you even have a chance to see it.

#7. Don't forget about flexible spending.

While some flexible spending accounts offer a grace period, in general if you don't spend the money by year's end, you can't roll it over into the next year. So if you need new glasses, or a dental check-up, then now's the time to schedule your appointment.

Visit the L&M website at:

www.lmfs.net