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FINANCIAL GROUP

WEALTH MANAGEMENT & FINANCIAL PLANNING

EYE ON MONEY

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ONE YEAR TO GO!

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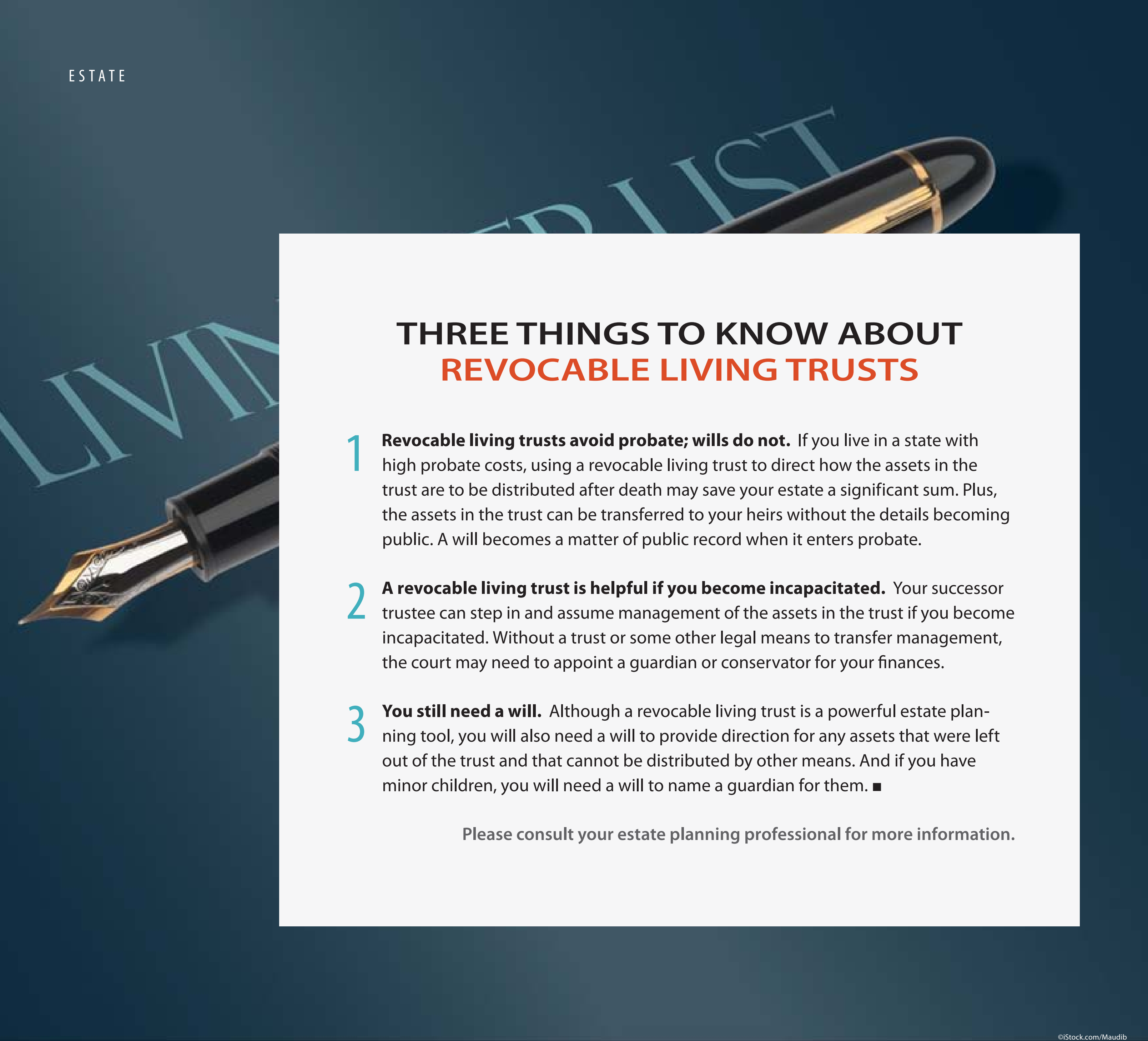

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THREE THINGS TO KNOW ABOUT REVOCABLE LIVING TRUSTS

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.

