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Hi Everyone,

Winter is here and quickly approaching is the New Year! Enjoy all your time with your family and friends over the holidays.

Each quarter we write about some uncertainty and this quarter is no different. Between the Presidential Election surprise and the Fed interest rate hike the markets have been unusually bumpy. The volatility surrounding these events is normal and should be expected. As a reminder the Fed is only raising rates because the economy is healthier. Overall, this is a good thing.

As always, please call if you need anything or if there are any changes in your life requiring adjustments to your plan.

Dan, Matt, Bob & Dina

An investment in knowledge pays the best interest. ~ Benjamin Franklin

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Will vs. Trust: Is One Better Than the Other?

When it comes to planning your estate, you might be wondering whether you should use a will or a trust (or both). Understanding the similarities and the differences between these two important documents may help you decide which strategy is better for you.

What is a will?

A will is a legal document that lets you direct how your property will be dispersed (among other things) when you die. It becomes effective only after your death. It also allows you to name an estate executor as the legal representative who will carry out your wishes.

In many states, your will is the only legal way you can name a guardian for your minor children. Without a will, your property will be distributed according to the intestacy laws of your state. Keep in mind that wills and trusts are legal documents generally governed by state law, which may differ from one state to the next.

What is a trust?

A trust document establishes a legal relationship in which you, the grantor or trustor, set up the trust, which holds property managed by a trustee for the benefit of another, the beneficiary. A revocable living trust is the type of trust most often used as part of a basic estate plan. "Revocable" means that you can make changes to the trust or even end (revoke) it at any time. For example, you may want to remove certain property from the trust or change the beneficiaries. Or you may decide not to use the trust anymore because it no longer meets your needs.

A living trust is created while you're living and takes effect immediately. You may transfer title or "ownership" of assets, such as a house, boat, automobile, jewelry, or investments, to the trust. You can add assets to the trust and remove assets thereafter.

How do they compare?

While both a will and a revocable living trust enable you to direct the distribution of your assets and property to your beneficiaries at your death, there are several differences between these documents. Here are a few important ones.

- A will generally requires probate, which is a public process that may be time-consuming and expensive. A trust may avoid the probate process.
- In order to exclude assets from probate, you must transfer them to your revocable trust while you're living, which may be a costly, complicated, and tedious process.
- Unlike a will, a trust may be used to manage your financial affairs if you become incapacitated.
- If you own real estate or hold property in more than one state, your will would have to be filed for probate in each state where you own property or assets. Generally, this is not necessary with a revocable living trust.
- A trust can be used to manage and administer assets you leave to minor children or dependents after your death.
- In a will, you can name a guardian for minor children or dependents, which you cannot do with a trust.

Which is appropriate for you?

The decision isn't necessarily an "either/or" situation. Even if you decide to use a living trust, you should also create a will to name an executor, name guardians for minor children, and provide for the distribution of any property that doesn't end up in your trust. There are costs and expenses associated with the creation and ongoing maintenance of these legal instruments.

Whether you incorporate a trust as part of your estate plan depends on a number of factors. Does your state offer an informal probate, which may be an expedited, less expensive process available for smaller estates? Generally, if you want your estate to pass privately, with little delay or oversight from a probate court, including a revocable living trust as part of your estate plan may be the answer.

The Giving Season: Six Tips for Making Smart and Effective Charitable Donations This Holiday Season

Many charitable organizations allow you to donate online, by text, or through social networking sites.

The following organizations and agencies publish reports and charity ratings, and/or give useful tips and information to consumers on how to donate and choose a charity:

- ***Better Business Bureau's BBB Wise Giving Alliance, bbb.org***
- ***Charity Navigator, charitynavigator.org***
- ***CharityWatch, charitywatch.org***
- ***Federal Trade Commission, ftc.gov***

The holidays are a popular time for charitable donations. With so many charities to choose from, it's more important than ever to ensure that your donation is well spent. Here are six tips that can help you make smart and effective charitable donations.

