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FINANCIAL GROUP
WEALTH MANAGEMENT & FINANCIAL PLANNING

EYE ON MONEY

JUL AUG 2015

ONE YEAR TO GO!

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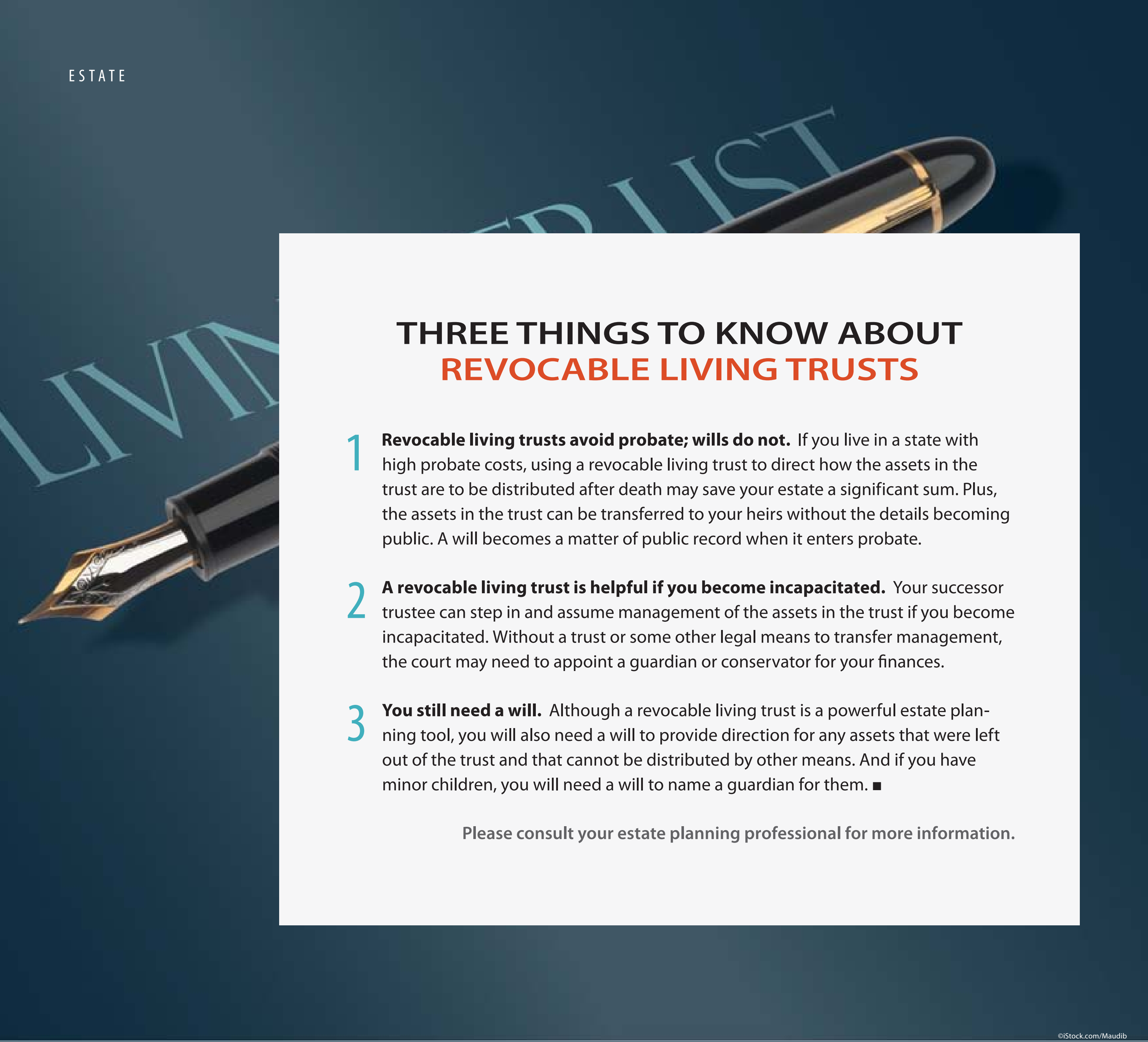

THREE THINGS TO KNOW ABOUT REVOCABLE LIVING TRUSTS

1 **Revocable living trusts avoid probate; wills do not.** If you live in a state with high probate costs, using a revocable living trust to direct how the assets in the trust are to be distributed after death may save your estate a significant sum. Plus, the assets in the trust can be transferred to your heirs without the details becoming public. A will becomes a matter of public record when it enters probate.