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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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Determine your full retirement age for Social Security.

The amount of your monthly Social Security benefit will depend in part on whether you begin benefits before, at, or after your full retirement age. The longer you wait to begin, up until age 70, the higher your own monthly benefit.

Year of Birth	Full Retirement Age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

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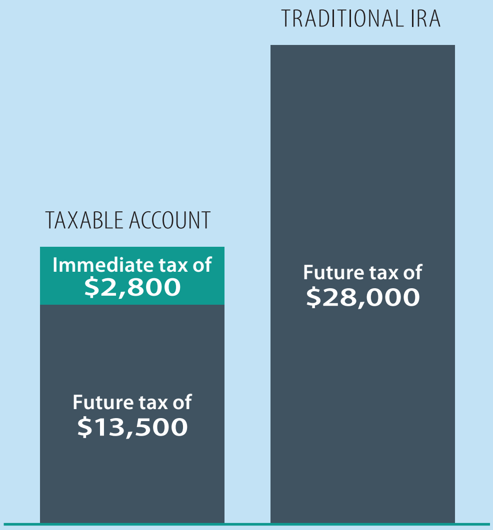
Think twice before moving employer stock from a 401(k) plan to an IRA.

If the stock has appreciated greatly in value, you may save a bundle in taxes if you transfer it to a taxable account instead. Although the stock's cost basis will immediately be taxed as ordinary income, the increase in the stock's value (known as its net unrealized appreciation, or NUA) will be taxed as a long-term capital gain when the stock is sold, which may significantly reduce the tax on its appreciation.

Whether this move is right for you will depend on your financial situation, your plans for the stock, how much the stock has appreciated in value, and other factors. It also hinges on whether your employer's retirement plan allows the transfer of actual securities; some plans do not.

Please consult your tax and financial advisors about how to handle employer stock in a 401(k) plan or other qualified retirement plan.

Hypothetical Example:
A comparison of how employer stock with a $100,000 market value and a $10,000 cost basis may be taxed depending on whether it is moved from a 401(k) plan to a taxable account or to an IRA.



The stock's cost basis ($10,000) is taxed as ordinary income (28%, in this example) when it is distributed from the 401(k).

The Net Unrealized Appreciation, or NUA, ($90,000) is taxed as a long-term capital gain (15%, in this example) when the employer stock is sold.

The employer stock ($100,000) avoids tax when it is transferred to the IRA, but is taxed as ordinary income (28%, in this example) when it is withdrawn from the IRA.

In this example, transferring employer stock to a taxable account instead of an IRA reduces taxes by:

$11,700

This is a highly simplified, hypothetical example for illustrative purposes only, and assumes that the value of the stock does not change after it is distributed from the 401(k) plan and that the account owner is old enough to avoid an early distribution penalty. Your results will vary.

The first two options—transfer your savings to an IRA or leave them where they are—preserve the tax-favored status of your savings so that they can continue to compound tax-deferred or tax-free for as long as they remain in the account.

When deciding between an IRA and your employer's 401(k) plan, consider that IRAs generally offer a wider range of investment options and the convenience of being able to consolidate all of your old 401(k) accounts and IRAs into one IRA account (two IRA accounts, if you also have Roth savings).

The third option—cashing out your 401(k)—may be appealing if you have an immediate need for the money, but it has two drawbacks. First, you are passing up the potential for decades more of tax-favored growth that could be yours if you choose one of the other two options. And second, the taxable portion of your withdrawal will immediately be subject to ordinary income tax. As much as twenty, thirty, or even forty percent or more of the taxable portion may be lost to taxes in the year you receive the distribution.

Avoid a penalty on early withdrawals. If you are planning to retire before the year you reach age 59½, be aware that 401(k), 403(b), and IRA distributions before that age are generally subject to a 10% federal penalty—unless you meet an exception. (The penalty for an early distribution from a SIMPLE IRA is 25% if the withdrawal is made within the first two years of participating in the SIMPLE IRA.)

There are two exceptions in particular that may come in handy if you retire early. The first one applies to 401(k) and 403(b) plans and allows penalty-free distributions before age 59½ as long as you left service with the employer sponsoring the plan in or after the year you reached age 55 (age 50 for qualified public safety employees).

