



Duncklee & Nott

Kenneth Nott, CFP®, AIF®, CFS
19 Central Street
Hallowell, ME 04347
207-622-5222
877-582-2835
ken@dnretire.com
www.dnretire.com

Hi friends and clients!

We hope you had a great Thanksgiving and enjoyed some time with friends and family. Christmas will be here in no time, followed by the arrival of 2015.

As the end of the year approaches, we want to take a moment to compare some recent years. If you recall, 2013 was full of uncertainty and negative headlines (upheaval in the Middle East, the Fiscal Cliff, political gridlock, etc.). However, the market performed very well in 2013. In 2014, there have not been a lot of "crisis" headlines, and the market has had an "average" year. We just wanted to advise you to try to ignore the headlines when it comes to making investment decisions. On a planning note, the 401k plan, 457 plan, and Simple IRA limits are increasing in 2015. You'll be able to contribute an additional \$500 to each type of plan this coming year or an extra \$1,000 if you are over age 50.

Happy Holidays and enjoy the articles this month!

Jim, Ken, Megan, Sharon, & Susie

December 2014 Financial Fitness

Job Hunting in the Digital Jungle

Tips for Stress-Free Travel This Holiday Season

Saving for College: 529 Plans vs. Roth IRAs

How can I save on my heating bills this winter?

Duncklee & Nott

INVESTMENT & RETIREMENT PLANNING

Financial Fitness

Duncklee & Nott Monthly Newsletter

Job Hunting in the Digital Jungle



Gone are the days when job hunting meant simply opening a newspaper and browsing the classified ads. Today, the digital age has made job searching more complicated.

Fortunately, the online jungle of job opportunities

and professional advice is easier to navigate when you know a few key strategies.

Hone your navigation skills

You won't know what kinds of employment opportunities are available if you don't understand where to look. Start with a simple search of the numerous online job sites in existence. You can pick and choose the sites that will be most helpful to you according to the employment opportunities that interest you. If you're interested in a government job, visit USAJobs.gov to find federal opportunities, as well as listings according to your state's career service department. And if you're struggling with creating your resume or sharpening your interview skills, there are sites providing guidance. Once you know where to look, the path to employment will be easier to navigate.

Use social media

The use of social media for employment is a hot topic these days for a reason. It helps employers find an exact fit for an open position by allowing them to browse through profiles to get a feel for a candidate's personality and professionalism. You can showcase your qualities by keeping your employment history up-to-date and thinking before posting or sharing questionable statuses on your personal page. Bear in mind that it's easy for a potential employer to find you online, so you need to be careful about the information you choose to share about yourself.

Know your buzzwords

Employers sometimes receive hundreds of online applications for a single position. This can be overwhelming, and they don't want to waste their time reading them individually. Instead, employers might create filters that are designed to eliminate resumes that don't

contain keywords. Often it's useful to look at the description of the job you're applying for while you create your resume. That way, you can figure out which buzzwords employers will look for when they read your resume. Nouns, verbs, and phrases that describe the kind of work you excel in can help you stand out from your competition. Make use of any resources available to you online if you have trouble figuring out what defines a buzzword.

Never underestimate the importance of a cover letter

A cover letter is your chance to make a personal connection with a potential employer. It might be tough to make a cover letter describing your employment history to sound both engaging and informative. Don't waste precious space by including information that will be obvious from your resume. And as tempting as it might be, don't rely on cover letter templates when drafting your own. It may save time, but employers don't want to read identical cover letters from prospective employees. Remember, a cover letter is your chance to express your writing skills and professional voice. Put the necessary time and effort into writing a good one, and you could reap the benefits.

Remember personal relationships in a digital job hunt

The traditional method of meeting face-to-face with a prospective boss is obsolete when applying for a job online. While it may seem impersonal to send your resume and cover letter via e-mail without ever seeing a face or hearing a voice, your application is being read by another human being. Add touches of your personality to your social media profiles and whenever you reach out to potential employers so you can truly connect. If you bear this in mind, then personal connections won't get lost in cyberspace.

