STAGE 2
PLANNING PARTNERS
HELPING TO MAKE OUR CLIENTS LIVES BETTER

EYE ON MONEY

MAY JUN 2017

529 COLLEGE SAVINGS PLANS

SAVE FOR YOUR CHILD'S FUTURE AND ON TAXES

plus

HOW WORKING PAST AGE 65 MAY AFFECT YOUR BENEFITS

CALLABLE BONDS

REVOCABLE LIVING TRUSTS

WHAT RECENT GRADS SHOULD KNOW ABOUT SAVING FOR RETIREMENT

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FINANCIAL

THREE WAYS TO PREPARE FINANCIALLY FOR A NATURAL DISASTER

1. **Inventory your possessions.** Using a home inventory app or a written list combined with photos, videos, and receipts, create an inventory of your possessions that you can use to expedite insurance claims and substantiate tax deductions for unreimbursed casualty losses.

2. **Store important documents offsite.** For example, consider keeping your deeds, titles, birth and marriage certificates, and contracts in a safe deposit box and your will and trust documents with your attorney.

3. **Pack a financial emergency kit that you can grab quickly if you need to leave home in a hurry.** Include in it:
   - Copies of your insurance policies (homeowners, flood, and auto)
   - Contact information for your insurance companies
   - Some cash in case ATMs and credit cards are not working
   - The key to your safe deposit box

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FIVE THINGS RECENT GRADS SHOULD KNOW ABOUT SAVING FOR RETIREMENT

Your income may be tight and your expenses plentiful if you've recently graduated from college and begun working. Between paying your living expenses and perhaps making student loan payments, there may not be much cash left over to save—and yet this may be exactly the right time to begin saving for retirement, even if it is only small amounts at first.

What's the rush? By starting now, you can maximize the time you have to save and can perhaps afford to invest more aggressively than would be prudent later on.

Here are a few tips to help get you started on the path to a financially secure retirement.

1 Time is your biggest asset. Although your discretionary income may be limited when you first begin working, you are rich in time. Make the most of it by beginning to invest now in order to maximize the time your investment earnings have to potentially compound. The more time your earnings have to compound (that is generate earnings of their own), the less income you may need to contribute over the years to help reach your retirement savings goal.

2 Use your workplace retirement plan. Not only are workplace retirement plans very convenient, they offer tax advantages that can help your savings potentially grow faster than they would in a regular savings or investment account. And with some plans, your employer may match a portion of the money that you contribute.

3 Consider a Roth retirement account. A Roth 401(k) or Roth IRA can be a smart choice for young people who expect their incomes and income tax rates to increase significantly over the years. That's because you pay taxes on your money before it enters a Roth account, when your tax rate may be relatively low, and you can make tax-free withdrawals in retirement, when your tax rate may be higher.

4 Stocks offer the most growth potential. While investing in stocks is riskier than investing in bonds and cash equivalents, stocks offer the greatest potential for growth and have historically provided higher returns than bonds and cash over the long term. With decades to go before retirement, including stocks in your retirement account may be a smart move.

5 Avoid dipping into your retirement savings. Withdrawals from a retirement plan or an IRA before age 59½ are generally subject to a 10% tax penalty, in addition to any income taxes you may owe on the withdrawal. So rather than using your retirement savings for emergencies, consider funding a regular account that you can draw on in a pinch without a big tax hit. And when changing jobs, consider keeping your savings in a tax-favored retirement account rather than cashing them out.

PLEASE CONSULT YOUR FINANCIAL ADVISOR REGARDING SAVING FOR RETIREMENT.

PLEASE NOTE: All investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

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What are callable bonds?

When selecting bonds, it is important to know if a bond is callable. If it is callable—and many bonds are—the issuer has the right to redeem the bond before its maturity date.

A CALLABLE BOND IS A BOND THAT CAN BE REDEEMED BY THE ISSUER at a specified price and time that is earlier than the scheduled maturity date. One reason why corporations, municipalities, and federal agencies issue callable bonds is so if interest rates decline, they can buy back their bonds early and issue new bonds that pay a lower rate of interest. While this can be advantageous for the bond issuers, it poses a reinvestment risk for the bondholders who may have to reinvest their proceeds in a lower rate environment.

To help compensate investors for the additional risk, callable bonds often offer higher yields than comparable non-callable bonds. And some callable bonds may pay investors more than the bond's face value if redeemed early. A call price that is greater than the bond's face value is said to include a call premium.

A callable bond may also offer some call protection—that is a period of time after the bond is issued when it cannot be called. For example, a ten-year bond may specify that it is not callable during the first five years. This means that investors can generally count on receiving interest payments from this bond for at least the first five years after it is issued.

