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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.

**Estate Planning:
4 Lessons Baby Boomers Need to Know**

You're at a point in your life where you're thinking about retirement, whether to downsize, and how to manage your savings and cash flow. Death might be the furthest thing from your mind.

However, if you get critically ill – where you can't make your own decisions – or pass away without an estate plan in place, you could be wreaking financial havoc for your family.

To help ensure that doesn't happen, here are four lessons to keep in mind:

Lesson #1: Make a will.

A lot of Baby Boomers have this on their "to do" list; however, too many don't have a sense of urgency about it. In fact, according to a 2014 *Forbes* article, 51% of Americans age 55 to 64 don't have wills. Worse, 62% of those ages 45 to 54 – and

67% of women that age – haven't drafted wills.

In New York in particular, this can be a problem. If you don't have a will and you die with a spouse and children, your spouse inherits the first \$50,000 plus half of the balance. Your children inherit everything else – regardless of your wishes. If you have an estate plan, however, it lets you decide.

Lesson #2: Update beneficiary designations.

Your will is a critically important component of your estate plan – but it's only a part of it. You also need to ensure that your beneficiary designations for your life insurance and retirement accounts are all updated. Why?

Because if you die, those assets won't pass pursuant to the will, but rather pursuant to the



beneficiaries you designated. So if you haven't looked at your designations in a number of years, it's time to check each one and ensure they're up to date.

A good rule of thumb is to check all of your estate planning documents every three to four years – including your beneficiary designations. Most importantly, should you get divorced or make significant life changes, you'll want to check and revise all these documents.

Glossary

Beneficiary Designations

The people or entities you'd like your assets to go to when you die.

Estate Planning

Preparing for the transfer of a person's wealth and assets after his or her death. Assets, life insurance, pensions, real estate, cars, personal belongings, and debts are all part of one's estate.

Health Care Proxy

A document that lets you appoint another person (a proxy or agent) to express your wishes and make health care decisions for you if you cannot speak for yourself.

Living Will

A document that specifies what type of medical treatments you would or would not want if you were unable to communicate. These treatments may include resuscitation, artificial nutrition and hydration, and mechanical ventilation.

Permanent / Irrevocable Trust

A trust that cannot be modified or terminated without the permission of the beneficiary. The grantor, having transferred assets into the trust, effectively removes all of his or her rights of ownership to the assets and the trust.

Power of Attorney

A legal document giving the authority to act for another person in specified or in all legal or financial matters.

Estate Planning Tips for Minimizing the Tax Bite



In 2016, a single individual can have up to \$5.45 million in assets before heirs have to pay federal estate taxes; it's over \$10 million for a couple. And in New York State, the threshold for state estate tax exclusions is \$4,187,500 in 2016.

That's the good news.

But even if your assets fall well below these amounts, it's still smart to work with a financial advisor to minimize tax liabilities on your estate. Why?

In January 2013, Congress permanently set the federal amounts that an individual can transfer tax-free either during life or at death. But they're "permanent" only until Congress decides to revisit them and whoever is President agrees to the changes. In the past, in the years 2003 through 2008, estates in excess of \$2 million were taxed at rates ranging from 45% to 49%.

What if your assets are more than \$5.45 million in 2016?

If so, your estate will be taxed at 40% by the federal government. New York State will take an additional 5% to 16% on top of that.

So in addition to drawing up a will and updating your beneficiary designations (*as discussed in the cover story*), here are three tax

minimizing strategies to consider when working with your L&M financial advisor:

#1. Set Up a Trust

If you have a large estate or are worried your heirs won't be wise with how they spend money they inherit, set up a trust and appoint a trustee to distribute the funds.

There are several different ways a trust can be structured – but permanent trusts (also known as *irrevocable trusts*) offer the biggest tax benefits. In essence, when the money is put into this kind of trust, it no longer belongs to you. It therefore can't be subject to estate taxes. That said, you can still create stipulations on how it's used.

#2. Go From a Traditional to a Roth IRA

Did you know traditional IRAs and 401(k)s are subject to income tax if passed to a beneficiary who is not a spouse? To avoid having your heirs get hit with a big tax bill, you can gradually convert your traditional retirement accounts into Roth accounts that have tax-free distribution. The key is to do a series of conversions over a number of years. The amount you convert will be taxable on your income taxes, but converting gradually helps protect you and your heirs from getting pushed into a higher tax bracket.

#3. Gift It Away

One of the easiest ways to make sure your assets stays in the family is to give them away to loved ones while you're still alive. Federal law allows you to gift up to \$14,000 per person without tax implications to either party. This can also bring down the value of your estate if you're worried about future estate taxes.

The Financial facts

- Only 34% of Americans have a will.
- 1 out of 4 people who say they are in charge of their family's estate planning admit that they aren't doing a good job of preparing.
- Only 25% of people have made any arrangements for their elder care.
- 18% of people say the topic of estate planning is too depressing to think about.

Source: Harris Poll
commissioned by Everplans

L&M team paddles for breast cancer survivors at annual Dragon Boat Festival.



Led by CEO and "steerperson" Amy Lipsitz, a team of 21 L&M employees and friends took the bronze medal at this year's Dragon Boat Festival on June 18. The competition is an annual tradition at L&M, as is the firm's support of Hope Chest Buffalo, the Festival's charitable beneficiary.

Recipe for Success

Pan Fried Eggplant With Balsamic Vinegar



Ingredients

1/2 cup balsamic vinegar
1 cup olive oil
2 small eggplant (about 8 oz. each), trimmed and sliced crosswise 1/3" thick
Kosher salt and freshly ground black pepper, to taste
2 tbsp. capers
4 basil leaves, thinly sliced

Directions

Simmer vinegar over medium heat in a 1-qt. saucepan until reduced to a thick syrup, about 15 minutes.

