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Hello All,

As temperatures begin to rise as we enter into March, we tend to feel more of the urge to get outside and enjoy the warmth this season brings. Whether it is enjoying dinner and drinks on the patio, or perhaps deciding it’s time to refresh your spring wardrobe, both of these scenarios tend to involve spending your hard earned money.

With that being said, are you being fiscally responsible? Are you where you want to be financially with your long term goals? Check in with us and make sure you’re still on track to a happy and prosperous retirement – one you can enjoy! We are continuing to accept new clients, so feel free to give us a call today to set up a complimentary coaching session at 314-863-0008.

Warm wishes,

Jeff and Erin Lapidus

March 2017

Why Diversification Matters

Why a Life Insurance Claim May Be Denied

What happens to my property if I die without a will?

What are some tips for creating a home inventory?

The Coach's Corner

From your Retirement Coaches and Advisors

Due Date Approaches for 2016 Federal Income Tax Returns

Tax filing season is here again. If you haven't done so already, you'll want to start pulling things together — that includes getting your hands on a copy of last year's tax return and gathering W-2s, 1099s, and deduction records. You'll need these records whether you're preparing your own return or paying someone else to do your taxes for you.

Don't procrastinate

The filing deadline for most individuals is Tuesday, April 18, 2017. That's because April 15 falls on a Saturday, and Emancipation Day, a legal holiday in Washington, D.C., is celebrated on Monday, April 17. Unlike last year, there's no extra time for residents of Massachusetts or Maine to file because Patriots' Day (a holiday in those two states) falls on April 17 — the same day that Emancipation Day is being celebrated.

Filing for an extension

If you don't think you're going to be able to file your federal income tax return by the due date, you can file for and obtain an extension using IRS Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. Filing this extension gives you an additional six months (to October 16, 2017) to file your federal income tax return. You can also file for an extension electronically — instructions on how to do so can be found in the Form 4868 instructions.

Filing for an automatic extension does not provide any additional time to pay your tax! When you file for an extension, you have to estimate the amount of tax you will owe and pay this amount by the April filing due date. If you don't pay the amount you've estimated, you may owe interest and penalties. In fact, if the IRS believes that your estimate was not reasonable, it may void your extension.

Note: *Special rules apply if you're living outside the country or serving in the military and on duty outside the United States. In these circumstances you are generally allowed an automatic two-month extension without filing Form 4868, though interest will be owed on any taxes due that are paid after April 18. If you served in a combat zone or qualified hazardous duty area, you may be eligible for a longer extension of time to file.*

What if you owe?

One of the biggest mistakes you can make is not filing your return because you owe money. If your return shows a balance due, file and pay the amount due in full by the due date if possible. If there's no way that you can pay what you owe, file the return and pay as much as you can afford. You'll owe interest and possibly penalties on the unpaid tax, but you'll limit the penalties assessed by filing your return on time, and you may be able to work with the IRS to pay the remaining balance (options can include paying the unpaid balance in installments).

Expecting a refund?

The IRS is stepping up efforts to combat identity theft and tax refund fraud. New, more aggressive filters that are intended to curtail fraudulent refunds may inadvertently delay some legitimate refund requests. In fact, beginning this year, a new law requires the IRS to hold refunds on all tax returns claiming the earned income tax credit or the refundable portion of the Child Tax Credit until at least February 15.[1]

Most filers, though, can expect a refund check to be issued within 21 days of the IRS receiving a return.

[1] IRS.gov (IR-2016-117, IRS Urges Taxpayers to Check Their Withholding; New Factors Increase Importance of Mid-Year Check Up, August 31, 2016)

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Why Diversification Matters

Diversification and asset allocation are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

When investing, particularly for long-term goals, there is one concept you will likely hear about over and over again — diversification. Why is diversification so important? The simple reason is that it helps ensure that your risk of loss is spread among a number of different investments. The theory is that if some of the investments in your portfolio decline in value, others may rise or hold steady, helping to offset the losses.

Diversifying within asset classes

For example, say you wanted to invest in stocks. Rather than investing in just domestic stocks, you could diversify your portfolio by investing in foreign stocks as well. Or you could choose to include the stocks of different size companies (small-cap, mid-cap, and/or large-cap stocks).

If your primary objective is to invest in bonds for income, you could choose both government and corporate bonds to potentially take advantage of their different risk/return profiles. You might also choose bonds of different maturities, because long-term bonds tend to react more dramatically to changes in interest rates than short-term bonds. As interest rates rise, bond prices typically fall.