When the call period begins, the issuer has the right to redeem the bonds on specified call dates, or if the bonds are continuously callable, at any time during the call period.

If your bond is redeemed before maturity, the issuer will pay you the specified call price, which is generally the bond's face value or the face value plus a premium, and any interest that has accrued up to that point.

To get an idea of the return you might expect from a callable bond, take a look at its yield to call, in addition to its yield to maturity. The yield to call is the rate of return you can expect if the bond is called at its next call date. The yield to maturity is the rate of return you can expect if the bond is not called and you hold it until maturity.

There is a lot to consider when investing in callable bonds. Please consult your financial advisor for advice. ■

PLEASE NOTE:

When interest rates rise, bond prices usually fall. The effect is usually more pronounced for longer-term securities. Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties. A portion of a municipal bond's income may be subject to state tax, local tax, and the federal alternative minimum tax. You may have a gain or loss if you sell a bond prior to its maturity date.

Please consult your financial advisor for help in developing and implementing an investment plan.

FR2017-0209-0152/E

The Revocable Living Trust

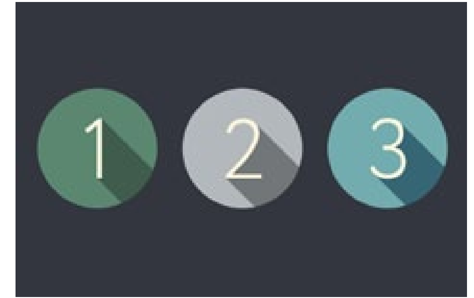
A revocable living trust is a popular estate planning tool that you can use to direct who will manage the assets in the trust if you are ever unable to do so and how those assets are to be distributed after your death. Your estate planning advisor can help you determine if this trust may be right for you.

You retain control.

With a revocable living trust, you transfer ownership of your assets to the trust and yet retain complete control over them. As the trustee, you can spend the assets, sell them, or invest them, just as you can with any assets that are not in the trust. And if you change your mind about the trust, you can change it or revoke it at any time.

You also need a will.

You need a will to transfer any assets that were left out of the trust and that cannot be transferred by other means and, if you have young children, to name a guardian for them.



THE BENEFITS OF USING A REVOCABLE LIVING TRUST

AVOID PROBATE

Unlike a will, a revocable living trust does not go through probate—a court-supervised process that can be lengthy and costly in some states. As a result, assets in a trust may pass to your heirs sooner and at a lower cost. And if you own real estate outside of your home state, transferring ownership of it to the trust eliminates the need for probate in multiple states.

PROTECT YOUR PRIVACY

The trust assets can generally be transferred to your heirs without the details becoming public. In contrast, the details of a will become a matter of public record as part of the probate process.

A SMOOTH TRANSITION IF YOU BECOME INCAPACITATED

The person you name as your successor trustee can quickly step in and manage the trust assets on your behalf if illness leaves you unable to manage them yourself.

Please consult your estate planning advisor for help creating or updating a plan to transfer your wealth.

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529 College Savings Plans:
A Way to Save for Your Child's Future and on Taxes

529 college savings plans have helped millions of families save for college. Is one right for you?

529 COLLEGE SAVINGS PLANS ARE state-sponsored savings plans with tax advantages that may make it easier to save for college or other post-secondary education. The plans are named after Section 529 of the Internal Revenue Code, the section of the code that in 1996 gave states the authority to create college savings programs that are exempt from federal taxes. Today, nearly every state offers at least one 529 college savings plan.

The main advantage? Tax-free earnings. The money in your 529 account grows free from taxes while you save and can be withdrawn free from federal taxes and usually state taxes also if used to pay qualified higher education expenses, such as college tuition, fees, books, and generally room and board. Because the earnings are not taxed, your savings have the potential to grow faster in a 529 account than in a regular savings or investment account that is not sheltered from taxes.

If withdrawals exceed the beneficiary's adjusted qualified expenses for the year, the earnings portion of the excess will be subject to income tax and generally a 10% federal tax penalty.

You can open 529 accounts for anyone. For example, you can open accounts for your children, grandchildren, nieces, nephews, and family friends. The beneficiary can be any age: newborn, child, or adult. You can even open an account for yourself to save for your own future higher education expenses.

Multiple accounts can be opened for the same beneficiary. So even if, say, your daughter has already opened a 529 account for your granddaughter, you are welcome to open one for her also.

There are no income caps on who can contribute. Even high-income individuals can open and contribute to 529 accounts to save for their loved ones' higher education expenses.

You can choose nearly any state's plan. Most states allow both residents and nonresidents to participate in their plan. This gives you the freedom to choose nearly any plan in the country, regardless of where you or the beneficiary lives or where the beneficiary will attend college.