The second exception applies to 401(k) plans, 403(b) plans, and IRAs and allows you to receive penalty-free distributions before age 59½ provided the distributions are made in a series of substantially equal periodic payments. Please check with your tax and financial advisors for more details.

Decide when to start Social Security. The age when you begin receiving Social Security retirement benefits has a big impact on the amount of your monthly benefit. In a nutshell: The longer you wait to begin, up until age 70, the larger your monthly benefit.

If you start your personal benefits at age 62, your monthly benefit amount may be 25% smaller than if you waited until your full retirement age to begin. And if you delay the start of personal benefits until age 70, your monthly benefit may be as much as 32% larger than if you began at full retirement age.

Of course, if you wait until age 70 to begin, you will have missed all of those payments between age 62 and 70. So is it better to receive lower payments for a longer time or higher payments for a shorter time? According to the Social Security Administration, if you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits regardless of when you started. And if you live past that age, delaying the start of benefits will result in higher overall lifetime benefits.

In addition to considering how your start date may impact your own monthly benefits, be sure to consider how it may impact your spouse's benefits if he or she survives you, particularly if you are the higher-earning spouse and your spouse receives benefits based on your work record. If your spouse is full retirement age or older and survives you, he or she will generally receive survivors benefits equal to 100% of your benefit amount. If you start benefits early at a reduced amount, your spouse's survivors benefits will be based on the reduced amount.

Explore Social Security claiming strategies if you are married. You may be able to increase your overall lifetime benefits

Get an estimate of your Social Security benefits.

To find out how much income you may receive each month based on your actual Social Security earnings record, visit the Social Security Administration's website at www.ssa.gov and click on Retirement Estimator.

The estimate will generally include the monthly amounts you may receive if you begin benefits at age 62, full retirement age, or age 70.

About one out of every four 65-year-olds today will live past age 90.

Plan for the possibility that you may live longer than you expect.

The average life expectancy for a 65-year-old man is age 84.3

The average life expectancy for a 65-year-old woman is age 86.6.

Many of today's 65-year-olds will live past those ages.

About one out of ten 65-year-olds today will live past age 95.

SOURCE: Social Security Administration

by carefully choosing when and how you and your spouse apply for benefits.

For example, if you have reached full retirement age and are eligible for your own benefits and spousal benefits, you can apply for just spousal benefits. This tactic makes it possible for you to receive spousal benefits for a few years while waiting for your own benefits to increase. Then at age 70, when your own benefit has reached its maximum amount, you can switch to it.

Take the time to explore how you and your spouse might increase your overall Social Security benefits. The time you invest can be well worth it.

Estimate your income needs. With retirement less than a year away, it is a good time to fine tune your estimate of how much income you may need each year in retirement to cover essential expenses, such as food, clothing, shelter, transportation, and insurance, and how much you may need to cover the fun things in life, such as travel and hobbies.

Next, add up the income you can count on each year from sources such as Social Security, traditional pensions, and fixed annuities. Is it enough to cover your annual expenses? If not, it is time to figure out how to fill or reduce the gap. Your sources of additional income may include your savings, rents from properties you own, and income from a part-time job. If those sources are not enough, consider reducing your discretionary expenses or postponing retirement so that you have more time to bolster your savings.

Plan how much to withdraw. Okay, so you'll need to receive some income each year from your retirement savings. Depending on how much income you need, you may be able to rely solely on interest and dividends from your portfolio. Or you may also need to withdraw a bit of the principal each year. Withdraw too much, however, and your savings may run dry prematurely. To minimize the chance of this happening, it is important to estimate how much you can withdraw each year and still have a good chance of your nest egg lasting 30 or so years.

One popular rule of thumb says that retirees who withdraw about 4% of their savings in the first year of retirement and then increase the annual withdrawal amount by the inflation rate each year have a strong chance of their nest egg lasting 30 years. For example, if you have $1 million in savings at the start of retirement, you might withdraw $40,000 in year one of retirement, $41,200 in year two, $42,436 in year three, and so on (assuming the inflation rate is 3% each year), generally without your retirement savings running dry in 30 years.