1. Choose your charities wisely

Choosing worthy organizations that support the causes you care about can be tricky, but it doesn't have to be time-consuming. There are several well-known organizations that rate and review charities, as well as provide useful tips and information on how to donate and choose a charity (see sidebar). To get started, here are some things to consider:

- *How the charity plans to use your gift.* Contact the charity by phone or go online to find information about the charity's mission, accomplishments, financial status, and future growth.
- *How much the charity spends on administrative costs.* If a charity has higher-than-average administrative costs, it may be spending less on programs and services than it should. This could also be a sign that the charity is in serious financial trouble. In addition, if a charity uses for-profit telemarketers, then it may get very little of the money it raises, so ask how much of your donation the charity will actually receive.
- *The legitimacy of the charity.* Take the time to check out the charity before you donate. Ask for identification when approached by a solicitor, and never give out your Social Security number, credit-card number, bank account number, account password, or personal information over the phone or in response to an email you didn't initiate.
- *How much you can afford to give to the charity.* Stick to your giving goals and only give what you can afford. Legitimate fundraisers will not try to pressure you and will be happy to send information that can help you make an informed decision regarding your donation.

2. Maximize your donation through a matching gift

If your employer offers a program that matches charitable gifts made by employees, you can maximize your charitable donations. Some matching gift programs may have specific guidelines — for example, they may only match a gift up to a certain dollar limit, and the charity may need to provide additional information.

3. Make automatic donations

If you're looking for an easy way to donate regularly to a favorite charity, consider making automatic donations from a financial account. Automatic donations can benefit charities by potentially lowering fundraising costs and by establishing a foundation of regular donors. You'll also benefit, since spreading your donations throughout the year may enable you to give more and simplify your record keeping.

4. Look for alternatives to cash donations

Although cash donations are always welcome, charities also encourage other types of gifts. For example, if you meet certain requirements, you may be able to give stock, direct gifts from your IRA, real estate, or personal property. Keep in mind that you'll want to check with your financial professional to assess potential income and estate tax consequences based on your individual circumstances. Other alternatives to cash donations include volunteering your time and using your talents to improve the lives of others in your community.

5. Consider estate planning strategies when gifting

Another option is to utilize estate planning to make a charitable gift. For example, you might leave a bequest in your will; give life insurance; or use a charitable gift annuity, charitable remainder annuity trust, or charitable unitrust that may help you give away the asset now, while retaining a lifetime interest. Check with your financial or tax professional regarding any potential estate or tax benefits or consequences before making this type of gift.

6. Remember the importance of record keeping

If you itemize when you file your taxes, you can deduct donations you've made to a tax-qualified charity — however, you must provide proper documentation of your donation to the IRS. Keep copies of cancelled checks, bank statements, credit-card statements, or receipts showing the charity's name, date of your donation, and contribution amount. For donations or contributions of $250 or more, you'll need a detailed written acknowledgment from the charity. For more information and a list of specific record-keeping requirements, see IRS Publication 526, Charitable Contributions.

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Are You Ending 2016 Healthy, Wealthy, and Wise?

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Although the year is drawing to a close, you still have time to review your finances. Pausing to reflect on the financial progress you made in 2016 and identifying adjustments for 2017 can help you start the new year stronger than ever.

How healthy are your finances?

Think of a year-end review as an annual physical for your money. Here are some questions to ask that will help assess your financial fitness.