When choosing a plan, remember that although all 529 plans offer the same federal tax benefits, they differ in other ways. For example, investment options, performance, and fees differ among plans. You can find this information and more in the plan's official statement.

Consider your own state's plan. It may offer perks that you will not find elsewhere. For example, some states offer residents who choose an in-state plan:

- A state tax deduction for the money they contribute. (Some states offer residents a state tax deduction for contributions that they make to any state's plan.)
- Matching grants.
- Scholarships to in-state colleges for resident beneficiaries.

High contribution limits. Each 529 plan sets a limit on the total value of the accounts opened for a beneficiary—and those limits can be high. Many plans set a limit of $300,000 or more per beneficiary, making it possible for you to save in one account for four or five years at a pricier school.

Keep in mind that the contribution limits are per beneficiary. For example, if you and your mother each set up an account in the same plan for your child, the limit applies to the total value of the two accounts. Once the limit is reached, the plan will no longer accept contributions to either account.

Professionally managed investment portfolios. 529 plans typically offer you a choice of investment portfolios, including age-based and static portfolios, and perhaps an FDIC-insured banking option.

Age-based portfolios are linked to the beneficiary's age and automatically shift to a more conservative mix of investments as the beneficiary gets closer to college age. A static portfolio's asset allocation will generally not change over time. For example, a static portfolio invested in 60% equities and 40% bonds will generally retain that 60/40 allocation. However, you can change how the money in your account is invested twice a year, making it possible for you to change your allocation. (Asset allocation does not ensure a profit or protect against loss in declining markets.)

529 college savings plans offer an array of tax breaks that may help your money stretch farther.

- Investment earnings grow tax-free while in the account.
- Withdrawals are free from federal taxes and usually state taxes if used for the beneficiary's qualified higher education expenses.
- Your state may let you claim a state tax deduction for your contributions if you use its plan, or perhaps even another state's plan.
- You can contribute up to $70,000 ($140,000 for married couples) in one year without incurring the federal gift tax.

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Savings can be used nationwide at a wide range of schools.

The money from a 529 plan can be used to pay qualified education expenses at any college, university, vocational school, or other postsecondary institution that is eligible to participate in the federal student aid program. This includes virtually all accredited postsecondary institutions in the United States, as well as some outside of the country.

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You control the money. Whoever opens the account owns and controls the account. As the account owner:

- You decide how the money in the account is invested.
- You choose the timing and the amounts of the withdrawals, which helps eliminate the possibility of the beneficiary using the funds for something other than college.
- You can change the beneficiary to an eligible member of the designated beneficiary's family. This feature comes in handy if the original beneficiary decides not to go to college or if there is money leftover in the account after the original beneficiary graduates.
- You can withdraw funds for your own use. However, the withdrawal will be considered a nonqualified distribution. This means that the earnings portion of it will be subject to income tax and generally a 10% federal tax penalty. Also, the contribution portion of it may be subject to state tax if you previously deducted your contributions on your state tax return.

If you prefer not to control the account, you can generally contribute to a 529 account that someone else has opened for the beneficiary and let that account owner handle the details. Keep in mind, though, that some plans only allow the account owner, or perhaps the account owner's spouse, to claim a state tax deduction for contributions.

Impact on federal financial aid. How the 529 account is treated for federal financial aid purposes generally hinges on who owns the account—the student, the custodial parent, or someone else.

If a dependent student or the custodial parent owns the account, it is treated as a parental asset on the Free Application for Federal Student Aid (FAFSA) and will have a relatively low impact on aid. The federal aid formula assumes that no more than 5.64% of a parent's assets are available to pay college expenses. In contrast, the formula assumes that 20% of student assets are available for college.

If an independent student owns the account, it is treated as a student asset and so 20% of its value will impact federal aid.

If the account is owned by someone else—such as a grandparent, friend, or noncustodial parent—the account is not entered on the FAFSA as an asset. Instead, distributions from the account are generally entered as the student's income and may have a significant impact on aid. The federal aid formula assumes that as much as 50% of a student's income is available to pay college costs. Fortunately, there are strategies you can employ to help minimize the impact.

- Change the account owner to either the student or the parent before distributions begin so that the account counts less heavily when determining aid.
- Hold off making distributions until after December of the sophomore year, assuming the student will wrap up their higher education in four consecutive years. Because the FAFSA looks at income from two calendar years back, students completing the FAFSA for their senior year generally enter the income they received from January of their freshman year through December of their sophomore year. So distributions made after that period will not be entered on FAFSAs filed for students who complete their education in four consecutive years.

Some states and colleges use applications other than the FAFSA when determining eligibility for nonfederal aid programs, and those applications may treat 529 accounts and distributions differently than described here.