But before you apply what is known as the "4% rule" to your nest egg, please remember that 4% is only a broad guideline. The rule was developed a few decades ago based on historical data and generally using a 50/50 mix of stocks and bonds held in a tax-deferred account. (Past performance is no guarantee of future results.) Your age, your investment mix, and other aspects of your financial situation, as well as recent investment returns, may suggest that you use a different withdrawal rate altogether.

Your financial advisor can help you evaluate your situation and choose an appropriate withdrawal rate that helps minimize your risk of running out of money in retirement.

Factor taxes into your withdrawal strategy. By the time you retire, your savings may be spread among tax-deferred, tax-free, and taxable accounts—each with vastly different tax treatments.

If you have assets in accounts with different tax treatments, the sequence in which you tap them may help reduce

Understand how your savings will be taxed.

TAX-DEFERRED ACCOUNTS

Traditional IRA, 401(k), & 403(b)

- Earnings accumulate tax-deferred.
- Withdrawals of pre-tax contributions and earnings are taxed as ordinary income.
- Withdrawals of non-deductible and after-tax contributions are tax-free.

TAX-FREE ACCOUNTS

Roth IRA, 401(k), & 403(b)

- Earnings accumulate tax-free.
- Withdrawals of contributions are always tax-free.
- Withdrawals of earnings are tax-free as long as the account has been open for at least five years and you are older than age 59½.

TAXABLE ACCOUNTS

Regular savings & investment accounts

- Taxation occurs annually on that year's earnings, such as interest, dividends, mutual fund distributions, and any capital gains you realize.
- Long-term capital gains and qualified dividends are taxed at long-term capital gains tax rates.
- Taxable interest income, short-term capital gains, and non-qualified dividends are taxed as ordinary income.
- Return of principal is not taxable.
- Losses can be used to offset gains.

PLEASE NOTE:

The federal tax rates on ordinary income currently range from 10% to 39.6%.

The federal tax rates on long-term capital gains and qualified dividends are currently 0%, 15%, or 20%.

An additional 3.8% surtax may apply to earnings in a taxable account for high-income taxpayers.

Early withdrawals from a tax-deferred or tax-free account before age 59½ are subject to a 10% federal penalty on the taxable portion of the withdrawal unless an exception to the penalty applies.

70% of 65-year-olds today will need long-term care at some point in their lives.[1]

Consider long-term care insurance.

When planning how you will pay for health care in retirement, keep in mind that you may one day need assistance with activities of daily living, such as eating, bathing, and dressing. This type of custodial care can be expensive, and Medicare only covers it in limited situations. To help with these potential costs, consider purchasing long-term care insurance.

1 SOURCE: U.S. Department of Health and Human Services

your taxes and sustain your nest egg. The general rule of thumb is to withdraw money from your taxable accounts first, followed by your tax-deferred retirement accounts, and finally your tax-free Roth accounts. This strategy leaves your tax-favored accounts untouched for as long as possible to maximize the time that they have to potentially compound tax-deferred or tax-free.

As with all rules of thumb, though, this one does not apply to all people, all of the time. There may be situations when it is more tax-efficient to tap your accounts in a different sequence or multiple types of accounts in one year. Please consult your financial advisor for specific advice about your situation.

Consider purchasing an annuity. Given the increasing number of years spent in retirement, even people who have successfully saved for retirement may have concerns about outliving their savings. If this possibility concerns you, consider purchasing an income annuity with part of your savings.

An income annuity is a contract with an insurance company that agrees to pay you a stream of income for life or a specified number of years in return for your upfront premium payment. (Guarantees are subject to the claims-paying ability of the issuing insurance company.)

Ask your financial advisor whether an income annuity may be right for you.

Decide on health insurance. If you are currently covered by your employer's health insurance plan, you may need to make other arrangements when you retire unless your employer offers retiree health benefits.

No retiree health benefits from your employer? At age 65, most people become eligible for Medicare. But if you are not yet age 65, your health insurance will need to come from another source. Perhaps you can temporarily stay in your employer's health plan under COBRA rules or purchase your own insurance from a health insurance marketplace or an insurer. If you are married and your spouse's employer offers health insurance benefits, perhaps coverage under your spouse's plan is an option.

