

**Fall
2018
Edition**



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L&M Profile



L&M "We Show Up!"

L&M specializes in financial planning and investment advice. L&M is a "do-the-right-thing" kind of place, and we always put our clients first. Since our founding in 1972, we have stayed true to our vision: delivering the highest quality advice and service so we will be the last financial advisors our clients will ever need.

From our offices in Amherst, Rochester, and Binghamton, we serve thousands of clients nationwide and oversee \$2 billion on our clients' behalf. We're proud to count thousands of clients and dozens of employees who have been with L&M for decades. Please contact us at 716-839-1234 or visit us online at www.lmfs.net for more information.

How Parents Can Successfully Plan for Their Children's College Costs

**FREE
Educational
Event!
Medicare &
Tax Update**

When:

Thurs., Oct. 18, 7:30 pm

Coffee and light dessert

Sat., Oct. 27, 9:00 am

Light breakfast

Where:

**Buffalo Niagara
Marriott**

1340 Millersport Hwy
Amherst NY 14221

RSVP Today!

JKlein@lmfs.net or
(716) 839-1234, ext. 238

*All or part of this event may be
sponsored by a 3rd party.*

Benefits and Costs.

On average, those with a college degree earn more, enjoy increased financial stability, and experience a lower unemployment rate when compared to those without a degree. But all those advantages come at a cost.

In fact, according to the College Board, the price tag for one year of college as an in-state student at a public institution was \$25,290 for the 2017-2018 school year. For a private college the tuition, fees and expenses jumped dramatically – to \$50,900.

Clearly, these costs are staggering and can be a major blow to the family budget. The good news is that there are some steps parents (and grandparents too) can take today to offset a massive tuition bill tomorrow.

**Start early,
save often.**

The earlier you can begin to save for college the better. As soon as your child has a Social Security number, you can open up a college savings account, like a 529 plan. You can even begin before they're born simply by putting money away into your savings account and transferring it after they're born. Or you can open up an online account, like those offered by GradSave, where soon-to-be parents can register and family and friends can contribute in lieu of buying baby gifts and nursery items.



**Stay consistent through
automatic withdrawals.**

Every parent wants to save for their child's college education. However, when car problems, a leaky roof, and a broken fridge come into play, it's easy for

continued on back cover

Glossary

529 Plan

A 529 plan is a tax-advantaged investment vehicle designed to encourage saving for the K-12 and college education expenses of a designated beneficiary.

College Board

A not-for-profit organization founded in 1900 that strives to expand access to higher education, offers programs related to college readiness, like SAT and the Advanced Placement, and serves the education community through research and advocacy on behalf of students, educators and schools.

College Scorecard

A planning tool offered by the U.S. Department of Education designed to increase transparency, so students and families can compare how well individual postsecondary institutions are preparing their students to be successful.

Coverdell Education Savings Account (ESA)

A tax-deferred trust account created by the U.S. government to assist families in funding pre-college and college expenses.

Savings Bond

A bond issued by the government and sold to the general public that offers a fixed rate of interest over a set period of time.

5 Ways To Make Paying For College Easier



For most families, saving for college is a stressor and means sacrifices need to be made elsewhere. But if you start early enough and use the right vehicles to save for and pay for college, it doesn't have to be as burdensome as you might think. Here are 5 basic ways to make paying for college easier:

#1: Saving in a 529 plan.

529 college savings plans were originally designed to build up funds for college. However, with the Tax Cuts and Jobs Act of 2017, the purpose of these accounts is now expanded to include tuition costs associated with K-12 education.

Whatever you use the funds for, they're able to grow on a tax-deferred basis and the money you withdraw is 100% tax-free as long as it's used for qualifying education expenses, such as college tuition.

#2: Coverdell Education Savings Accounts (ESAs).

Coverdell ESAs offer another opportunity to save for a variety of educational expenses. Like their 529 plan counterpart, the money you invest in them can grow on a tax-deferred basis. The biggest limitation is that you can only contribute \$2,000 per year.

However, you also have more flexibility with these funds, particularly when your child is in the K-12 age range. For instance, with a Coverdell ESA, you can use the account for a broad range of expenses, from uniforms to room

and board. At the K-12 level, the money in a 529 can only be used for tuition.