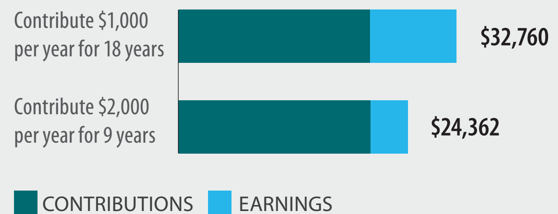
Withdrawals are exempt from federal taxes and usually state taxes if used for:

- **Tuition, fees, books, supplies, and equipment** that is required for enrollment or attendance at an eligible postsecondary school.
- **Room and board** for students enrolled at least half-time. Subject to limits.
- **The purchase of a computer or peripheral equipment, software, Internet access, and related services** used primarily by the student while enrolled.
- **Special needs services** incurred by a special-needs student in connection with his or her enrollment or attendance.

The earlier you begin to save, the more time your money has to potentially grow.

Let's say you use a 529 account to invest $1,000 at the beginning of every year, starting as soon as your child is born, and your investments earn an annual 6% rate of return. At the end of 18 years, you will have contributed $18,000 and your investments will have earned $14,760, for a total of $32,760.

But what if you wait until age 9 to begin? Even if you increase your contributions to $2,000 per year so that you contribute the same amount overall ($18,000), your investments will only have time to earn $6,362—instead of $14,760.



This is a hypothetical example for illustrative purposes only. The ending balance estimates are before fees and any potential taxes. Your results will depend on your investments' actual rates of return and will be higher or lower than shown here.

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A unique gift tax feature. 529 plans offer you the opportunity to accelerate gifts to your loved ones without incurring the federal gift tax—an attractive feature if your estate will be subject to estate taxes. Here's how this feature works.

Normally, you can give as many people as you'd like up to $14,000 each per year without your gifts being subject to the federal gift tax. Gifts up to this amount are not taxable due to the annual gift tax exclusion, which for 2017 is $14,000 ($28,000 for married couples). Even if your gifts exceed the annual exclusion amount, you still may not have to pay any gift tax. This is because you are also allowed a federal basic exclusion for $5.49 million (2017 amount) and until you use it up, you do not have to pay a cent in federal gift, estate, and generation-skipping transfer taxes. (Please note that several states impose a death tax, and the state exclusion amount may be far lower than $5.49 million. So even if your estate will not owe federal estate tax, it may owe state estate tax.)

If your estate will be subject to estate taxes, one way to reduce or avoid transfer taxes is to give some of your assets, up the annual exclusion amount, to your loved ones during your lifetime. You can accelerate this strategy with a 529 plan.

A special rule that applies only to 529 plans allows you to contribute up to five times the annual exclusion amount per beneficiary in a single year by spreading your gift equally across five years on your federal gift tax return.

This means that you can contribute up to $70,000 per beneficiary in a single year ($140,000 per beneficiary if you are married) without paying gift tax or reducing the amount that can be excluded from federal transfer taxes later on. If you do not outlive the five-year period, a portion of your gift will be included in your estate.

Here's an example. Let's say you have three children or grandchildren and you contribute $70,000 to each of their 529 accounts. The gifts reduce your estate by $210,000 without triggering the gift tax, provided you file a federal gift tax return, elect on it to spread your gifts over five years, and do not make any other gifts to the children during that five-year period.

Accelerating your gifts with a 529 plan enables you to put more money to work immediately (potentially generating tax-free earnings outside of your estate) than if you were to limit your gifts to the annual exclusion amount in order to avoid gift taxes.

And using a 529 plan gives you the freedom to change your mind about your gift. As the account owner, you can withdraw funds from a 529 plan at any time and for any reason—including your own use. However, doing so will return your gift to your estate, as well as subject the earnings to income tax and a 10% tax penalty.

Please consult your estate planning advisor about whether funding 529 accounts for your loved ones is a good way to reduce your exposure to estate taxes. ■

If you want to help a loved one save for college, please ask your financial advisor if a 529 plan is a good choice for you.

PLEASE NOTE: *All investing involves risk, including the possible loss of the amount you invest. For more complete information about a 529 college savings plan, including investment objectives, risks, fees, and expenses associated with it, please carefully read the issuer's official statement before investing. It can be obtained from your financial advisor. Some states offer state residents additional benefits, such as a state tax deduction for contributions to the plan, reduced or waived program fees, matching grants, and scholarships to state colleges. Any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax, or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits, and limitations of that state's 529 college savings plan.*

How Working Past Age 65 May Affect Your Benefits

Working past age 65 can help bolster your retirement savings, but what effect might it have on your Social Security benefits, Medicare benefits, and retirement accounts?

