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# CLIENT NEWSLETTER

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If you enjoy our monthly newsletter and know someone who would benefit from receiving it, please contact us or email our Office Manager at [Laura.Fleming@ceterawealth.com](mailto:Laura.Fleming@ceterawealth.com)

## The Appeal of Low-Risk Investments

I have many clients who may be influenced by their parents who lived through the Great Depression or may have lived through at least part of it themselves. They may remember that taking even modest investment risks can bring financial catastrophe. For this reason, many senior clients will be seeking safety of principal and generation of income, not growth, during retirement. A good amount of my older clients frequently say they are not looking for a roller coaster ride. Many are typically looking for a predictable strategy with as much financial confidence as possible.

It is our job to consider our client's emotional ability to deal with risk and uncertainty when recommending products, as well as their capacity to deal with variations in portfolio value and income delivery. In general, most retirees are simply more risk averse than the average investor.

Most investors generally become more risk averse as they get older because they simply have less time to recover if investments decline. They also may not have the option of reentering the work force to try to recoup lost income.

Inflation can erode a conservative portfolio's value, while an unduly aggressive strategy could expose a client to undue risk during down or volatile markets.

Many seniors are also seeking low-risk investment products that can be easily accessed without surrender or other charges. These clients would therefore be ill-suited for an investment that limits yearly withdrawals or that charges early withdrawal fees. Many senior investors may also be looking for products that allow them to withdraw chunks of money for weddings, funerals, health care, or long vacations.

What do I find? Many senior investors (age 65+) want flexibility, comfort, safety (stability of principal), and some control over assets so that they will be able to maintain the kind of retirement they envisioned.

We have found ourselves working very frequently with safe alternatives in this down market. Feel free to call one of us if you have a friend or family member that is age 65 to 90 and needs assistance with a low-risk investment.

John R Creteau, *Investment Adviser*

*All investing involves risk, including the possible loss of principal. There is no assurance that any investment strategy will be successful.*

### Interest Rates 11/29/22

Type	Nov	Oct
Prime Lending	4	6.25
Federal Funds	4	3.25
3 Mo T-Bill	4.285	4.07
5 Yr T-Note	3.97	4.25

### Mortgage Rates

Type	11/25	10/28
30 yr Fixed	6.81%	5.12%
15 Yr Fixed	6.16%	6.43%
10 Yr Fixed	6.26%	6.67%

Source: Bankrate.com

## Grandparent Scam

Unfortunately, seniors are often the targets of scams looking to cheat them out of their money, often to the tune of tens of thousands of dollars. Although it has been around for years, in recent months, there has been a resurgence in the number of seniors falling victim to the “grandparent scam.”

This happened to my father-in-law, and my mother on the very same day! Two completely different households.

Typically, the “grandparent scam” works like this: A senior gets a call from someone pretending to be their grandchild. This individual explains that they are in trouble and need money immediately. Perhaps they’re in jail and need money for bond or they’re stuck in a foreign country and need money to get out. Typically, the caller will include enough detail to make the story seem realistic. The “grandchild” will often ask you not to tell their parents that they are in trouble. They ask you to wire money to a specific location or to give it to a third party, who is usually someone posing as a lawyer or police officer. Once you wire the money, the scammers break off all contact—usually making it impossible to recover the money.

In my family’s case, the scammer called my father-in-law first. When my father-in-law answered the phone, the scammer said “Hi grandpa, it’s your grandson! I’m in Aruba! I’ve gotten into some trouble and need money to pay off the police and get back to the US.”

There are many ways these scammers choose their targets. They may purchase “lead lists” with information about older individuals or individuals they can get personal information about. Often, scammers peruse social media to find information about potential targets, such as whether they have grandchildren or how old they may be.

### How to Handle

The first and most crucial step is not to panic if you get this type of call. Often, scammers call in the middle of the night, when you may not be thinking clearly and may be more likely to believe what you hear. Always verify the individual’s identity by asking questions someone else could not answer—such as the name of their first pet. Call other family members to see if they have heard from the grandchild—or even try to call your grandchild’s personal telephone to see if they’re OK. In no circumstances should you send money until you are positive that your grandchild is in trouble and that the money is going to the correct party.

If you realize you have been scammed after sending money but before it’s been picked up, you may be able to retrieve it. Unfortunately, if the money has already been picked up, it is most likely gone for good—along with the scammers who took it.