Heat half the oil in a 12" skillet over medium-high heat. Working in batches and adding more oil as needed, fry eggplant, flipping once, until golden-brown, 5–7 minutes; transfer to paper towels to drain and season with salt and pepper.

Arrange on a platter; drizzle with the balsamic vinegar; garnish with capers and basil.

Why Talk to Your Family About Your Estate Plan (And How to Do It)

As the saying goes, you should “*Hope for the best, but plan for the worst.*” And when it comes to your estate, part of the “planning for the worst” process includes having a conversation with your loved ones about your decisions and wishes.

Why is such a conversation so important? For many reasons, including:

- Lack of communication during estate planning can not only reduce the amount your loved ones receive, it can also result in fear, doubt, and conflict for them during an already difficult time.
- You might assume one of your survivors is comfortable acting as an executor or power of attorney, when in fact, they may not.
- It’s important for your survivors to understand your perspective and intentions on important matters. If they don’t, they may wind up making decisions that you wouldn’t want made.
- While these conversations can be uncomfortable at first, they ultimately bring your loved ones a sense of empowerment. There’s a strong feeling of working together for each other’s collective future, rather than leaving elements to chance.

So when it comes time to have this difficult conversation, how do you approach it?



- **Pick a good time and place.** Don’t wait until your family is in crisis mode to have this conversation. Your loved ones may feel too upset to talk. Instead, pick a time of relative calm and a place that’s comfortable for everyone involved.
- **Talk about your intentions.** Tell your loved ones you think it’s important to have this conversation out of concern not only for your wishes, but for theirs, as well. You want to ensure your plan is carried out, and that they’re taken care of, too.
- **Demonstrate the importance of this conversation.** One good way to do that is to talk about an example of poor estate planning, how it was improperly handled, and the implications for all involved.

If you need more help with your estate plan – and communicating your wishes to your loved ones – talk to your L&M financial advisor. We’re here to help.

“Notable Quotables”

“You can kiss your family and friends good-bye and put miles between you, but at the same time you carry them with you in your heart, your mind, your stomach, because you do not just live in a world – a world lives in you.”

– Frederick Buechner

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 more resources to help in your estate planning, visit <http://lmfs.net/resources/articles-of-interest>. There, you'll find the following relevant reads:

- *Here's What Happens If You Die Without a Will*
- *Is Your Estate Plan Truly Complete?*
- *Executors Seek \$100 Million for Work of Estate of 'Queen Of Mean'*
Leona Helmsley
- *Simple Steps to Prevent Future Family Inheritance Rifts*

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Fall 2016 Quiz

Answer all three questions below correctly and you'll be entered in a drawing to win a certified kosher, cinnamon walnut *My Grandma's of New England* coffee cake delivered right to your home. E-mail your answers to quiz@lmfs.net or write them on the enclosed reply card and return by Sept. 30 to be eligible.

1. The federal estate tax law as we know it today was enacted in 1916. What was the exemption in that first year?
2. Roughly, how many out of every 1,000 people face a federal estate tax payment each year?
3. Which state in the U.S. has the highest maximum estate tax rate and what is it?

Summer 2016 Quiz Winner:

Timothy Frawley

Jeffrey Grossberg,
Financial Advisor

Shred-it is right around the corner!



You may have recently received a postcard about our September Shred-it Event but here's a reminder to RSVP and mark your calendar accordingly. It's a great way to dispose of all of your out-of-date or unnecessary paper. Family and friends are welcome with all their 'stuff!' In Buffalo, Goodwill Industries will be present to receive gently-used clothing, household items, and more; lunch will be provided by Ted's Hot Dogs, courtesy of L&M.

Binghamton

Date:

Wednesday, September 14
3 p.m. - 6 p.m.

RSVP:

Kathleen O'Connor:
607-748-1803,
or koconnor@lmfs.net

Buffalo

Date:

Saturday, September 17
10 a.m. - 1 p.m.

RSVP:

Karen Young:
716-839-1234,
or shredit@lmfs.net

Estate Planning: 4 Lessons Baby Boomers Need to Know

Continued from Cover

Lesson #3: Create a health care proxy, living will, and power of attorney.

Everyone should plan for the possibility of getting sick. When you do, you need to ask yourself questions, such as "*What if I can't handle decisions surrounding my health, or financial affairs?*"

Make sure you have designated someone who can take over if you get sick and aren't able to make critical life choices. Also, take the time to discuss these issues with the person(s) you appoint as your health care proxy and who has power of attorney.

Doing so not only protects you and ensures your wishes are carried out, but provides much-needed direction to your loved ones during a difficult time.

Lesson #4: Have a conversation with your family members.

Say you have a vacation home one child frequents but another child never visits. Or a family business

that two siblings work in, but not the third. It's important to think through everything you leave behind and have the discussion with your family about your decisions and who gets what assets.

It may lead to some surprises, or even unhappiness, so be prepared. But if you don't have the conversation, it could lead to family battles down the road. (*See page 3 for more on this topic.*)

At the end of the day, an estate plan lets you decide. It can protect you today should you get sick – and protect your family in the future after you pass away.

Whatever decisions you do make, be sure to have your L&M financial advisor and an estate planning lawyer review all your major estate planning documents before you sign. They can advise you on your options and help to ensure the integrity of your plan.

Visit the L&M website at:

www.lmfs.net