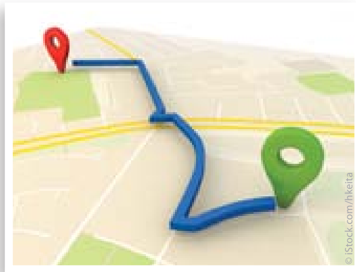
At age 65, Medicare generally kicks in. If you or your spouse paid Medicare taxes while you worked, you will generally not pay a premium for hospital insurance (Part A), which helps pay for inpatient care in a hospital or skilled nursing facility. Even though Part A coverage is usually premium-free, you will generally pay deductibles, co-pays, and co-insurance for the care you receive.

Medicare also offers medical insurance (Part B) to help pay for doctor services and outpatient care, and prescription drug coverage (Part D). You'll pay monthly premiums for these coverages, plus any deductibles, copayments, and coinsurance that apply.

Even with Medicare Part A and Part B, you may still pay a considerable amount each year for deductibles, copayments, and coinsurance. To help protect yourself from large, out-of-pocket expenses, consider purchasing Medicare supplement insurance (also known as Medigap insurance) from a private company.

Or you can get all of your coverage through a private company that has contracted with Medicare to provide your Part A and Part B benefits. These plans are known as Medicare Advantage Plans and often provide prescription drug coverage, in addition to hospital and medical coverage.

Choosing your health insurance is a big decision, but don't put it off. If you do not enroll in Medicare Part B or D when you are first eligible, you may be penalized with higher premiums if you start later and did not have coverage in the interim. ■



The financial decisions that you make as you transition from working to retirement may impact your financial security for the rest of your life. Please seek advice from your financial advisor regarding them.

Charitable Deduction Tips

How to Meet the Requirements for Deducting Charitable Contributions and Potentially Maximize Your Tax Benefits

GIFTS YOU MAKE TO CHARITIES can lower your taxes if you itemize deductions on your tax return and meet the IRS's requirements for deducting charitable contributions. The following tips can help you meet the requirements and may also help you maximize your tax benefits. Please note that all of the requirements are not provided here so please check with your tax advisor for more details.

1. Only gifts to qualified organizations are deductible. Qualified organizations include nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals. For example, nonprofit colleges, museums, hospitals, and medical research organizations are generally qualified organizations, as are charities, such as the American Red Cross and the United Way. When in doubt, you can use the "Exempt Organizations Select Check" tool on the IRS's website (www.irs.gov) to find out whether an organization is eligible to receive tax-deductible charitable contributions.

2. Keep records of your contributions. For a cash contribution, keep a bank record (cancelled check or statement) or a receipt or letter from the charity that shows the organization's name, contribution date, and contribution amount. For a donation via payroll deduction, hang onto your pay stub, Form W-2, or other document from your employer or the charity that shows the contribution date and amount. For a noncash contribution, keep a receipt from the organization, as well as a written record that includes a description of the donated property, its fair market value, and certain other information.

3. Keep a record of items you leave in a collection bin. Although a receipt or a letter from the charity is not required when it is impractical to get one, such as if you leave clothing in a charity's unattended bin, you must keep a written record of the items you donate in order to deduct them.

4. Get a written acknowledgement from the charity if you donate $250 or more. The acknowledgement should generally include the name of the organization, the date of the donation, and the value of any goods or services you received in exchange for your gift. If you donate cash, it should also include the amount. If you donate noncash property, it should also include a description of the property and the location where you made the donation. Additional recordkeeping is required for donations of noncash property over $500.

5. Get an appraisal if you donate an item valued at over $5,000. To deduct an item or a group of similar items valued at over $5,000, you will need a written appraisal from a qualified appraiser.

6. Clothing and household items must be in good used condition or better. However, if you donate an item that is appraised for more than $500, you can generally deduct it even if it does not meet the "good used condition" standard.

