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EYE ON MONEY

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8 WAYS TO CATCH UP ON RETIREMENT SAVINGS

WHAT TO DO TO HELP IMPROVE YOUR RETIREMENT PICTURE

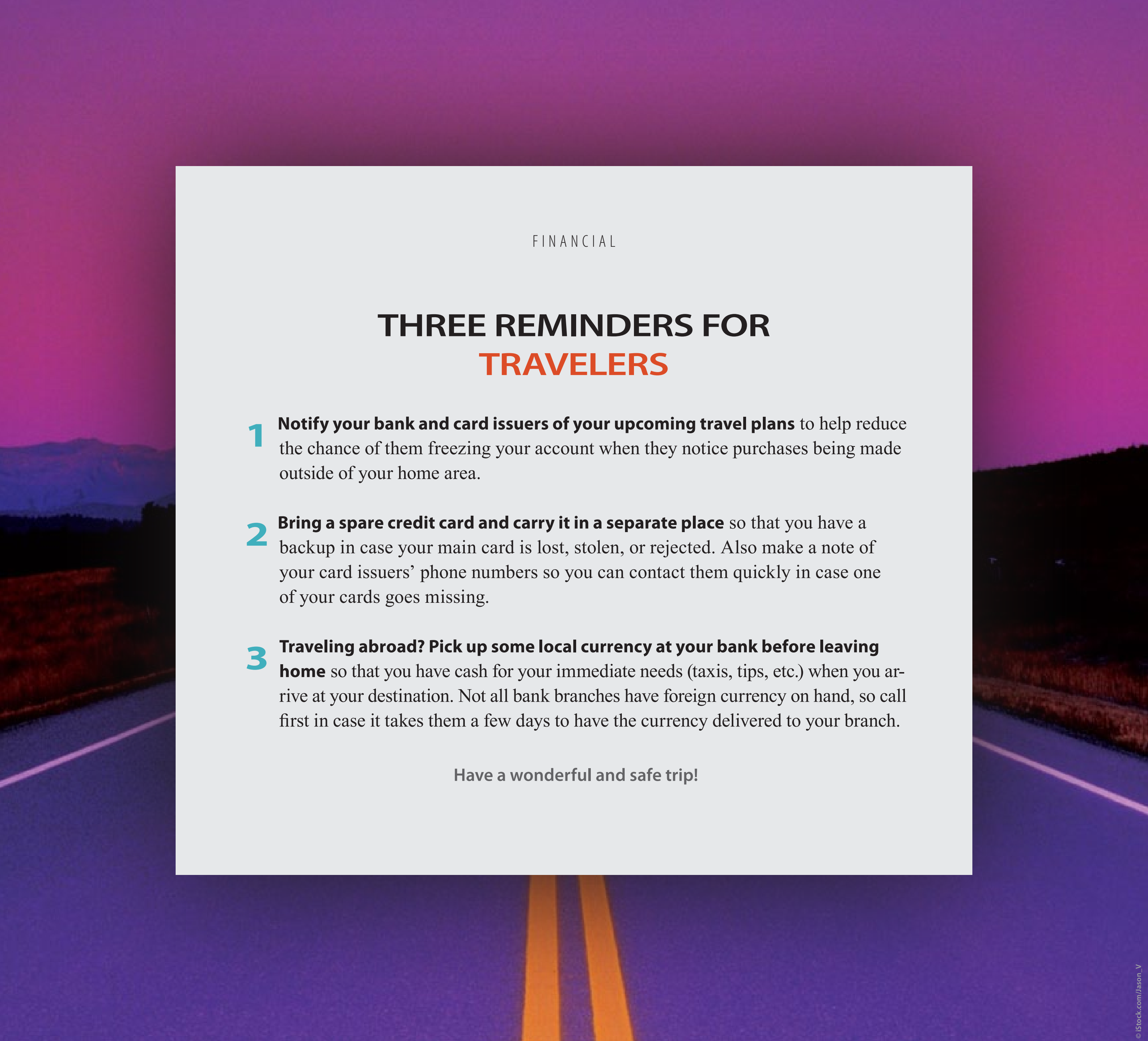
plus

INCOME ANNUITIES: TURNING SAVINGS INTO INCOME

CHARITABLE GIVING STRATEGIES UNDER THE NEW TAX LAW

DEDUCTING INTEREST ON HOME LOANS UNDER THE NEW TAX LAW

HOW TO HELP A TEEN SAVE FOR RETIREMENT



FINANCIAL

THREE REMINDERS FOR TRAVELERS

1 **Notify your bank and card issuers of your upcoming travel plans** to help reduce the chance of them freezing your account when they notice purchases being made outside of your home area.

2 **Bring a spare credit card and carry it in a separate place** so that you have a backup in case your main card is lost, stolen, or rejected. Also make a note of your card issuers' phone numbers so you can contact them quickly in case one of your cards goes missing.

3 **Traveling abroad? Pick up some local currency at your bank before leaving home** so that you have cash for your immediate needs (taxis, tips, etc.) when you arrive at your destination. Not all bank branches have foreign currency on hand, so call first in case it takes them a few days to have the currency delivered to your branch.

Have a wonderful and safe trip!

inside

UP FRONT

FEATURES

FYI

How to Help a Teen Get a Jump on Saving for Retirement

Helping your children start saving for retirement while they are still teenagers maximizes the time (a half-century!) that their investments have to compound and may really pay off for them in retirement.

IF YOUR CHILD OR GRANDCHILD works and earns an income during summer break, you may want to take advantage of this opportunity to help them get a jump on saving for retirement by giving them some seed money for a Roth IRA.

The child can begin contributing to a Roth IRA as soon as he or she earns an income from working. There are no age limits. All it takes to open and contribute to a Roth IRA is employment compensation, and that compensation can be from a formal job, such as lifeguarding or waitressing, or from self-employment, such as mowing lawns or babysitting.

