NAVIGATOR

SEASCAPE
CAPITAL MANAGEMENT

FALL 2015

INSIDE THIS ISSUE:

Seascape Capital Management, LLC

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Fall is officially here and with that comes back to school, football season, and the return of the thousands of tourists who flock to our region annually for the beautiful New England foliage. We hope you and your families enjoyed an outstanding summer and have some fun and exciting plans in store for the months ahead.

With a little less than a third of 2015 left, we want to remind you of some tax changes you can still take advantage of. In addition, there are some very important changes to FAFSA and higher education financial aid filing. One of our favorite bloggers, Michael Kitces, lays out the new changes nicely on page three. We have included some financial food for thought on page four for entrepreneurs and young adults.

Also this month, we are very excited to welcome a new member to the Seascape team, Andrew Litzerman. Meet him on page two.

2015 Tax Changes You Can Still Benefit From

While we are two thirds of the way through the year, it is not too late to still take advantage of some tax changes in 2015. Specifically, if you contribute to retirement plans, overall contributions limits have expanded across the board and more options are available to you. In essence, you can put away more money into those plans than ever before.

1. **Higher Contribution Limits**
   This year, you can deposit up to $18,000 of your gross pay into a traditional 401K or other employer-sponsored plans. If you are self-employed or own a small business, you can deposit up to 20% of your pay (with a $53,000 cap) into a SEP (Simplified Employee Pension Plan) or solo 401K.

   If you do not have access to a plan at work, you can contribute up to $5,500 to a traditional IRA or Roth, and if you are over 50, that number increases to $6,500.

Continued on next page.

2015 Tax Changes, continued.

2. 401K plus IRA

Even if you have a retirement plan available at work you may still be able to make a deductible IRA contribution if your income is below the threshold.

If you are married and both of you are covered at work, your IRA deduction phases out between $98,000 and $118,000. If only one spouse has the plan, the phase out is between $183,000 and $193,000.

3. Contributing to a Roth

While a Roth is not a fit for everyone, it can be the right fit for some, especially if you believe you will be in a higher tax bracket when you start making retirement withdrawals.

It is important to take note of the income limits. Above those limits the amount you can deposit phases out, however these limits were raised for 2015. If you are married you can make the maximum Roth contribution if your income is below $183,000. From $183,000-$193,000 the amount you can deposit into the Roth phases out. For those who are single, the threshold starts at $116,000 and ends at $131,000.

Seascape News: Andrew Litzerman joins Seascape Capital

We are excited to share with you that we welcomed a new team member to Seascape.

Andrew Litzerman, CFA®, joined Seascape Capital this summer as a Portfolio Manager. He is responsible for assisting our Senior Portfolio Manager with trading, investment research, and portfolio administration.

Prior to joining the Seascape team, Andrew served as an Investment Associate at Citi Private Bank from 2009 to 2014. There he worked with Ultra High Net Worth clients researching investment ideas and building customized client portfolios.

Andrew graduated from Northeastern University where he earned a Bachelor's of Science in Business Administration with a concentration in Finance. Andrew was awarded a CFA® Charter in 2013 and is a member of the Boston Security Analysts Society.

Andrew is originally from New Hampshire and now lives in South Boston with his adorable beagle, Chloe. In his free time he enjoys going to the gym and playing baseball.

We are thrilled to have Andrew as a member of the Seascape team. We hope you will take the opportunity to meet Andrew during a visit to our Portsmouth office.

In the meantime, please join us in welcoming him!

For the latest Seascape news connect with us on LinkedIn!

Amended FAFSA Rules for Prior-Prior Year Income

Adapted from a post by Michael Kitces

Qualifying for Federal financial aid requires filling out and submitting the Free Application for Federal Student Aid (FAFSA), based on your income from the preceding year. Except historically, this FAFSA process has been challenging, because schools are already issuing their acceptance letters about attendance before most families have even finished filing their return to know what income to report on the FAFSA!

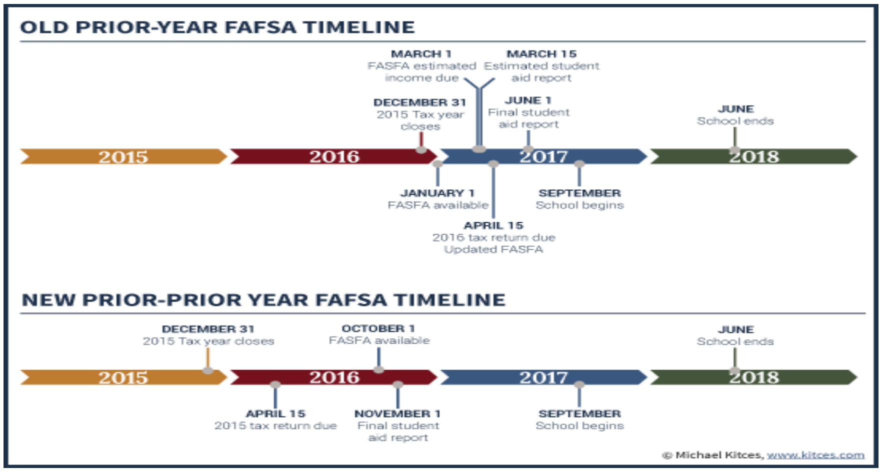
To make the process easier, President Obama signed an executive order that will change the FAFSA rules beginning with the 2017-2018 school year, allowing students to complete the FAFSA based on the "prior-prior year" (PPY) income, and shifting the entire application process back to October of the preceding year (a full 11 months before the student will matriculate).