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7. Donating a vehicle? Find out how the charity will use it. If you donate a motor vehicle, such as a car, boat, or airplane, the amount of your deduction depends in part on what the charity does with the vehicle. Generally, if you donate a vehicle with a fair market value greater than $500 and the charity sells it for more than $500, you deduct the gross proceeds from the sale or the vehicle's fair market value, whichever amount is smaller. If the charity sells it for $500 or less, you deduct its fair market value or $500, whichever amount is smaller. If the charity uses it for its own activities, significantly improves it before selling it, or gives it away or sells it at well below fair market value to a needy individual, you can deduct the vehicle's fair market value on the day you donated it. Regardless of what the charity does with your vehicle, you will need a statement from the organization to support your deduction unless the vehicle's fair market value is less than $250.

8. Your deduction will be reduced if you receive a benefit in return for your gift. For example, let's say you pay $250 to attend a fundraiser dinner for a qualified organization and the dinner has a fair market value of $50. You may deduct only the part of the contribution that exceeds the value of the benefit you receive. So in this example, you may deduct $200.

9. Donate appreciated securities for added tax-efficiency. Instead of writing a check to your favorite charity, consider donating appreciated securities, such as stocks and mutual funds. As long as you have owned them for longer than one year, you can generally deduct their full market value and avoid paying tax on their long-term capital gains.

For example, let's say you are considering donating $10,000 in cash or $10,000 in stock that you purchased several years ago for $4,000. Either way, you can generally claim a $10,000 charitable deduction[1] for your gift, but by donating the stock you also avoid paying capital gains tax on the $6,000 increase in value that occurred while you owned it. And if you donate a stock that you think is still a good investment, you can use the cash you would have donated to buy new shares of the same stock. Your new shares will have a higher basis, which will benefit you tax-wise when you eventually sell them.

1 Limits on charitable deductions and itemized deductions may reduce your tax benefit.

10. Time your contributions. If you expect to be in a different tax bracket next year, consider making your charitable contributions in the year that you are in the higher tax bracket so that you receive a potentially larger deduction. For example, let's say you are in the 28% tax bracket this year, but expect to be in the 33% tax bracket next year. A $10,000 contribution this year will generally lower your taxes by $2,800, but if you wait until next year to contribute, your contribution may lower your taxes by $3,300. ■

Please consult your tax advisor for more information and advice about deducting charitable contributions.

NORTH WALES | A Wales of a Time

BY BRIAN JOHNSTON

NORTH WALES IS REMOTE—AS REMOTE as anywhere can be in Britain—and wild and beautiful. There are miles of chilly sandy beaches, moors, peat bogs, sheep farms, and lush deep valleys. Black cattle moan on the hillside and ruined castles cling to improbable crags as if about to fall into the sea. Jackdaws cackle on the battlements, dropping twigs on your head. These castles are a reminder of Wales' embattled past. This is a defiant and battered country that has clung to the remnants of its culture for a thousand years.

Dominating North Wales and its chief attraction, Snowdonia National Park is a compact area of rugged peaks, moors, cliffs, and tumbling waterfalls where you can enjoy anything from a challenging mountain climb to an amble along a lake shore. The scenery is dramatic and tortured, the valleys ripped apart by ancient glaciers, the earth dug up by slate barons of the nineteenth century. Occasionally you stumble on the ruins of a castle, Stone Age burial chamber, or bits of old quarrying equipment, although it's the dazzling scenery that will command the most attention.

The main center for a visit is Betws-y-Coed. Mountaineers stride the high street in their knickerbockers and the shops sell sporting equipment and sweaters. The town has good hotels and restaurants, but there isn't much to do except admire its eight bridges and local beauty spots which were greatly lauded in Victorian days—and painted by Turner—but now seem rather tame. Bedd Gelerrt is a more charming little town, whose tidy granite houses are decked in flowers in the summer. Here a beautiful river valley opens out, and black-faced sheep sulk on the windblown hillsides. You can walk down the valley following the river, which eventually narrows at the Aberglaslyn Gorge, where you have to scramble around the rocks clinging onto metal handholds above the churning water beneath.