2 **A revocable living trust is helpful if you become incapacitated.** Your successor trustee can step in and assume management of the assets in the trust if you become incapacitated. Without a trust or some other legal means to transfer management, the court may need to appoint a guardian or conservator for your finances.

3 **You still need a will.** Although a revocable living trust is a powerful estate planning tool, you will also need a will to provide direction for any assets that were left out of the trust and that cannot be distributed by other means. And if you have minor children, you will need a will to name a guardian for them. ■

Please consult your estate planning professional for more information.

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How to Estimate What College May Really Cost

Look beyond published prices to get a more realistic idea of your future college costs.

WHEN DETERMINING WHETHER A specific college is in your price range, it pays to look beyond the college's published price to its net price. The difference between the two prices can be dramatic, and it is entirely possible that a college with a high published price may cost you less than a college with a lower published price once grants and scholarships are factored in. Here's the deal.

The net price is the price that a student pays for one year of college after grants and scholarships have been subtracted from the institution's cost of attendance. On average, undergraduates received about $8,000 in grants for the 2013-14 academic year, according to a 2014 *Trends in Higher Education* report by the College Board. Keep in mind, though, that scholarship and grant amounts vary among schools and among students. So how do you estimate how much a specific college may cost you once grants and scholarships are factored in? With a net price calculator.

Nearly every college and university is required to offer access to a net price calculator on its website that estimates how much attendance may really cost. By entering information about your household and finances into a college's calculator, you can learn what students in circumstances similar to yours paid last year after grants and scholarships were subtracted from the estimated cost to attend that college.

Because the estimates provided by net price calculators are based on what similar students actually paid, they may help you more realistically compare the affordability of various colleges. But keep in mind that net price estimates are simply that: estimates. The student will need to be accepted for admission before the colleges will let you know the amount of financial aid, including any grants and scholarships, he or she may receive.

An easy way to hop to the calculators offered by various colleges and universities is to start on the U.S. Department of Education's website, collegecost.ed.gov/netpricecenter.aspx, where you can enter the name of a college and generally link directly to its calculator.

While you are on the Department of Education's website, you may also want to check out their college scorecard tool. With it, you can find out a college's graduation rate, loan default rate, and how much families typically borrow for undergraduate study at that particular college. You can also enter a field of study or other criteria to help narrow down your choices of potential colleges and universities.

If you have a child approaching college age and price is a factor in choosing a college, take the time to estimate the net price for the colleges you are interested in. You may discover that a college that you assumed was out of your price range is competitively priced with, say, the nearby state college.

Please consult your financial advisor about how to save and pay for college. ■

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Online tools that estimate how much specific colleges may cost and how much aid you may receive:

Net price calculators on college websites will tell you how much students in situations similar to yours paid last year after grants and scholarships were subtracted from the cost of attendance.

The FAFSA4caster tool at fafsa.ed.gov can help you estimate how much federal aid the student may be eligible for based on the household and financial information you provide.


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What is the difference between a market order and a limit order?

When buying or selling stocks or ETFs, the type of order you select determines how your trade will be handled.

MARKET ORDER

A market order is an order to buy or sell a security as soon as possible, at the best price available when the order is executed.

This type of order generally ensures that your order will be executed promptly, but it does not guarantee the price. So when choosing a market order, it is important to consider that security prices can change quickly and that the execution price may be different from the quoted price. Sometimes the price difference may be negligible, but at other times, such as in a volatile market, the difference may be significant.

If you are considering placing a market order when the markets are closed, be aware that your order will be executed at the next opening or available price, which can differ from the prior day's closing price.

LIMIT ORDER

A limit order is an order to buy or sell a security, but only at a specified price or better.