The new rules should make it much easier for students to file the FAFSA to determine eligibility for financial aid. But notably, it means that the current 2015 tax year will now count *twice* for financial aid purposes (2016-2017 under the current prior-year rules, and again in 2017-2018 under the new PPY rules).

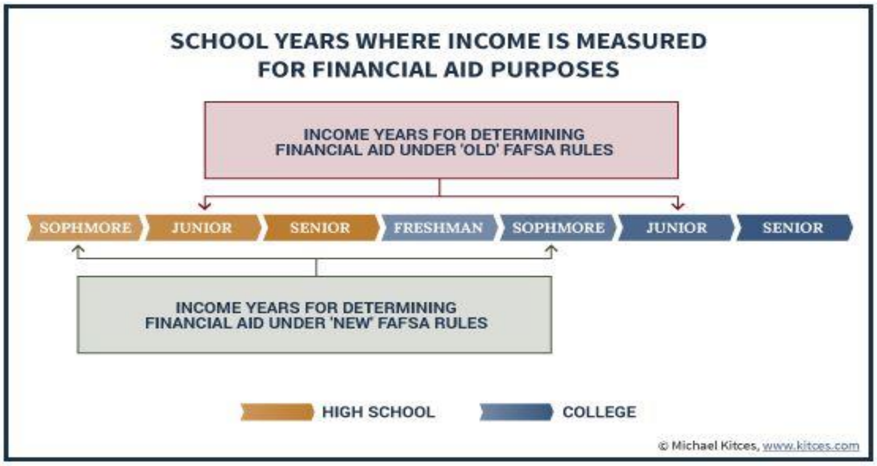
If you have any questions about planning for your children's future education, Seascape is here to help.

For more comprehensive details on the changes, please refer to Michael Kitces' [full article].

The following image shows a comparison of the old and new timelines for submitting the FAFSA. As reflected in the changes, it is becoming a more straightforward process.



The new prior-prior year rules mean the "key" years of income for college financial aid start as early as the student's rising sophomore year of high school, and end mid-way through the student's sophomore year of college.



Three Smart Moves for Young Adults

Your twenties are a time for exploration and new experiences, but also a time of emerging personal financial responsibility. And though times are certainly different now for young adults compared to 10 to 20 years ago, some advice never goes out of style.

1. **Live within your means**
   It may sound boring when the world is finally at your fingertips, but living within your means, even *below* your means, is one of the best things you can do to create a solid foundation.
2. **Save, save, save**
   Living within your means doesn't entail breaking even each month – it means making room for savings too.
3. **Borrow wisely**
   Before you sign the dotted line for a major purchase, ask yourself whether you're overextending yourself, whether you're getting the best possible deal, and whether borrowing is the only way to achieve your goals. Be sure to understand the true cost of your credit.

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Food for Thought: Tips for Entrepreneurs

If you are considering the launch of a new venture (or know someone who is), you may find the following information helpful.

Overcoming the obstacles:

So what should someone with a great business idea do?

- First and most important, define what success means to you. Do you want a thriving operation with dozens of employees, or are you looking for self-employment to bring in additional income while allowing more time for family needs? Or maybe it's something in between? Be sure you have a clear vision of your dream before you launch.
- Understand that preparation and knowledge are keys to building confidence. Develop a written business plan that describes your business's products and/or services, target market, marketing and sales strategy, opportunities and challenges, competition and how you will address it, and other key success factors. This document and the hard work involved in preparing it will be especially important if you plan to seek financing from lenders, angel investors, VC firms, or other outside sources.
- Know that successful entrepreneurs are typically willing to take calculated risks. Don't let fear drive your decision making. Once again, preparation is important, but don't let your analysis end up in paralysis.
- Be sure you have enough funds set aside to survive the start-up phase, which can last as little as a few weeks or as long as several years, depending on your business. Having enough money to live on during this period may further bolster your confidence, reduce fear of failure, and support wise risk taking.

Finally, take heart in knowing help is available. The Community Development Financial Institutions (CDFIs) across the country provides resources and information for business owners. In addition, if you are a woman looking to start a business, the Small Business Administration, Women's Business Centers is a great resource.