Where there are rivers, there's rain. Come prepared, but don't let it put you off. While there's nothing to beat a sunny day when the bracken glows on

A view across Llynnau Mymbyr Lake in North Wales with Mount Snowdon in the distance (left). Edward I started work on Caernarfon Castle (below) in 1283 to remind the Welsh of English military might.

the hillside and the mountains are clear, the tempestuous moods of the weather add dramatic beauty. Clouds scud in grey battalions across the sky; evenings turn purple and menacing; wind buffets you along town streets. Perhaps this is the reason for the good cheer and friendly optimism of the Welsh, who frequently burst into song and have a surprisingly Italianate joy in life. Rain provides a good excuse to retreat into a cozy pub, or a teahouse where the old women will call you 'love' and ply you with scones.

As you move away from Snowdonia, the mountains are less dramatic, turning instead to rolling sheep hills and secluded valleys. Deep lakes reflect scudding clouds and tranquil shorelines, such as at Lake Vyrnwy, where water clear as glass mirrors its fairytale tower (actually a nineteenth-century pumping station) to perfection. This is a landscape made for country rambles, bird-watching, and a spot of fishing.

Visit a sheep farm too: they're fun. One such place is Ewe-phoria near Glanrafon, where Aled Owen will show you 10 different breeds of sheep, from curly-haired big-boned Wensleydales and blue-faced Lancasters to Balwens, with black wool and white stripes across their legs and tail. (You can have a feel: the textures of the wools are remarkable in their differences.) Afterwards, head outside for a sheepdog demonstration. Owen has several champion sheepdogs, and watching how they move sheep around the fields is extraordinary.

Wales provides a refreshing alternative for those who've visited Britain before and think they know it. There's history aplenty in Wales, but don't expect an Anne Hathaway cottage or some sentimental nonsense about Jane Austen. 'Life's full of tragedies and Wales is one of them,' a woman says to me with relish on a local bus. Tour guides relate stories of ancient defeats at the hands of the English, while a popular song tells of an unfortunate young lad overcome by an avalanche, attacked by a bear, and finally shot by his lover's enraged father.

The Welsh will tell you this and more, because like all Celtic people they're

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great raconteurs. Be prepared for personal family tales, historical passion, and plenty of discussions of Welshness. ('The Welsh have second toes longer than their first,' I was informed one day in a pub. And then a sniff: 'Unlike the English.') You'll see the Union Jack rarely, the Welsh dragon everywhere, and not uncommonly the quartered red and yellow lions of the old princes of Wales. This Welshness is nowhere more apparent than in Caernarfon, where history seems to have had the last laugh. The mighty English castle is in ruins while below the townsfolk are still defiantly speaking Welsh in the streets, giving the town a distinctly foreign feel.

Caernarfon is a pleasant little town and the castle is stunning. Edward I started work on Caernarfon Castle in 1283 as the strongest link in a ring of fortresses built to remind the Welsh of English military might. Scramble up the dizzying worn stairs of one of the towers to the battlements and you can look down on the town, dwarfed below, and feel the bold confidence of an English king. After that, walk along the waterfront under the medieval walls with views over the blue bruised sea.

Two other castles well worth a visit are Harlech and Conwy. It's 150 steps to the top of Harlech's gatehouse, where the views are splendid. On the north coast, the whole town of Conwy is surrounded by old walls and 22 towers in a rough triangle shape, inside which huddle a mass of medieval and Victorian buildings. Overhead brood the eight massive towers of the castle, where views stretch all the way from the neighbor's well-tended back yard to the mountains of Snowdonia.

For an architectural alternative to medieval castles, Port Meirion is another must-see of North Wales. The village was the brainchild of eccentric architect Sir Clough Williams-Ellis, who built it in an eclectic mixture of styles. Impossible and kitschy, Port Meirion is a place we all dream of living in. The buildings have a touch of Germanic gingerbread, English cottage, and the bright salmons and mints of Mexico. There are reliefs and urns and plaster statues everywhere with an endearing lack of theme: dolphins, angels, and fish-tailed mermaids.

The landscaping is reminiscent of an Italian palace, its clipped hedges and formal ponds giving way to rambling forest lanes along the coast, thick with gorse and holly and rhododendron. In the morning you can sit in the dining room tucking into Welsh sausages and look out over the estuary as the tide flows in, swirling and shifting. The sun comes up from behind the hills as curlews cry, and the wind whips the treetops in exhilaration: the start of another day in the style Wales does so well. ■

Food & Drink Trails

Exploring local farmstands, artisan cheese shops, vineyards, craft breweries, and regional culinary specialties has never been easier (or more fun) thanks to the many food and drink trails that are cropping up around the country.