- Do you know how you spent your money in 2016? Did you make any progress toward your financial goals? Look for spending habits (such as eating out too much) that need tweaking, and make necessary adjustments to your budget.
- Are you comfortable with the amount of debt that you have? Any end-of-year mortgage, credit card, and loan statements will spell out the amount of debt you still owe and how much you've been able to pay off this year.
- How is your credit? Having a positive credit history may help you get better interest rates when you apply for credit, potentially saving you money over the long term. Check your credit report at least once a year by requesting your free annual copy through the federally authorized website annualcreditreport.com.
- Do you have an emergency savings account? Generally, you should aim to set aside at least three to six months' worth of living expenses. Having this money can help you avoid piling up more credit-card debt or shortchanging your retirement or college savings because of an unexpected event such as job loss or illness.
- Do you have an adequate amount of insurance? Your insurance needs may change over time, so it's a good idea to review your coverage at least once a year to make sure it still meets your needs.

How wealthy are you really?

It's easy to put your retirement savings on autopilot, especially if you're making automatic contributions to a retirement account. But market swings this year may have affected your retirement account balances, so review any statements you've received. How have your investments performed in comparison to general market conditions, against industry benchmarks, and in relation to your expectations and needs? Do you need to make any adjustments based on your own circumstances, your tolerance for risk, or because of market conditions*?

Finally, look for ways to save more. For example, if you receive a pay increase this year, don't overlook the opportunity to increase your employer-sponsored retirement plan contributions. Ask your employer to set aside a higher percentage of your salary.

How wise are you about financial matters?

What you don't know can hurt you, so it's time to honestly assess your financial picture. Taking into account your income, savings and investments, and debt load, did your finances improve this year? If not, what can you do differently in 2017?

What are your greatest financial concerns? Do you have certain life events coming up that you need to prepare for, such as marriage, buying a home, or sending your child off to college? You can't know everything, so don't put off asking for assistance. It's a wise move that can help you prepare for next year's financial challenges.

Year-End Financial Checklist

- Review your benefits during your employer's open enrollment season, and make any necessary changes before your employer's deadline.
- Use up any contributions to your flexible spending account (FSA) before the use-it-or-lose-it deadline (this may be the end of the year–check with your employer).
- Update estate planning documents such as wills, trusts, and health-care directives to account for life changes.
- Review and update beneficiaries for your financial accounts and insurance policies.
- Make year-end donations to charity. If you itemize, these may help reduce your taxable income for 2016.*
- Consider gifts to family members. For 2016, you may give up to $14,000 to each individual without owing gift taxes.*
- Begin organizing your financial records for tax time.
- Check your Social Security Statement at ssa.gov to find out about future benefits.

*Talk to a tax professional for help with your individual situation.

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When you're checking out items at the store, should you insert your card into the payment terminal? These days, as the use of chip-card technology grows, the answer to that question is less clear. The computer chip now embedded in debit and credit cards uses EMV (Europay, MasterCard, and Visa) technology, which is meant to reduce fraud at physical retail stores (as opposed to online shops). But because businesses aren't required to upgrade their terminals, it's confusing to figure out what to do at the register. Here are answers to some questions you might have about chip cards.

How does it work? Magnetic strip cards contain information within the strip, so it's easy for a thief to "capture" that information and use it to accrue charges without the cardholder's knowledge. By contrast, the chip card generates a unique, specific code for each transaction that cannot be reused.

Why does it take longer to check out? The unique code generated by the chip for each transaction is sent to the bank by the payment terminal. The bank matches the code to an identical one-time code and sends it back as verification for the transaction. As a result, it takes a few seconds longer to check out using a chip card because it takes time for the information to be transmitted.

Why aren't some terminals working yet? You might notice that terminals in some stores are equipped with a chip-card reader, but you're told you can't use it. These terminals are awaiting chip-card certification, which can take several months to process. Until their terminals are certified, retailers are responsible for any fraudulent charges.

How much longer will I have to carry a physical card? The answer to this question isn't clear. However, it's important to note that terminals with upgraded chip-card technology are also equipped with technology that can accept wireless near-field communication. This allows data to be exchanged between two different devices (e.g., a cell phone and a terminal) that are a short distance away. This means that one day, instead of swiping or inserting a card at the checkout, you might just be tapping the terminal to make payments.

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