Tips for Stress-Free Travel This Holiday Season



Last year, over 94 million Americans were expected to travel during the year end holiday season (Source: American Automobile Association, 2013/2014 Year-End-Holidays Travel Forecast, December 2013).

It's that time of year again--the dreaded holiday travel season. And while overcrowded airports, train stations, and roads, combined with the possibility of inclement weather, can be a recipe for disaster, there are some steps you can take to make traveling this holiday season a bit easier.

Pre-trip planning

- *Travel "off-peak."* There will always be certain days and/or times that are busier than others during the holiday season. As a result, you may want to avoid peak travel times, such as the day before Thanksgiving. By adjusting your holiday travel schedule by just one day or even a few hours, you might face fewer crowds and decrease your travel time.
- *Consider an alternate route.* If you are traveling by car, consider taking a longer, less-traveled scenic route to circumvent areas where traffic is usually heaviest. If you are flying, avoid travel hubs with the most air traffic. Instead, try searching nearby, smaller airports to see whether they offer flights to your destination. Smaller airports may offer cheaper flights and often have fewer delays and less traffic to and from the airport. You can also try researching whether your airline or flight is usually on time or late by checking its on-time performance.
- *Check in or print out boarding passes/tickets beforehand.* Today, many airlines and train companies have streamlined the boarding/ticketing process. If you're flying, you may be able to select your seats and complete the check-in process at home. If you're traveling by train, consider purchasing your tickets online and printing your ticket vouchers before arriving at the station.

On the day of travel

- *Travel lightly.* Most airlines and trains have restrictions on the number of carry-on or check-in luggage passengers can bring. As a result, only bring necessities and try to avoid overpacking for your trip. In addition, consider ordering any holiday gifts online and mailing them ahead of time instead of bringing them with you.
- *Leave early.* Whether you are heading to the airport or train station or making the trip by car, avoid the long lines and traffic by leaving as early as possible on your scheduled day of travel. If you're worried about waiting around the airport or train station for too long, bring your laptop or extra reading material to keep yourself occupied.

- *Have a plan B.* Whether it's changing your travel route to avoid traffic congestion or dealing with a flight delay and missed connection, you'll want to be prepared to make adjustments to your travel plan. Having an alternative plan in place can make it easier to deal with any travel glitches that may arise when you travel.
- *Keep essential items on hand.* Keep copies of your travel itinerary, necessary photo identification (e.g., driver's license, passport), and medications on your person in case your luggage is lost or delayed while en route to your destination. You'll also want to make sure that you have plenty of snacks and beverages to help tide you over if you are stuck in traffic or your train or flight is delayed. Make sure that your electronic devices (e.g., laptop, phone, e-reader) are fully charged and bring chargers so you can plug in, if necessary, at the airport or train station. And if you are traveling with kids, be sure to bring along plenty of toys/games to keep them occupied.
- *Stay connected.* Whether it's real-time traffic updates or information on flight or train departures and arrivals, there are numerous mobile apps that can help make travel more efficient. Traveling by air? Check with your airline to see if you can sign up for flight status updates that go directly to your phone. If you're heading on a road trip, check with each state's highway authority to see which ones provide mobile traffic updates.
- *Be prepared for the worst.* It's important to remember that even the most well-thought out travel plans may not proceed without a hitch. A nasty nor'easter, air-traffic controller strike, or even just bad luck could disrupt your travel plans. The key is to stay calm and be prepared for the inevitable travel mishap. In the end, you will eventually reach your destination and celebrate the holiday season with family and friends.

Saving for College: 529 Plans vs. Roth IRAs



529 plans reach the \$200 billion mark

As of June 2013, assets in 529 plans totaled \$205.7 billion. Virginia has the largest 529 plan, with 19% of the total assets. (Source: The College Board, Trends in Student Aid 2013).