This type of order comes in handy when you want to protect yourself from paying too much or receiving too little for stocks and ETFs. For example, let's say you want to buy a certain stock, but only at a price that is lower than its current market price. Using a buy limit order, you can specify the price you are willing to pay. If the stock's price declines and reaches your specified price, your buy order will generally be executed. If the stock's price does not reach your specified price, your order will not be executed.

Now let's say you have a stock that you want to sell for more than the current market price. Using a sell limit order, you specify the price you are willing to accept and if the stock's price increases and reaches your specified price, your sell order will generally be executed. If the stock's price does not reach your specified price, your order will not be executed. ■

PLEASE NOTE: Before investing in ETFs, investors should consider a fund's investment objectives, risks, charges, and expenses. Contact your financial advisor for a prospectus containing this information. Please read it carefully before investing.

Please consult your financial advisor for help in developing and implementing an investment plan.

When to Review Your Account Beneficiaries

Keeping the beneficiary designations on your financial accounts up-to-date helps ensure that these accounts will be distributed to the right people after your death.

HAVE YOU REVIEWED THE BENEFICIARY designations on your financial accounts and life insurance policies recently? The people, charities, or trusts that you name as beneficiaries on these accounts and policies will inherit them after your death, regardless of any instructions to the contrary in your will or other estate planning documents. For this reason, it is important to periodically review your beneficiary designations to ensure that they reflect your current thoughts on who should inherit the assets.

It is also a good idea to review your beneficiaries when major changes occur in your life. A marriage, divorce, birth, or death may influence your choice of beneficiaries, and can be a good time to review and update them.

Many types of accounts and policies offer you the opportunity to name a beneficiary so you may have several to review. Be sure to…

Review the beneficiary designations on your checking, savings, and investment accounts. Checking and savings accounts typically offer a payable-on-death or in-trust-for option that transfers the assets in the account directly to the beneficiary after the death of the account owner(s). Investment accounts generally offer a similar option, known as transfer on death, or TOD.

Some states allow vehicle registrations and real estate deeds to include transfer-on-death instructions, so you may want to check those documents also.

Review all of your retirement plans, such as 401(k) plans and IRAs, to ensure that the beneficiary you want to inherit the account is listed. If you are married, your choice of 401(k) beneficiary is limited to your spouse unless you get your spouse's written permission to name someone else. In community property states, you may also need your spouse's written consent to name a primary IRA beneficiary other than your spouse.

Take a look at the beneficiaries you named on your life insurance policies and annuities to determine if changes are in order.

Check the designated beneficiary for your medical or health savings account. If you choose your spouse as the beneficiary, the account's tax advantage is preserved after your death. Your spouse can treat the account as his or her own and make tax-free withdrawals for qualified medical expenses. If you choose someone other than your spouse as the beneficiary, the fair market value of the account becomes taxable to the beneficiary in the year of your death.

Changing or adding a beneficiary to a financial account or life insurance policy is generally quite easy. However, the tax and probate implications of your beneficiary choices can be complex and will depend on whether the beneficiary is your spouse, someone other than your spouse, a charity, a trust, or your estate.

To help avoid a misstep, it is generally a good idea to review your beneficiary choices with your estate planning advisor. Not only can your advisor help you evaluate their tax and probate implications, your advisor can also coordinate your choices with the rest of your estate plan to help ensure that your objectives are met. ■

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Bypassing Probate with Beneficiary Designations

When you designate a specific beneficiary on a financial account or a life insurance policy, the assets in that account or the insurance payout are generally transferred directly to the named beneficiary upon your death without having to pass through probate. This may save time and money.

Seek advice from your estate planning advisor before designating your estate as a beneficiary. Doing so will likely result in that asset being included in probate and may also have negative tax implications.

ONE YEAR TO GO!

What to Do in the Year Before You Retire

THE FINANCIAL MOVES YOU MAKE IN the year before you retire can help pave the way to a financially secure retirement. The following tips and considerations may prove helpful as you travel through this year.

Determine if you can afford to retire. With fewer companies offering traditional pension plans these days, your financial security in retirement may depend mainly on your retirement savings and your Social Security benefits. Have you saved enough to support the retirement you envision?