MOST PEOPLE BECOME ELIGIBLE FOR Social Security retirement benefits at age 62 and for Medicare benefits at age 65. And at age 70½, required minimum distributions generally must begin from retirement accounts. But what happens if you work past these key ages?

SOCIAL SECURITY

Can you receive benefits while working? It is possible to work and receive Social Security retirement benefits at the same time, but if you are younger than full retirement age, part or all of your benefits may be temporarily withheld if you earn over a certain amount. Once you reach full retirement age, however, your benefits will not be reduced or withheld, no matter how much you earn.

If you have not reached full retirement age, an earnings test determines whether your benefit amount will be temporarily reduced.

- If you are under full retirement age for the entire year, your benefit will be reduced by $1 for every $2 you earn above a certain threshold, which is $16,920 for 2017.
- In the year you reach full retirement age, your benefit will be reduced by $1 for every $3 you earn in the months prior to your birthday month that exceeds a different threshold, which is $44,880 for 2017.

For purposes of this test, your earnings include your wages from employment or your net earnings from self-employment. They include bonuses, commissions, and vacation pay. They do not include income you receive from investments, annuities, and pensions, nor do they include veterans, government, or military retirement benefits.

Any reduction in your benefits due to excess earnings is temporary. When you reach full retirement age, your earnings will no longer reduce your benefits. Plus, your monthly benefit amount will be increased to account for the months in which your benefits were withheld.

Your full retirement age for Social Security purposes depends on the year you were born.

Year of Birth	Full Retirement Age
1943–54	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 or later	67

Source: SSA.gov

Working longer may increase your benefit amount. Continuing to work past age 62, the age when you generally become eligible for benefits, may result in a higher benefit amount for you if your earnings in your later years are among your highest. When Social Security calculates your benefit amount, it looks at your earnings during the 35 years when you earned the most. So if you earn more now than you did in a prior year, your benefit amount may be increased.

A bump up in your benefit amount is possible even if you receive benefits while working. Social Security reviews your earnings annually for as long as you work to see whether your recent earnings are enough to increase your benefit amount.

Not starting benefits until age 70 maximizes the monthly benefit amount. Even though you can work and receive benefits at the same time, you may want to hold off starting benefits until age 70.

For every month that you delay, up until age 70, your monthly benefit amount increases. For example, if your full retirement age is 66 and you are entitled to a $1,000 monthly benefit at that age, you will receive $1,320 per month if you wait until age 70 to begin.

If you will be applying for benefits based on your spouse's work record rather than your own record, you can maximize the monthly amount by waiting until your full retirement age to begin benefits.

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KEY AGES FOR SOCIAL SECURITY

62

This is the age when most people become eligible to claim Social Security retirement benefits.

Claiming them now, however, will permanently reduce your monthly benefit amount by as much as 30%.

66–67

Full retirement age is age 66, 67, or somewhere in between, depending on when you were born.

You will receive full (unreduced) retirement benefits if you begin receiving them at your full retirement age.

If you delay the start of benefits until after full retirement age, you will accrue delayed retirement credits that will permanently increase your monthly benefit amount when you do start.

70

There is no advantage to waiting beyond age 70 to begin your benefits.

You can no longer collect delayed retirement credits once you reach age 70.

WHAT IS MEDICARE?

Medicare is the federal health insurance program for people age 65 or older. It is also available to individuals under age 65 with certain disabilities and individuals of any age with end-stage renal disease. Coverage is broken into a few parts.

PART A

Hospital Insurance

Helps pay for inpatient care at a hospital or skilled nursing facility. You do not pay a monthly premium for Part A if you or your spouse worked and paid Medicare taxes for at least 10 years. However, Part A is not completely free. Copayments, coinsurance, and deductibles may apply for the services you receive.

PART B

Medical Insurance

Helps pay for doctor services and outpatient care. You pay a monthly premium, plus any deductibles, copayments, and coinsurance that apply.

PART C

Medicare Advantage Plans

An alternative to Original Medicare, Medicare Advantage Plans are available from private insurers and cover all Part A and Part B services, and usually provide prescription drug coverage. You pay a monthly premium, plus any deductibles, copayments, and coinsurance that apply.

PART D

Prescription Drug Coverage

Helps pay for prescription drugs. You generally pay a monthly premium, plus any deductibles, copayments, and coinsurance that apply.

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MEDICARE

Should you enroll in Medicare at age 65 if you are working and have group health insurance from your employer or union? You may be able to wait until after age 65 to enroll in Medicare if you (or your spouse) are currently employed and you have group health insurance from an employer or union based on that employment.

Before you reach age 65, find out from your benefits administrator how your current insurance works with Medicare. If your current insurance does not require you to sign up for Medicare, you can enroll in Part A and Part B later on without incurring a late enrollment penalty, provided you sign up within 8 months of your coverage or employment ending.