Investing in mutual funds

Because mutual funds invest in a mix of securities chosen by a fund manager to pursue the fund's stated objective, they can offer a certain level of "built-in" diversification. For this reason, mutual funds may be an appropriate choice for novice investors or those wishing to take more of a hands-off approach to their portfolios. Including a variety of mutual funds with different objectives and securities in your portfolio will help diversify your holdings that much more.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Diversifying among asset classes

You might also consider including a mix of different types of asset classes — stocks, bonds, and cash — in your portfolio. Asset allocation is a strategic approach to diversifying your portfolio. After carefully considering your investment goals, time horizon, and risk tolerance, you would then invest different percentages of your portfolio in targeted asset classes to pursue your goal.

Winning asset classes over time

The following table, which shows how many times during the past 30 years each asset class has come out on top in terms of performance, helps illustrate why diversifying among asset classes can be important.

	Number of winning years, 1987-2016
Cash	3
Bonds	5
Stocks	10
Foreign stocks	12

Performance is from December 31, 1986, to December 31, 2016. Cash is represented by Citigroup 3-month Treasury Bill Index. Bonds are represented by the Citigroup Corporate Bond Index, an unmanaged index. Stocks are represented by the S&P 500 Composite Price Index, an unmanaged index. Foreign stocks are represented by the MSCI EAFE Price Index, an unmanaged index. Investors cannot invest directly in any index. However, these indexes are accurate reflections of the performance of the individual asset classes shown. Returns reflect past performance and should not be considered indicative of future results. The returns do not reflect taxes, fees, brokerage commissions, or other expenses typically associated with investing.

The principal value of cash alternatives may fluctuate with market conditions. Cash alternatives are subject to liquidity and credit risks. It is possible to lose money with this type of investment.

The return and principal value of stocks may fluctuate with market conditions. Shares, when sold, may be worth more or less than their original cost.

U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest, whereas corporate bonds are not. The principal value of bonds may fluctuate with market conditions. Bonds are subject to inflation, interest rate, and credit risks. Bonds redeemed prior to maturity may be worth more or less than their original cost.

The risks associated with investing on a worldwide basis include differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country.

Investments offering the potential for higher rates of return also involve higher risk.

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Why a Life Insurance Claim May Be Denied

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Any guarantees associated with payment of death benefits are based on the claims-paying ability and financial strength of the insurer.

Life insurance can be an important financial tool for you and your family. For example, life insurance can help replace earnings that would cease upon your death. It can provide a legacy for your children or grandchildren, and can even be used to make a charitable gift after your death.

However, the fact that you've purchased life insurance doesn't guarantee that the death benefit will be paid when it's needed most — after you've died. There are several reasons insurance companies may attempt to deny, or at least delay, paying a claim for the death benefit. Here are some possible circumstances when a death-benefit claim may be contested by the insurer.

Misstatements on the application

A clause that's commonly found in life insurance contracts is the incontestability clause. A life insurance claim may be denied if the insurer finds that the applicant made misstatements on the policy application and death occurs within two years of the policy's start date. If the applicant makes statements intended to defraud the insurer, there is essentially no time limit, and the claim can be denied no matter how long the policy has been in force. That's why it is very important to provide accurate information on the policy application and not withhold information or facts that are requested by the insurer.

A good example of a policy being contested involved actor Heath Ledger, who died within seven months of purchasing a $10 million life insurance policy for the benefit of his daughter. The medical examiner ruled that the cause of death was due to an accidental drug overdose. Subsequently, the insurer denied the claim on two grounds: The death was the result of an intentional drug overdose and amounted to suicide, and the insured did not disclose on the insurance application (as requested) that he was a user of illegal drugs, which is a material misrepresentation. The policy beneficiary sued the insurer, and the case was eventually settled for an undisclosed amount believed to be much less than the policy death benefit.

Suicide clause

Most life insurance policies contain a suicide clause, which generally states that no death benefit will be paid if the insured's death results from suicide within two years from the inception of the policy. Often, policy owners inadvertently restart the two-year suicide clause when they replace existing life insurance with a new policy.

Even in the unfortunate circumstance that death by suicide occurs within two years from the policy's inception, the beneficiaries may still be able to receive at least a portion of the death benefit, depending on the circumstances. For example, whether death is intentional (suicide) or by accident is not always easily determined.

Policy lapse

A life insurance policy may not be in force because the coverage has lapsed. Policies may lapse for several reasons, including nonpayment of the premium and expiration of a stated term. Insurers generally send written notifications when a premium payment is past due, when the policy is about to lapse, and when a policy has actually expired. Sometimes the policy owner may inadvertently or intentionally neglect to make premium payments. In any case, the insurance beneficiary may not realize that the policy has lapsed until after the death of the insured.

An insurer may deny payment of the death benefit when death occurs outside the policy coverage term. Term life insurance provides death benefit coverage for a stated number of years, usually from one to 25 years, depending on the policy purchased. This type of insurance is also common through employer-provided plans. In any case, if the insured's death occurs after the policy term has expired, the claim for insurance proceeds will be denied.

What can you do?