Of course, most teenagers have other plans for the money they earn from their summer jobs and may not be inclined to save it for retirement. However, if you are inclined to help, money that you give the child can be contributed to a Roth IRA as long as the contribution does not exceed the lesser of the child's taxable compensation or $5,500 (the maximum IRA contribution for 2018).

For example, if your child earns $1,000 this year from employment, he or she can contribute up to $1,000 to a Roth IRA this year, even if the money for that $1,000 contribution is a gift from you and the child has pocketed the $1,000 he or she earned.

For another example, if the child earns $7,500 this summer, the most the child can contribute to a Roth IRA is $5,500, the maximum contribution amount for 2018.

Roth IRAs have income limits on who can contribute, but they are rarely a factor for teenagers whose only income is from a summer job. But just so you know, the child's modified adjusted gross income must be less than $135,000 to contribute to a Roth IRA in 2018, assuming the child is single.

Starting to save for retirement as early as possible has the potential to pay off handsomely over time due to the power of compound earnings.

How handsomely? A one-time Roth IRA contribution of $5,500 would be worth more than $60,000 after 50 years, assuming a 5% annual return, or more than $250,000, assuming an 8% annual return. And because your child is using a Roth IRA, the earnings on that $5,500 investment accumulate tax-free over those 50 years and can be withdrawn tax-free after age 59½.

This is a hypothetical example for illustrative purposes only, and your results will differ. But the point remains that even small contributions made to your teenager's Roth IRA today have the potential to grow significantly over time and may greatly improve your child's financial security in retirement. ■

PLEASE CONSULT YOUR FINANCIAL ADVISOR FOR ADVICE ON ROTH IRAs.

Why open a Roth IRA?

- **Earnings can grow tax-free.**
- **Earnings can be withdrawn tax-free after age 59½, as long as the account has been open for at least 5 years.**
- **Contributions can be withdrawn tax-free at any time.**

PLEASE NOTE: All investing involves risk, including the possible loss of principal. Earnings withdrawn from a Roth IRA before age 59½ and before the account has been open 5 years may be subject to income tax and a 10% tax penalty. The tax rules pertaining to Roth IRAs may change in the future.