#3: Earning college credits while still in high school.

Your child can earn dozens of college credits while in high school through Advanced Placement and other college equivalency programs. Some students are even able to cut out an entire year's worth of classes and the associated costs with these types of programs. Check with your child's high school about these kinds of opportunities and get them enrolled as soon as possible.

#4: Attending a local community college.

Not every student needs to attend a four-year college from the start, or at all. In fact, many community colleges offer a worthwhile education for a fraction of the cost. After completing their core credits at a community college, your child can even transfer to a four-year school if they'd like to earn a Bachelors degree.

#5: Participating in a work study program.

Your child can not only gain work experience, but also cut some of the cost of tuition by participating in a work study program. These offer paid, part-time positions to help students offset the cost of tuition. Many times, students are able to secure jobs that align with their field of study so they can build their resume in the process.

Fall 2018 Quiz

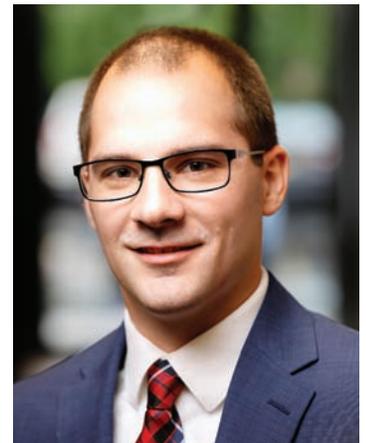
Answer all questions correctly and you'll be entered to win a delicious coffee cake delivered right to your door. Email your answers to quiz@lmfs.net or print them on the enclosed reply card and submit by October 31st to be eligible.

1. What's the form you have to fill out to apply for college financial aid from the federal government?
2. What type of college loans have fixed interest rates and can be subsidized or unsubsidized?
3. When it comes to college costs, what does COA stand for?

Summer Quiz Results:

Winner: Barbara Lenzi
Agent: Vincent Smith

L&M Service For Taxation Is Back!



Bradley Bach, CPA

Please join us in welcoming Bradley Bach, CPA, to the L&M family. With nearly a decade of experience, Brad will lead the L&M Tax Department.

Among other services, the Tax Department offers individual returns starting at \$225 for L&M clients (\$350 for others), and business tax services.

To reserve your spot and receive a 10% discount, drop off your 2017 returns before 11/30/2018.

Tax services are offered through L&M Tax, LLC, Bradley Bach, CPA. L&M Tax, L&M Group, and Securities America are separate entities

Recipe for Success

Pumpkin Chipotle Soup



Ingredients

- 2 tbsps butter
- 2 tbsps all-purpose flour
- 4 cups vegetable stock
- 1 (29 oz) can pumpkin puree
- 2 chipotle peppers in adobo sauce, minced
- 1-1/2 cups half-and-half cream
- 2 tbsps sofrito
- 1 tbsp Worcestershire sauce
- 1 tsp salt
- 1 tsp paprika

Directions

Melt the butter in a large saucepan over medium heat. Stir in the flour and cook until the flour has turned golden brown, about 3 minutes.

Whisk in the vegetable stock and bring to a boil over high heat. Whisk in the pumpkin puree until no lumps remain, then add the chipotle peppers, half-and-half cream, sofrito, Worcestershire sauce, salt and paprika.

Return to a simmer, then reduce heat to medium-low and cook for 8 minutes until thickened and hot.

Child Care Costs, Retirement Savings, and College Planning

Parenting is expensive. When kids are young, you may have pricey daycare costs. As they get older, camps, sports, and a plethora of other expenses get added to the mix. At the same time, you're trying to save for college and retirement. Here are some tips on how to balance it all without breaking the bank:

Focus on childcare costs before college savings.

Childcare may be a necessary expense. The bad news: about one in three families spend 20% or more of their annual household income on child care, according to a study by Care.com. The good news: this expense is a temporary one. So,



if paying for childcare means you can't fund a college savings account right now, don't stress too much. Instead, think of college savings as a long-term, big picture goal. Ideally, it's something you can start contributing to when your child is born. But if not, then commit to it once they enter kindergarten.

Retirement also comes before college savings.