Fortunately for my father-in-law, he called us to see what was going on. I was able to assure him that it was not our son and that he was being scammed. I immediately called my mother to let her know just in case she received a similar call. Sure enough, later that day my mom received the same call!

### Protection Tips

To prevent your email and computer from being hacked use a firewall and anti-virus/anti-spyware software. You should not open email attachments from strangers or even from friends and family when the attachment seems strange.

You should make sure all your social media accounts are private, so that scammers cannot see your personal information. And if you receive a telephone call from a number you do not recognize, it may be best to screen the call until you determine it’s legitimate.

John R Lachapelle, *Financial Advisor*

## Collecting Social Security Benefits on Your Ex-Spouse

Social Security is an intricate system that makes up nearly 1/3 of retirement income for many Americans. Thus, stating that choosing the best social security option for your situation is crucial for you and your spouse. Begging the question, if I am divorced are there better options for my social security than just my identified benefit amount?

Actually, there could be. Stating from the Social Security Benefit Association, if you are divorced you are entitled to half of your ex-spouse's benefit if that amount is higher than your benefit amount, just as if you were still married. To qualify, you must meet the following SSA guidelines.

1. You must have been married previously to the ex-spouse for a minimum of 10 years.
2. You have not remarried, *(if your ex-spouse has that does not matter)*.
3. You and your ex-spouse have reached the age to receive the benefits of social security, 62.
4. Your benefit is less than half of your ex-spouse's benefit.

*\*Keep in mind that your ex-spouse does not have to file, just reach the age to receive benefits\**

With many factors and options specific to an individual's case, it is important to talk to a professional when making a lifelong decision about your benefit. Considering it has the potential of making up 1/3 of your retirement income, choosing the right option for you is important and knowing your options is the key to success.

Rick Creteau, *Registered Representative*

## Apply For Medicare Early

If you're like most of us, you've probably been thinking about your health quite a bit — especially if you're approaching retirement. Trust me, I understand. Anticipating your future medical costs can feel daunting. When it comes to your health, Medicare may be an important part of your retirement strategy.

### Age Matters

Outside of certain unique circumstances, Medicare has strict rules governing when you become eligible for the program. In general, you can apply for Medicare:

- As early as three months before the month you turn 65
- During the month you turn 65
- Up to three months after the month you turn 65

### Secondary Coverage

If you're actively working but meet the requirements above, Medicare can still be useful. That's because if you have insurance through your employer at the time you apply, Medicare can become your secondary insurance.

If you are still working, be sure to check your company policy regarding the transition of employees to Medicare.

No matter what you decide, you have choices regarding your healthcare expenses in retirement. As always, if you have any questions or want to chat about your options, please do not hesitate to reach out.

John R Lachapelle, *Financial Advisor*

## Brokered CDs

I recently sat with a new client who asked me about Brokered CDs and if they were safe. She was recently talking to one of her business partners that had suggested they put some of their money needed for their business into a short term Brokered CD to make more interest than leaving it in the current checking account where the funds sat.

**What are Brokered CDs?** They are Certificate of Deposits (CDs) offered by banks that can be bought and sold in a Brokerage Account. What makes them appealing is that they are FDIC insured deposits that will protect your principal up to the traditional FDIC limits (\$250k individual /\$500k joint) if the bank fails and goes bankrupt.

They make it convenient to buy multiple Bank CDs in one spot versus buying multiple CDs from various banks directly all over the place.

They also allow investors who traditionally use their brokerage accounts to buy investments, i.e., Stock, Bonds, ETFs, mutual funds, etc. to easily sell out of these risk assets to invest in safer investments in the same account.

Unlike traditional CDs offered by local banks that may have a nominal penalty for breaking that CD before maturity, i.e., 3 months' worth of interest, Brokered CDs when redeemed before maturity are bought and sold on the secondary market. In other words, directly from another party wanting to buy or sell your CD prior to maturity.

If Brokered CDs are held to their maturity, i.e., 6 or 12 months there is no risk to your principal or interest. However, if you sell your Brokered CD before maturity then changes in interest rates and how long until your CD matures, or its duration can cause your CD to be sold at a gain or loss.

The faster the interest rate movement and the longer the duration until your Brokered CD matures can have more of a dramatic effect on what your CD will be worth if you sell it prior to maturity.

For example, if you purchased a \$100,000 brokered CD for 2 years at 3% and you wanted to sell it 6 months later when rates have risen to 4% you would get around \$100,009 and forfeit around \$1500 in interest due to rates being higher.