Your financial advisor can help you estimate how much you may need and whether you are on track to reach that amount.

Check your investment mix. As you approach retirement, be sure to check how your investments are allocated among stocks, bonds, and cash. Is the allocation appropriate for your changing circumstances?

It is generally a good idea to shift to a more conservative investment mix as you draw closer to the time when you will need your savings. For many investors, this means gradually shifting to more bonds and cash and fewer stocks.

Please consult your financial advisor about how your portfolio should be allocated at this point in your life. (Asset allocation does not ensure a profit or protect against loss in declining markets.)

Gather info about your pension benefits. Will you be eligible for pension benefits from your employer's defined benefit plan? If so, gather information about the benefits, such as when and how you can claim them and an estimate of their value. Double-check the accuracy of the employment information on which your pension will be based, such as your beginning and end dates of employment and your compensation.

Also consider the impact of your age on your pension benefits. Although you may have accumulated enough years of service to begin benefits, the benefit amount may be reduced if you begin early. You may be better off waiting a bit to begin benefits so that you receive a larger monthly benefit.

Apply for pension benefits. Generally speaking, you should apply for pension benefits a few months before you want them to begin to allow time for the forms to be reviewed.

Decide how your pension benefits will be paid. All defined benefit plans must offer an annuity that makes periodic payments (usually monthly) for life. Your plan may offer additional options, such as a lump-sum distribution that pays you the entire benefit in one payment.

When given a choice, most employees choose the annuity option with its predictable stream of income for life. Monthly payments begin when the employee retires and will continue for his or her lifetime. If the employee is married, the payments generally continue for the spouse's lifetime also.

With an annuity, you gain predictability and protection against outliving your money. The monthly payments will generally continue for as long as you live and will not be affected by market fluctuations.

With a lump-sum payment, you gain the flexibility to spend the money at your own pace and may be able to earn a higher rate of return investing the money yourself. But keep in mind that you will have full responsibility for managing the lump sum and any money you invest will be subject to market fluctuations.

If you choose a lump-sum distribution, consider having it transferred directly to an IRA so that the sum remains sheltered from taxes until it is later distributed to you.

The decisions you make regarding your pension benefits will impact the rest of your life and are usually irreversible. Please seek advice from your financial advisor before making them.

Consider how to handle your 401(k). What will you do with the savings in your 401(k) retirement plan when you retire? You will generally have three options: transfer your savings to an individual retirement account (IRA), leave the savings in your employer's plan, or withdraw the money in a lump sum.

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Barbara Shapiro, CFP, CDFA, CFS & Herb Shapiro

Founded in 1988 as an independent firm, HMS Financial Group is committed to ethical and personal financial planning and wealth management. Operating as an Office of Supervisory Jurisdiction (OSJ) for one of the largest, independent investment broker/dealers* in the United States, HMS does not have proprietary products, and has no vested interest other than the financial success of its clients.

Herb Shapiro, Vice-President and founder, brings more than 44 years of industry experience to the HMS team. He began his career in 1970, and worked for several firms until 1988, when he founded HMS Financial Group. His core values of providing personal service, maintaining market objectivity, and high standards of integrity and honesty with the clients he serves, are deeply imbued in the HMS philosophy.

Barbara Shapiro, President, is a Registered Investment Advisor with the Commonwealth of Massachusetts, is a Certified Financial Planner™ and one of the first Certified Divorce Financial Analysts in Massachusetts. She holds a Master of Science in Finance from Suffolk University and is a Graduate of the Securities Industry Association Institute at the Wharton School. Additionally, she holds a Master of Education in Counseling from Boston University and a Master of Education in Moderate Special Needs from Northeastern University.

Among her many recognitions, Barbara has served as a National Board Member of the Securities Industry Foundation for Economic Education, past member of the Boston Jewish Community Women's Fund, and the Treasurer of the Massachusetts Council of Economic Education. She is continually interviewed and quoted in all of the major financial publications.

She is an active lecturer to diverse groups and educational institutions, and has written and teaches a course on financial planning, investments, and long-term care insurance.

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