College savings are an optional expense. Retirement savings, however, are not. That's why funding retirement accounts should always be the priority. If your retirement accounts are fully funded, you can always help your child pay for their tuition or pay off their student loans. However, once retirement is around the corner, if you don't have ample savings in place, then you won't be able to maintain your lifestyle.

Play catch up with college savings whenever you can.

Over the years, there will be times when you can play catch-up. For instance, once you no longer have daycare costs, you can take that extra money and put it into a 529 plan. Likewise, as you move ahead in your career, you can take a percentage of your salary increase to fund your child's college savings plan.

Be disciplined.

To balance child care costs with college savings and retirement planning, you need to have a plan and stick to it. Don't make any spontaneous decisions, like taking money from your retirement savings to fund college tuition. Instead, meet regularly with your financial planner to talk about where you are now in terms of planning and where you need to go to achieve your goals.

Another way to help is to ask your family for contributions to a college savings account as gifts for birthdays and other holiday celebrations. It can help offset some of the stress associated with saving for college.

“Notable Quotables”

“Do not save what is left after spending, but spend what is left after saving.”

– Warren Buffett

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

Your child might have their heart set on an out-of-state private college. But tuition costs can make this unattainable for many families.

To find choices that fit your budget, use the U.S. Department of Education's College Scorecard website at <https://collegescorecard.ed.gov/>.

This site offers data on college costs, graduation rates and post-college earnings that you can search by state, program, size, and other criteria.

L&M Financial News is a free service of L&M Financial.

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Questions on Medicare? Meet Tori Ticco!



L&M Financial has partnered with Medicare Advisor Tori Ticco.

My father, Gregg Lipsitz, was the long-time CEO of L&M and one of the sharpest minds in our industry. Before he passed last year, his long-time

health insurance company said it wouldn't pay for his cancer treatment because he had not enrolled in Medicare. Gregg was 58 at the time, and we had no idea that Medicare could be required for someone under age 65 in certain instances. After two stressful weeks and the help of a great attorney, we were finally able to find a work-around.

Our friend, Tori Ticco ran into a similar issue helping her grandmother navigate Medicare. When her grandfather passed in 2015, her grandmother could no longer be insured by her late grandfather's plan.

Tori began learning the intricacies of Medicare and the related MediGap/Supplemental plans to help her grandmother.

When her grandmother's friends started calling to ask her questions, Tori decided to pursue this niche as her full-time job. Since then, she has spent every day helping clients make smart decisions about their Medicare.

We're very excited to announce L&M's partnership with Tori. Whether you're currently on Medicare or you will be soon, Tori is available to answer any Medicare questions you may have. If you'd like to hear from Tori, please check the "Medicare" box on the enclosed Appointment Request Card and drop it back in the mail to L&M.

Thank you!

*– Joseph Lipsitz,
CPA, CFP®, Financial Advisor*

Successfully Planning For College Costs

Continued from Cover

other priorities to suck up that money. But when you have it automatically withdrawn from your bank account each week or month, you won't miss it or spend it on another expense. Many employers even offer payroll deductions right into a 529 account, making it easier to reach your college savings goals.

Increase amounts steadily.

It's tough to find extra money in your paycheck for a college education. But if you get a raise or a big tax refund, consider putting some of the funds into your child's college savings account. In addition, aim each year to increase the amount you're contributing, even if it's just an extra \$25 a

month. Thanks to the power of compound interest, when small steps like these are taken early and often enough, they can have a major impact on your child's college savings account.

Get help from grandparents.

With low interest rates, the savings bond – once a favorite gift from grandparents – isn't as attractive as it once was. However, grandparents can still contribute by making a cash gift into a college savings account, like a 529 plan. In New York State, contributions to a 529 are deductible up to \$5,000 per year by an individual and up to \$10,000 per year by a married couple filing jointly.

Continue to save, even into college.

Once your child starts college, many parents immediately stop saving. But if you can, continue to fund the 529 plan throughout your child's college career. You can withdraw money at any time of the year, not just for tuition costs, to pay for qualifying expenses.

This is an especially helpful option if you started saving for college later than what you would have liked and want to reduce the amount your child will have to borrow. If you have money left over, it can even be transferred into the account of a different beneficiary, such as a younger child, without penalty.

Visit the L&M website at:

www.lmfs.net