CALIFORNIA ▶ The Sonoma Marin Cheese Trail

Renowned for their wineries, Sonoma and Marin counties are also the home of several creameries and artisan cheesemakers, who produce cheeses ranging from handmade Brie and Camembert to Basque-style sheep cheese. Visit cheesetrail.org for a map.

OREGON ▶ The Bend Ale Trail & The Hood River County Fruit Loop

Brews such as Chocolate Porter and Prinetucky Pale Ale can be enjoyed at the 14 world-class craft breweries along the Bend Ale Trail in central Oregon. A free app of the trail is available. See bendaletrail.com for more info. Further north, a 35-mile-loop trail leads roadtrippers through the scenic Hood River Valley to fruit stands, berry farms, orchards, vineyards, and alpaca and lavender farms. For a map, visit hoodriverfruitloop.com.

ARIZONA ▶ The Northern Arizona, Sonoita, and Willcox Wine Trails

In a state known for heat, canyons, and cacti, it may be surprising to discover that vineyards and wineries are flourishing at higher elevations in the Verde Valley and just south of Tucson. To download maps and tasting room hours, visit www.arizonawine.org.

NEW MEXICO ▶ The Amazing Green Chile Cheeseburger Trail & The Breakfast Burrito Byway

From Taos to Las Cruces, and most points in between, these two trails lead the way to the best chile cheeseburgers and breakfast burritos in New Mexico. You can get your copy of the maps at the New Mexico Tourism Department's website, www.newmexico.org.

ARKANSAS ▶ The Pie Trail

Every day in Arkansas is pie day, according to the Arkansas Department of Parks and Tourism who has put together a map highlighting where you can dig into some of the state's best pies. Visit www.arkansas.com for your map.

SOUTH CAROLINA ▶ The Official South Carolina BBQ Trail

If pulled pork slathered in a spicy sauce and cooked in a smoky pit sounds good to you, South Carolina has a mound of barbecue waiting for you at any one of the 220 BBQ joints along its trail, which encompasses nearly the entire state. For a map, visit bbq.discoversouthcarolina.com.

VERMONT ▶ The Vermont Cheese Trail

Where there are cows, there are cheesemakers—and Vermont is no exception. Of the forty or so creameries and cheesemakers in the state, many of them have farm stores where you can purchase award-winning artisan and farmstead cheese. Visit www.vtcheese.com for a map. ■

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QUIZ

NAME THAT MOVIE

1. A former psychiatric patient and a widow pair up for a dance competition in this 2012 movie:

A. Skyfall
B. Silver Linings Playbook

2. This 2014 Oscar-nominated film was shot intermittently over a 12-year period:

A. Birdman
B. Boyhood

3. Adrift in the Pacific, a 16-year-old boy shares his lifeboat with a Bengal Tiger in this 2012 movie:

A. Life of Pi
B. Django Unchained

4. This 2014 movie tells the story of a woman diagnosed with early-onset Alzheimer's disease:

A. Still Alice
B. Gone Girl

5. A mining colony on the moon Pandora is the setting for this 2009 sci-fi flick:

A. Star Trek
B. Avatar

6. Elsa, Anna, Kristoff, Sven, and Olaf are characters in this 2013 blockbuster:

A. Guardians of the Galaxy
B. Frozen

7. This 2012 movie tells the story of how six U.S. diplomats were rescued during the 1979-81 Iran hostage crisis:

A. Zero Dark Thirty
B. Argo

8. The life of physicist Stephen Hawking is depicted in this award-winning 2014 movie:

A. The Theory of Everything
B. Whiplash

9. Based on a novel by Victor Hugo, this 2012 musical drama focuses on an ex-convict who turns his life around:

A. Les Misérables
B. Hugo

10. This award-winning 2009 film focuses on a bomb disposal team in the Iraq War:

A. The Blind Side
B. The Hurt Locker

ANSWERS: 1–B, 2–B, 3–A, 4–A, 5–B, 6–B, 7–B, 8–A, 9–A, 10–B

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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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