Conversely if you bought the same 24-month CD at 3% but rates dropped to 2% and you wanted to sell your CD in 6 months, you would get around \$102,980.



Richard K Hackett, CERTIFIED FINANCIAL PLANNER™

### Brokered CDs

- The Annual Percentage Yield (APY) represents the interest earned through maturity date. Rates are simple interest calculation over 365-day basis. Interest cannot remain on deposit.
- Early redemptions are subject to prevailing market conditions that could result in a loss of principal. Cetera Advisor Networks LLC does not guarantee the term of the CD.
- There are some unique differences between traditional bank CDs and brokered deposits.
- CDs purchased directly from the bank may face an interest penalty if redeemed prior to maturity.
- Brokered CDs cannot be redeemed back to the institution prior to maturity.
- Early redemption or liquidation prior to maturity may be an amount less than the original price.

The hypothetical investment results are for illustrative purposes only and should not be deemed a representation of past or future results. Actual investment results may be more or less than those shown. This does not represent any specific product [and/or service].

## Importance of Life Insurance

There are many reasons one may find themselves wondering “*why would I need life insurance?*” You may know what life insurance is, however, do you know why you may need it?

Do you have debt? When a loved one passes, it is an extremely emotional and stressful time. If that loved one passes away with any debt, that debt does not disappear causing an already challenging time to be more challenging. On top of the potential debt, they may be left with, your loved ones might face an additional burden trying to pay for the expenses of funeral services and burials. By having a life insurance policy in place, this can help alleviate those burdens.

With life insurance, you provide a financial safety net for family members. By securing life insurance, you are securing supplemental income which can help fill the income gap that may affect your loved ones. The death benefit that is provided by life insurance can be used to cover day-to-day purchases and living expenses such as groceries and mortgages.

## It's a Simple Process

Are you or someone you know interested in obtaining a life insurance policy but worried about the process? Worry no more!

The process starts with you by reaching out to me. I will ask you some basic questions and input the information through the system which will provide me with the quoted results.

Once you decide which company to move forward with, I will complete the online application and will submit it to the carrier for processing.

After submitting the application, most companies will reach out within 48-72 hours to have you complete a brief 15–20-minute phone interview asking the required medical questions. Depending on your answers, they will have someone reach out to schedule a basic medical exam. *In rare cases, additional testing/information may be requested.*

Once the medical exam is complete, results will be sent to the underwriter who will then make the final decision. Once we receive a decision your advisor will contact you to review the final details to have the policy issued.

If you or someone you know is interested in learning more about life insurance and receiving a quote, please reach out to our office or email me @ [ashley.langlais@ceterawealth.com](mailto:ashley.langlais@ceterawealth.com).

*Ashley Langlais, Client Services Assistant*



*The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable by having the policy approved. 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.*

Moving can be time consuming and stressful. We make it easy to keep your investments, retirement and insurance accounts up to date.

**Change of Address** and include your name, your old address and your new address and updated phone numbers.

Or call the office at 603-332-6518 ~



## Contest-Winning Easy Minestrone

- 2 large carrots, diced
- 2 celery ribs, chopped
- 1 medium onion, chopped
- 1 tablespoon olive oil
- 1 tablespoon butter
- 2 garlic cloves, minced
- 2 cans (14.5 ozs each) reduced sodium chicken broth
- 2 cans (8 ozs each) no-salt added tomato sauce
- 1 can (16 ozs) kidney beans, rinsed and drained
- 1 can (15 ozs) chickpeas, rinsed and drained
- 1 can (14.5 ozs) diced tomatoes, undrained
- 1 ½ cups shredded cabbage
- 1 ½ tsp dried parsley flakes
- 1 tsp dried oregano
- ½ tsp pepper
- 1 cup uncooked whole wheat elbow macaroni
- 11 tsp grated Parmesan cheese

In a large saucepan, sauté the carrots, celery and onion in oil and butter until tender. Add garlic; cook 1 minute longer.

Stir in the broth, tomato sauce, beans, chickpeas, tomatoes, cabbage, basil, parsley, oregano and pepper. Bring to a boil. Reduce heat; cover and simmer for 15 minutes. Add macaroni; cook, uncovered, 6-8 minutes or until macaroni and vegetables are tender.

Ladle soup into bowls. Sprinkle with cheese.