Note

Investors should consider the investment objectives, risks, charges, and expenses associated with 529 plans before investing. More information about 529 plans is available in each issuer's official statement, which should be read carefully before investing. Also, before investing, consider whether your state offers a 529 plan that provides residents with favorable state tax benefits. As with other investments, there are generally fees and expenses associated with participation in a 529 savings plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated.

529 plans are vehicles tailor-made for college savings. But some parents like the flexibility of using Roth IRAs. So how does a favorite of the college savings world stack up against a favorite of the retirement savings world when it comes to putting money aside for college?

Contributions

529 plans: People at all income levels can contribute to a 529 plan. Lifetime contribution limits are high, typically \$300,000 and up. And if certain requirements are met, 529 plans let you gift large lump sums gift-tax free--up to five years worth of the \$14,000 annual gift tax exclusion, which would be up to \$70,000 for single filers and \$140,000 for married joint filers (in 2014).

Roth IRAs: Not everyone is eligible to contribute to a Roth IRA. Income must be below \$129,000 for single filers or \$191,000 for joint filers (in 2014). In addition, Roth IRAs have annual contribution limits--\$5,500 per year, or \$6,500 if you're age 50 or older (in 2014).

Bottom line: Only 529 plans offer unlimited eligibility and the ability to make large lump-sum gifts in a single year.

Federal tax benefits

529 plans: Earnings accumulate tax deferred and are tax free if account funds are used to pay the beneficiary's qualified education expenses (a broad term that includes tuition, fees, room, board, and books). States generally follow this tax treatment, and some offer an additional tax benefit: a deduction for 529 plan contributions.

But if 529 plan funds are used for any other purpose, the earnings portion of the withdrawal is subject to income tax *and* a 10% federal tax penalty. Essentially, Uncle Sam is telling you to use the money for college.

Roth IRAs: Earnings in a Roth IRA also accumulate tax deferred and are tax free if a distribution is qualified. A distribution is qualified if a five-year holding period is met *and* the distribution is made: (1) after age 59½, (2) due to a qualifying disability, (3) to pay certain first-time homebuyer expenses, or (4) by your beneficiary after your death.

If your distribution is not qualified, the earnings portion is subject to income tax and, if you're younger than 59½, a 10% early-withdrawal penalty (unless an exception to the penalty applies). Again, Uncle Sam is encouraging you to wait and use the money for retirement. One exception to the early-withdrawal penalty is when a withdrawal is used to pay college expenses.

So it comes down to your age. Once you've met both the age 59½ and five-year holding requirements, money you withdraw from your Roth IRA to pay your child's college expenses is tax free. But if you withdraw funds before age 59½ to pay college expenses--the likely scenario for most parents--you might owe income tax on the earnings but not an early-withdrawal penalty. (Nonqualified distributions draw out contributions first and earnings last, so you could withdraw up to the amount of your contributions and not owe income tax.)

Bottom line: 529 plans offer more potential tax benefits *if* the funds are used for college. But Roth IRAs offer greater flexibility for parents over age 59½ who are paying college bills.

Investment choices

529 plans: With a 529 plan, you're limited to the investment options offered by the plan. Most plans offer a range of static and age-based portfolios (where the underlying investments automatically become more conservative as the beneficiary gets closer to college) with different levels of risk, fees, and management goals. If you're unhappy with the market performance of the option(s) you've chosen, you can generally change the investment options for your future contributions at any time. But you can change the options for your *existing* contributions only once per year (per federal law).

Roth IRAs: With a Roth IRA, you can generally choose from a wide range of investments, and you can typically buy and sell investments whenever you like.

Bottom line: The 529 plan rule of "one investment change per year" on existing contributions may restrict your ability to respond to changing market conditions.

Financial aid

529 plans: Under federal aid rules, 529 accounts are counted as parental assets (assuming the parent is the account owner), and 5.6% of parental assets are deemed available for college expenses each year. Colleges also consider the value of 529 plans when distributing their own institutional aid.

Roth IRAs: Under federal aid rules, retirement assets are not counted at all, so Roth IRAs don't impact federal aid in any way. However, colleges may consider retirement plan balances when distributing their own aid.