Nothing can be more emotionally trying than having a life insurance claim denied while dealing with the loss of a loved one. Here are some tips that may help get the death benefit paid.

Whether you fill out the life insurance application or it is completed by a life insurance agent, be sure you review each section of the application and answer each question honestly. Do not withhold or falsify information.

Pay the premiums on time. Indicate an alternative address for mailing the premium notices and also name another individual to receive notices of premium lapses. If you move or change financial institutions and don't notify the insurer, you may forget about the premium payments and the policy could lapse without your knowledge.

If you have group life insurance, verify that it is still in force at least once each year. Also, review your policy with an insurance professional. You may not realize that your life insurance will end on a certain date.

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What happens to my property if I die without a will?

If you die without a will, your property will generally pass according to state law (under the rules for intestate succession). When this happens, the state essentially makes a will for you. State laws specify how your property will pass, typically in certain proportions to various persons related to you. The specifics, however, vary from state to state.

Most state laws favor spouses and children first. For example, a typical state law might specify that your property pass one-half or one-third to your surviving spouse, with the remainder passing equally to all your children. If you don't have children, in many states your spouse might inherit all of your property; in other states, your spouse might have to share the property with your brothers and sisters or parents.

But not all property is transferred by will or intestate succession. Regardless of whether you have a will, some property passes automatically to a joint owner or to a designated beneficiary. For example, you can transfer property such as IRAs, retirement plan benefits, and life insurance by naming a beneficiary. Property that you own jointly with right of survivorship will pass automatically to the surviving owners at your death. Property held in trust will pass to your beneficiaries according to the terms you set out in the trust.

Only property that is not transferred by beneficiary designation, joint ownership, will, or trust passes according to intestate succession. You should generally use beneficiary designations, joint ownership, wills, and trusts to control the disposition of your property so that you, rather than the state, determine who receives the benefit of your property.

Even if it seems that all your property will be transferred by beneficiary designation, joint ownership, or trust, you should still generally have a will. You can designate in the will who will receive any property that slips through the cracks.

And, of course, you can do other things in a will as well, such as name the executor of your estate to carry out your wishes as specified in the will, or name a guardian for your minor children.

What are some tips for creating a home inventory?

Imagine having to remember and describe every item in your home, especially after you've been the victim of a fire, theft, or natural disaster. Rather than relying on your memory, you may want to prepare a home inventory — a detailed record of all your personal property. This record can help substantiate an insurance claim, support a police report when items are stolen, or prove a loss to the IRS. Here are some tips to get started.

Tour your property. A simple way to complete your inventory is to make a visual record of your belongings. Take a video of the contents of each room in your home and spaces where you have items stored, such as a basement, cellar, garage, or shed. Be sure to open cabinets, closets, and drawers, and pay special attention to valuable and hard-to-replace items. You can also use the tried-and-true low-tech method of writing everything down in a notebook, or use a combination approach. Mobile inventory apps and software programs are available to guide you through the process.

Be thorough. Your home inventory should provide as many details as possible. For example, include purchase dates, estimated values, and serial and model numbers. If possible, locate receipts to support the cost of big-ticket items and attach copies of appraisals for valuables such as antiques, collectibles, and jewelry.

Keep it safe. In addition to keeping a copy of your inventory in your home where you can easily access it, store a copy elsewhere to protect it in the event that your home is damaged by a flood, fire, or other disaster. This might mean putting it in a safe deposit box, giving it to a trusted friend or family member for safekeeping, or storing it on an external storage device that you can take with you or on a cloud-based service that provides easy and secure access.

Update it periodically. When you obtain a valuable or important item, add it to your inventory as soon as possible. Review your home inventory at least once a year for accuracy. You can also share it annually with your insurance agent or representative to help determine whether your policy coverages and limits are still adequate.

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Financial Industry Regulatory Authority

January 25, 2017

Kyle Smith
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Reference: **FX2017-0123-0466/E** Org Id :114212

REVIEW LETTER

1. Broadridge Newsletter March 2017: 2016Tx; InvImp; 401k; Divers; LifIns; FedLn; Fuel; BusPhil; Storm; HmInv; Gift; NoWil; Cartn (#Broadridgenewsletter0317)
   Rule: FIN 2210
   11 pages Fee: $650

Total Fee: $650

Attention: Kyle Smith

Our review is based on the understanding that in its final form, this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3) as represented by your firm in the explanation uploaded with this submission.

The above-referenced material appears consistent with applicable standards.

Reviewed by,

Kristina B. Shaw
Senior Analyst

kbs

NOTE: *This review is limited to the communication that was filed. We assume that the communication does not omit material facts, contain statements that are not factual, or offer opinions that do not have a reasonable basis. This communication may be described as "Reviewed by FINRA" or "FINRA Reviewed"; however, there must be no statement or implication that this communication has been approved by FINRA.*

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