If you do not have to pay a premium for Part A, it is generally a good idea to sign up for it at age 65. Whether you will need to enroll in Part B at age 65 will depend in part on your company's size.

If your employer has fewer than 20 employees, you will likely need to enroll in Part A and Part B because Medicare is the primary payer for small group plans. As the primary payer, Medicare pays your hospital and medical bills up to its limits and the remainder is billed to your group health plan (the secondary payer).

If your employer has 20 or more employees, you may be able to delay enrolling in Part A and Part B because the group health plan is usually the primary payer.

If you have a health savings account (HSA), you must stop contributing to it six months before you enroll in Medicare or apply for Social Security (which triggers your enrollment in Medicare Part A), or you will face a tax penalty.

There is a lot to consider when deciding when to enroll in Medicare, and we've only touched on a few of the possible scenarios in general terms. Before you reach age 65, research your health insurance options carefully because a misstep can be costly.

RETIREMENT ACCOUNTS

Working past age 65 provides an opportunity to sock away more money for retirement and shortens the time you will need to rely on your nest egg—both of which can improve your financial picture when you eventually do retire.

Employer-sponsored retirement plans. If your employer offers a retirement plan, you can generally contribute to it for as long as you work there, regardless of your age. So if you are, let's say, age 75 and want to contribute to the 401(k) account that you have with your current employer, you generally can.

When you enter your seventies, you may need to contend with required minimum distributions (RMDs) even if you are still working. An RMD is an amount that you are required to withdraw annually from most types of retirement accounts. Generally, RMDs begin the year you turn age 70½, but some employer-sponsored retirement plans may offer you a reprieve while you are still working. Here's how RMDs generally work.

You must begin RMDs at age 70½ from:

- SEP IRAs and SIMPLE IRAs, even if you still work for the employer sponsoring the retirement plan.
- Retirement plans sponsored by a business of which you own more than 5%.
- Retirement accounts that you hold with former employers.

You may or may not have to begin RMDs at age 70½ from:

- Your current employer's plan. Depending on the terms of your employer's plan, you may be required to begin RMDs at age 70½ or you may be allowed to wait until you retire from the company that sponsors the plan to take your first RMD (unless you are a 5% owner). (Waiting until you retire to begin RMDs is not an option with SEP IRAs and SIMPLE IRAs.)

You can continue to contribute to your employer's retirement plan even while taking RMDs.

Traditional IRA. In the year you reach age 70½, contributions to a traditional IRA must stop and required minimum distributions must begin, even if you are still working.

Roth IRA. Roth IRAs do not have age limits. You can contribute at any age as long as you (or your spouse if you file jointly) receive taxable compensation from employment during the year and your income is under certain limits. To contribute for 2017, your modified adjusted gross income must be less than $133,000 if single or $196,000 if married filing jointly.

You do not have to take RMDs from a Roth IRA if you are the account owner. ■

Generally, you have until April 1 of the year following the year you reach age 70½ to take your first RMD. RMDs for subsequent years must be taken by December 31 each year.

Please consult your financial advisor for advice on working past age 65.

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DANUBE DELIGHT | Danube Valley, Austria

BY BRIAN JOHNSTON

A stretch of the Danube River only an hour west of Vienna features old towns, castle ruins, and cellar doors that provide a fine country counterbalance to big-city sights.

AUSTRIA'S WACHAU REGION IS A cheerful destination on a languid curve of the Danube that is rather wonderfully described in a tourism slogan as 'the smile on the face of Austria'. You could rent a car and nip over to this region on a day trip to take in its highlights, but you really need a few nights to soak up all that it offers. People have been knocking around here since the Stone Age, and some of central Europe's greatest movers and shakers—from Celts to Romans and Hapsburgs—have left a striking legacy of their passing, all condensed into just 25 miles or so of riverbanks.

Driving is certainly the most convenient way to explore, but taking to the river is also enjoyable. Paddle-steamers ply this section of river between April and October, and a few will take you onwards to Vienna. The 225-mile Donauradweg cycle path between Passau in Germany and Bratislava in Slovakia also runs along the river by way of Vienna, providing a lovely chance to enjoy the scenery for those keen to test their stamina.

The fortified, medieval town of Krems is the regional center, sitting just back from the Danube River and flanked by vineyard-clad hillsides. It was a wealthy wine producer in the thirteenth century, and it shows in the town's fine medieval architecture. Things took a turn for the worse in the seventeenth century, so the town escaped the baroque makeover of many other bling-laden Austrian towns. Head through the town's gateway, topped by a bell tower, and into main street Landstrasse, enlivened by shoppers and the chatter of coffee-shop patrons. Above, centuries-old architecture is adorned in weathervanes and gnarled gargoyles. Among the most significant medieval buildings are the Hospital Chapel, the oriel-windowed Town Hall, and the Fellnerhof with its beautiful arcaded courtyard.