Bottom line: Only 529 plans count in both federal and college financial aid calculations.

Duncklee & Nott

Kenneth Nott, CFP®, AIF®,
CFS

19 Central Street
Hallowell, ME 04347
207-622-5222
877-582-2835
ken@dnretire.com
www.dnretire.com

Securities and Advisory services offered through Commonwealth Financial Network, Member FINRA, SIPC, a Registered Investment Adviser.

Fixed insurance products and services offered by Duncklee & Nott are separate and unrelated to Commonwealth.

Duncklee & Nott does not provide legal or tax advice. Please consult a legal or tax professional regarding your individual situation. This informational e-mail is an advertisement. To opt out of receiving future messages, follow the Unsubscribe instructions below.



How can I save on my heating bills this winter?

According to the U.S. Department of Energy, home heating costs account for about 45% of the average American family's energy bills

(Source: U.S. Department of Energy, December 2013). And with winter fast approaching, now's the time to prepare for the annual battle between the thermostat and your wallet.

Fortunately, there are some relatively simple steps you can take to help make your home more energy efficient and help you save on your heating bills this winter:

- **Keep the heat in.** To keep heat from escaping your home, apply weather stripping and caulking around drafty areas such as doors and windows, and inspect storm doors and windows for broken glass. Make sure that all areas of your home are properly insulated, especially attics, basements, crawl spaces, and outside walls.
- **Adjust your thermostat.** Turning down your thermostat even just a few degrees when you go to bed or when you are not home can help you save on your heating bills. To make it easier, install a programmable thermostat that will allow you to preprogram your heat to a lower temperature at certain times of the day.
- **Utilize window treatments.** Keep window curtains, shades, and blinds open during the day to allow sunlight in to warm your home, and keep them closed at night to retain the heat inside your home.
- **Close the damper.** To prevent heat from escaping through a fireplace, keep the damper closed when it's not in use. You can also avoid further heat loss by refraining from using the fireplace on extremely cold nights.
- **Have your heating system serviced.** Make sure that your heating system is working properly by having it serviced on an annual basis. In addition, clean furnace filters, warm air registers, baseboard heaters, and radiators to ensure maximum heating efficiency.
- **Consider an energy audit.** An energy audit can offer tips on how to heat your home more efficiently and save money on your energy bills. Contact your utility company to find out whether it offers free or discounted energy audits, or visit energy.gov for more information.



How do I purposefully disinherit an heir?

While you can easily disinherit a nonheir by not mentioning him or her in your will, the rules are more complicated when it comes to your heirs.

Merely not mentioning the name of a child or spouse in your will might not disinherit him or her, and doing so can even open the door for a will contest. In a will contest, the heir who is left out could argue that he or she was mistakenly overlooked. The outcome of a will contest depends in part on your state's law regarding an omitted (referred to as "pretermitted") spouse or child.

To be sure that your intent to disinherit an heir is unequivocal, you should consider including a disinheritance clause in your will. Such a clause can discourage the disinherited heir from contesting your will. This clause would indicate the exact name of the heir you wish to disinherit, and explicitly state that the reason he or she is not included is because you wish to disinherit him or her.

Be aware that, in most states, you cannot disinherit your spouse completely. If you live in

a community property state, your spouse automatically owns one-half of the community property, which generally includes property that either of you acquired during your marriage. In all states, spouses are protected from disinheritance because they're allowed to claim a statutory share (also known as "electing against the will"). A statutory share can run anywhere from one-quarter to one-half of an estate, regardless of the terms of your will.

Even though you have the right to disinherit a child, be aware that this right is restricted by laws granting certain inheritance rights to minors and protecting children of any age from accidental disinheritance.

If you are concerned about whether your heir can manage an inheritance but don't want to disinherit him or her, you might consider a trust for the benefit of the heir.

You should consult an estate planning attorney if you're considering disinheriting an heir, or if you have concerns about whether your heir can manage the inheritance.

Duncklee & Nott

INVESTMENT & RETIREMENT PLANNING