<https://www.tasteofhome.com/recipes/contest-winning-easy-minestrone/>

- 12 cups torn mature spinach leaves or baby spinach
- 3 mini cucumbers, sliced on the bias
- 2 tablespoons extra-virgin olive oil
- 1 medium shallot, finely chopped
- ¼ cup cider vinegar
- 2 tablespoons pure maple syrup
- ¼ tsp salt
- ¼ tsp ground pepper
- ¼ cup shredded smoked cheese, such as Gouda or Cheddar
- ¼ cup chopped pecans, toasted.

Toss Spinach and cucumbers is a large serving bowl.

Heat oil in a skillet over medium-low heat. Add shallot and cook, stirring often, until softened, 4-5 minutes. Add vinegar and maple syrup; bring to a boil. Stir in salt and pepper.

Immediately pour the dressing over the spinach and cucumbers. Toss & sprinkle with cheese and pecans. Serve immediately.

<https://www.eatingwell.com/recipe/251701/spinach-salad-with-warm-maple-dressing/>

**Quiz:** A Registered rep should detect which of the following signs indicating **elder financial abuse**?

1. Submission of a durable POA to the firm.
2. Uncharacteristic changes in investment objectives. **(CORRECT)**
3. A customer beginning to include his children at every meeting.
4. Account instructions being communicated through a new unrelated third party. **(CORRECT)**

**Source:** John Creteau (I missed it last month)



## Client Quiz!

### This Month's Quiz

**Question:** What type trust is a vehicle through which individuals may pass retirement assets from their IRA's, via a trust, to their chosen beneficiaries.

- a. Q -Tip Trust
- b. AB Trust
- c. Revocable Trust
- d. See-through trust

**Source:** John R. Creteau

### Answer to Last Month's Quiz

**Question:** Social Security Supplemental Security Income (SSI) benefits for approximately 70 million Americans will increase \_\_\_\_\_ percent in 2023?

- e. 5.0%
- f. 6.5%
- g. 7.2%
- h. 8.7% (CORRECT)

**Source:** John R. Creteau

## Pros and Cons of Credit Cards

PROS	CONS
<b>Credit cards can help you build a strong credit history.</b> In order to do so, it is necessary to create solid habits, such as paying your bill in full and on time each month.	<b>Bad habits can hurt your credit score.</b> If you don't use your credit card responsibly, your credit score will take the hit. <b>Interest can be the enemy.</b> If you can't manage to pay your balance in full and on time each month, you will be charged interest.
<b>Rewards credit cards</b> allow you to earn points, miles and even more cash back when you use your card to make everyday purchases.	<b>Easier to take on debt.</b> The temptation of a credit card can cause many to spend more than they should. If you don't have the means to pay off a purchase in full at the moment you swipe your card, reconsider the purchase. You don't want to accumulate debt due to a shopping spree.
<b>Immediate access to funds.</b> Some may argue this is a con, however, a credit card is a blessing in an emergency. If you have to use a credit card for a large expense, do your best to pay it off by the end of your billing cycle so you aren't charged interest.	<b>Annual fees can be steep.</b> Not all credit cards charge an annual fee, but typically credit cards that offer luxury rewards, for example, come with a high price tag.

## Pros and Cons of Debit Cards

PROS	CONS
<b>The money in your account is liquid.</b> This simply means what you have in the bank account associated with your debit card is as good as cash. You don't have to pay anything back when you make a purchase with a debit card.	<b>Debit cards won't help your credit score.</b> You can use your debit card responsibly, it still won't help build your credit score.
<b>No annual fees.</b> Debit cards usually don't have annual fees.	<b>Rewards programs are non-existent.</b> You will miss out on the rewards programs that come with most credit cards because debit cards don't offer the same perks.
<b>No credit ? No problem.</b> Debit cards are usually easy to get, even if you have poor or no credit.	<b>Fees, fees and more fees.</b> Debit cards typically come with monthly maintenance fees, overdraft fees and foreign ATM fees.

John R Creteau, *Investment Adviser*



## IRS Increases 401(k) Limit by Record Amount

The Internal Revenue Service is boosting how much Americans can plow into their 401(k) plans next year by a record amount amid a surge in inflation.

The contribution limits for the popular tax-deferred retirement savings accounts will rise by \$2,000 to a maximum of \$22,500 in 2023, reflecting the change in the headline consumer price index. It's the biggest dollar increase since the cutoff began being indexed to inflation in 2007, when the maximum amount allowed was \$15,500.

The changes mean that retirement savers who are 50 or older can now save a combined \$30,000 a year in their 401(k)s, between the new limit and the increase to \$7,500 for catch-up contributions.



John R Lachapelle, *Financial Advisor*

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