You'd be doing Krems an injustice if you simply charge up the main street, however. Stray into the side alleys that meander uphill and you'll find tranquility and plenty more medieval masterpieces. Climb as far as the steps in front of the

Vineyard-clad hillsides flank the Danube River about an hour west of Vienna (left). Built between 1702 and 1736, Melk Abbey (below) is a magnificent example of baroque architecture and a highlight for visitors to the Danube Valley.

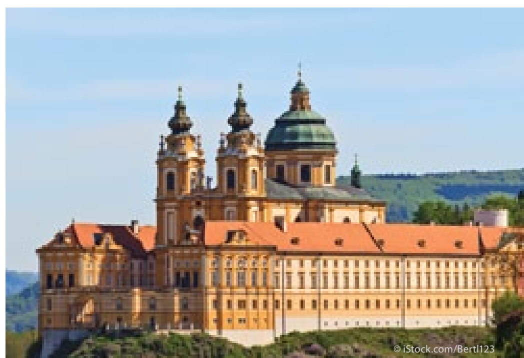
Gothic Piaristen Church for some great views back over the town and beyond to the Danube. Several other age-battered churches are worth a peek, especially the Pfarrkirche, unusual in Krems for its baroque additions. Swooning saints and giddy cherubs sweep around walls and ceilings, and a huge golden sunburst explodes behind the altar. Then head to Hoher Markt, a cobbled square surrounded by medieval palaces and buildings with sgraffito plasterwork showing merry folk festivals.

Krems merges with Stein, formally an adjacent and separate village. Stein has a huge contemporary arts venue that stages regular and important exhibitions of modern art, which provides its main claim to fame. It's a quieter place than Krems and boasts medieval battlements, onion-dome churches, squares tumbling down to the Danube, and elegant Renaissance houses with typical red-and-white cornerstones.

Five miles to the west is the village of Dürnstein, standing on an imperious sweep of the Danube, surrounded by vineyards and punctuated by a blue-and-white baroque belfry. Only the occasional tractor trundles up the otherwise pedestrian main street, lined by houses dating from the sixteenth century and bedecked with flowerboxes, where you can stop and chat with old ladies selling homemade apricot jam from their windows.

The belfry belongs to the parish church, formerly part of an Augustine monastery. Its ornate portal is dotted with statues while inside, baroque frescoes contrast with macabre skeletons in glass coffins, a stern reminder of the fleeting pleasures of life. Outside, a promenade leads along the river, conveniently passing an ice-cream and coffee bar along the way for those eager to carpe diem.

Dürnstein is topped by a ruined castle that was once the prison of Richard the Lionheart. The English king was captured by local duke Leopold V while he was returning from the Crusades in 1193, and held for ransom. Richard was rescued by his faithful minstrel Blondel, who wandered from castle to castle and sang under the windows until he determined where his master was held. It's a charming story, but the castle is now just a ruin, reached by a stiff uphill trek—though worth it for the wonderful views over this bend of the Danube.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From here, the Danube swirls through fruit orchards and vineyards, overlooked by old villages full of comfortable burgher homes covered in frescoes. Vines have been cultivated here since Roman times, and today Wachau-region wines are getting considerable acclaim, particularly the peppery-flavored Grüner Veltliner variety. Just outside Dürnstein you can visit the Domäne Wachau, with its ancient cellars and baroque mansion, for a taste of how fine modern Austrian wines have become.

Winzer Krems is another impressive cellar door, run by a cooperative of 1,300 members, which provides a good high-tech overview of the wine region and winemaking in Austria. You can study soil samples and how they influence terroir, sit in an underground cinema and learn about wine as you smell the aroma of cherries and peaches, and study the multimedia presentations that show various aspects of the winemaker's art.

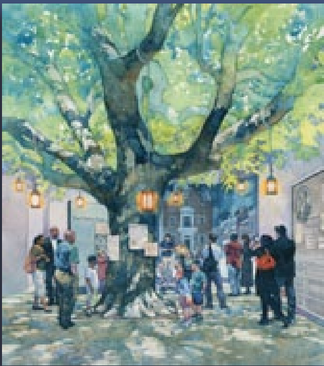
You could also make an excursion to the cellars at Loiseum in the village of Langenlois. These might date back 900 years, but the current winery is a superbly modern building that stands out in burnished steel against the vineyards like an alien spaceship. The cellar tour is truly unique. Taken entirely underground, visitors are treated to amazing multimedia shows, dancing fountains, and ancient cellars, before popping up to enjoy a farmhouse as it would have looked in 1924, down to the old vineyard accounts on the kitchen table and a canary singing in a cage. Then it's back underground to learn about winemaking and set sound-and-light displays in motion via touchscreens. It all ends with the floating bubbles of the region's famous Steininger sekt projected on a giant screen.

Once you've had enough of cellar doors, you might also want to visit Herzogenburg Monastery near Traismauer. The monastery has medieval origins and displays some very fine Gothic art, and is a baroque architectural gem with an outstanding library. The greatest sight of all, however, stands at the strategic western end of Austria's Danube Valley and is one of the most impressive baroque piles in Europe: Melk Abbey. Benedictines have inhabited this perch above the Danube since the eleventh century, and Melk was renowned in the Middle Ages for its scholarship. Its school remains one of Austria's most prestigious.

Melk Abbey's current incarnation is baroque: pillars of red marble, a library ceiling painted with frescoes, and a gallery hung with portraits of Austrian emperors. The adjacent church is a riot of gold and marble, beneath which today's Benedictine monks in their austere black robes seem curiously out of place. Outside, terraces overlooked by saintly statues provide fine views of the Danube as it slides eastwards towards Vienna, smiling as it goes. ■

The Museum of the American Revolution Opens in Philadelphia

A new museum in the heart of Philadelphia's historic district explores the remarkable story of the American Revolution, from its origins to victory.



Images courtesy of the Museum of the American Revolution

THE MUSEUM OF THE AMERICAN REVOLUTION opens on April 19, 2017 in Philadelphia, just two blocks from Independence Hall where the Declaration of Independence was signed in 1776.

The new Museum, with its extensive collection of Revolutionary-era objects, immersive galleries, theaters, and recreated historical environments, brings to life the events, people, and ideals of our nation's founding.

Visitors to the Museum can walk beneath the branches of a full-scale replica of Boston's Liberty Tree, where the first stirrings of revolt were discussed and debated. They can visit a recreation of an Oneida Indian Nation meeting house and listen to the tribe's leaders debate whether to join the American cause. They can enter the Battlefield Theater and experience the sensation of what it may have been like to be on the front lines during a British assault.

And visitors can view the Museum's collection of objects from the Revolutionary War period, including items owned by George and Martha Washington, period weaponry, and letters and personal items belonging to the soldiers. Highlights of the collection include:

- The 13-star flag used to mark General Washington's presence on and off the battlefield
- Wartime correspondence from Washington's library
- A copy of the first newspaper printing of the Declaration of Independence from July 6, 1776
- British, French, Hessian, and American firearms, including a British military musket carried by a soldier in the first battle of the war
- George Washington's headquarters tent

The tent, which served as George Washington's office and sleeping quarters for much of the war, is one of the most iconic artifacts to survive the Revolution and is displayed as part of a multimedia presentation exploring Washington's leadership.

The Museum, located on the corner of Third and Chestnut Streets in Philadelphia, was designed by the firm of Robert A.M. Stern Architects and is built of red brick and limestone in a style that reflects and honors the rich history of the neighborhood. For more information about the Museum, please visit its website at www.AmRevMuseum.org. ■

QUIZ

WHERE IN THE WORLD ARE YOU?

1. If you are marveling at the wildlife in Kruger National Park (above), you are in:

A. Kenya
B. South Africa

2. If you are lost in the grandeur of the Andes Mountains, you are in:

A. South America
B. North America

3. If you are sandboarding on the dunes of the Atacama Desert, you are in:

A. Chile
B. Venezuela

4. If you are cycling from Lucca to Siena, you are in:

A. Poland
B. Italy

5. If you are cruising between the soaring rock walls of the Geirangerfjord, you are in:

A. Norway
B. Germany

6. If you are slipping and sliding on the Matanuska Glacier, you are in:

A. Iceland
B. Alaska

7. If you are skiing Stowe's Front Four, you are in:

A. Vermont
B. Colorado

8. If you are watching the Changing the Guard ceremony at Buckingham Palace, you are in:

A. London
B. Madrid

9. If you are navigating the curves of Chapman's Peak Drive as it winds along the Atlantic coast, you are in:

A. Nova Scotia
B. South Africa

10. If you are watching the sunset from Madaket Beach, you are on:

A. Jekyll Island
B. Nantucket Island

11. If you are gazing at the distinctive architecture of Antoni Gaudí's Sagrada Família Basilica, you are in:

A. Spain
B. Italy

12. If you are hiking the Cotswald Way between Chipping Campden and Bath, you are in:

A. Ireland
B. England

ANSWERS: 1-B, 2–A, 3–A, 4–B, 5–A, 6–B, 7–A, 8–A, 9–B, 10–B, 11-A, 12-B

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