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3 Ways That Bonds Pay Interest

When you receive interest from your bonds and whether the interest amount is fixed or variable depends on the type of bond you choose: fixed rate, floating rate, or zero coupon.

FIXED RATE

A fixed-rate bond pays interest periodically at a specified rate that does not change during the life of the bond. Interest is typically paid every 6 months, and the bond's face value is repaid at maturity. For example, a 10-year fixed-rate bond with a $1,000 face value and a 3% coupon (annual interest rate) will generally pay $15 interest every 6 months for 10 years. When the bond reaches its maturity date at the end of 10 years, the interest payments stop and the investor is paid $1,000, the bond's face value.

FLOATING RATE

A floating-rate bond pays a variable rate of interest that is reset periodically based on a benchmark interest rate, such as the LIBOR or U.S. Treasury bill rate. As a result, the interest payments from floating-rate bonds increase when market interest rates rise and decrease when they fall.

ZERO COUPON

Unlike the other two types of bonds, zero-coupon bonds do not pay interest periodically. Instead, all of the interest is paid when the bonds mature. It works like this: Investors purchase zero-coupon bonds at a discount to their face value and receive the full face value when the bonds mature. For example, let's say an investor pays $750 for a $1,000 bond that matures in 10 years. During those 10 years, the investor does not receive any interest payments. When the bond matures at the end of 10 years, the investor receives $1,000, the bond's face value. The difference between the discounted price paid for the bond and the face value received at maturity is the interest. ■

PLEASE NOTE:

You may have a gain or a loss if you sell a bond prior to its maturity date. Bonds are subject to interest rate risk. 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.

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

What's My Tax Bracket?

With new federal income tax rates and brackets for 2018, you may be wondering what your tax bracket is and its significance.

THE FEDERAL TAX SYSTEM has seven tax rates for ordinary income in 2018. Each rate applies to a specific tier of income, referred to as a tax bracket.

To get an idea of which tax bracket you may be in this year, look for your filing status and your taxable income in the table to the right. (Your taxable income is your income minus your deductions).

For example, if you are single with a taxable income of $100,000, you are in the 24% tax bracket. Does this mean that you pay 24% tax on all of your taxable income? No. Each tier of your income is taxed at the rate that applies to that tier. So your first $9,525 of income is taxed at 10%. Your next slice of income is taxed at 12%, and so on. In 2018, your tax would be calculated as shown at right.

You will never have to do this calculation on your own. Your tax advisor, tax software, or an IRS tax table will do it for you, but it is good to understand that different tiers of your income are taxed at different rates and that the actual rate you pay (your effective tax rate) is generally lower than the rate for your tax bracket. ■

Please consult your tax advisor for advice on how you may be affected by the new tax law.

2018 Federal Income Tax Brackets

Tax Rates	Single Taxable Income	Married Filing Jointly Taxable Income	Married Filing Separately Taxable Income	Head of Household Taxable Income
10%	$0 - $9,525	$0 - $19,050	$0 - $9,525	$0 - $13,600
12%	$9,526 - $38,700	$19,051 - $77,400	$9,526 - $38,700	$13,601 - $51,800
22%	$38,701 - $82,500	$77,401 - $165,000	$38,701 - $82,500	$51,801 - $82,500
24%	$82,501 - $157,500	$165,001 - $315,000	$82,501 - $157,500	$82,501 - $157,500
32%	$157,501 - $200,000	$315,001 - $400,000	$157,501 - $200,000	$157,501 - $200,000
35%	$200,001 - $500,000	$400,001 - $600,000	$200,001 - $300,000	$200,001 - $500,000
37%	Over $500,000	Over $600,000	Over $300,000	Over $500,000

An Example of How Federal Income Tax Is Calculated

Assumptions:

- Filing Status: Single
- Taxable Income: $100,000
- Tax Bracket: 24%

RATE	TAXABLE INCOME	CALCULATION	TAX
10%	$0 - $9,525	The first $9,525 is taxed at 10%.	**$953**
12%	$9,526 - $38,700	The next $29,175 is taxed at 12%.	**$3,501**
22%	$38,701 - $82,500	The next $43,800 is taxed at 22%.	**$9,636**
24%	$82,501 - $157,500	The final $17,500 is taxed at 24%.	**$4,200**
			$18,290

Tax credits are subtracted from this amount ▶ and perhaps a few other adjustments made to arrive at the total tax. Assuming there are no credits or adjustments, the total tax would be $18,290, or 18.29% of the taxable income—not 24% like the tax bracket.

8 Ways to Catch Up on Retirement Savings

Even if time is running short, there are still things you can do to improve your retirement picture.

1 **Take advantage of tax breaks for saving.** If you are not contributing to a workplace retirement plan or an IRA, you may want to consider doing so. The tax breaks they offer can help you move more quickly toward your savings goal.

If you use a traditional retirement plan or IRA, any earnings that your investments generate are not taxed until they are withdrawn from the account. By deferring taxes, your savings may grow faster than they would in a taxable account where earnings are subject to tax every year.

Plus, income that you contribute to a traditional retirement plan at work, such as a traditional 401(k) or 403(b) plan, is not subject to income tax until you withdraw it from the plan. For example, if you contribute $10,000 to a traditional retirement plan this year, you will not have to pay income tax on that $10,000 this year. And the money that you save on your current taxes may help you afford to contribute even more income to your retirement savings this year.

Contributions you make to a traditional IRA may also lower your current income taxes if you are eligible to deduct your contributions.

A Roth IRA or a Roth account in a retirement plan, such as a 401(k) plan, may be an option for you. Roth contributions are made with income that has already been taxed, but earnings can grow tax-free and can be withdrawn tax-free, as long as certain withdrawal requirements are met.

2 **Grab the employer match.** If your employer offers a retirement plan and will match a portion of your contributions, consider contributing at least enough to get the maximum employer match. It's free money after all, and the addition of it to your savings can help propel you towards your savings goal.

Of course, you can contribute more to the plan than the amount needed to receive the full match.

3 **Begin catch-up contributions at age 50.** Keep an eye on the calendar: Once you reach the year that you will turn age 50, you can generally begin contributing additional amounts each year to your workplace retirement plan and IRAs. These additional amounts are known as catch-up contributions.

For 2018, individuals age 50 or older can generally contribute up to an additional $6,000 to their 401(k), 403(b), and governmental 457(b) plans, up to an additional $3,000 to their SIMPLE plans, and up to an additional $1,000 to their traditional and Roth IRAs.

4 **Use taxable accounts to save additional amounts.** To get on track to your savings goal, you may need to save more money each year than allowed by retirement plans and IRAs, which have strict limits on how much you can contribute annually. For example, the maximum amount that can be contributed to a 401(k) plan in 2018 is $18,500, or $24,500 if you are age 50 or older. If you need to save more than retirement plans and IRAs allow, consider using a taxable investment account to save additional amounts.

These accounts do not offer the tax breaks that retirement plans and IRAs do, but they do offer greater flexibility. For instance, there are no maximum limits on contributions and you can withdraw money at any age without penalty.

5 **Fix your mix.** The proportions of stocks, bonds, and cash that you hold can have a significant impact on the returns your portfolio generates.

In general, stocks have the potential for the highest returns over the long-term, but also have the highest risk. Cash and cash equivalents have the potential for the lowest returns, but at the lowest risk. Bonds generally fall somewhere in the middle.

If your savings are not on track, review the situation with your financial advisor, who can recommend an investment mix that is appropriate for your savings goal and the time remaining until you retire.

PLEASE NOTE: Asset allocation does not ensure a profit or protect against loss in declining markets.

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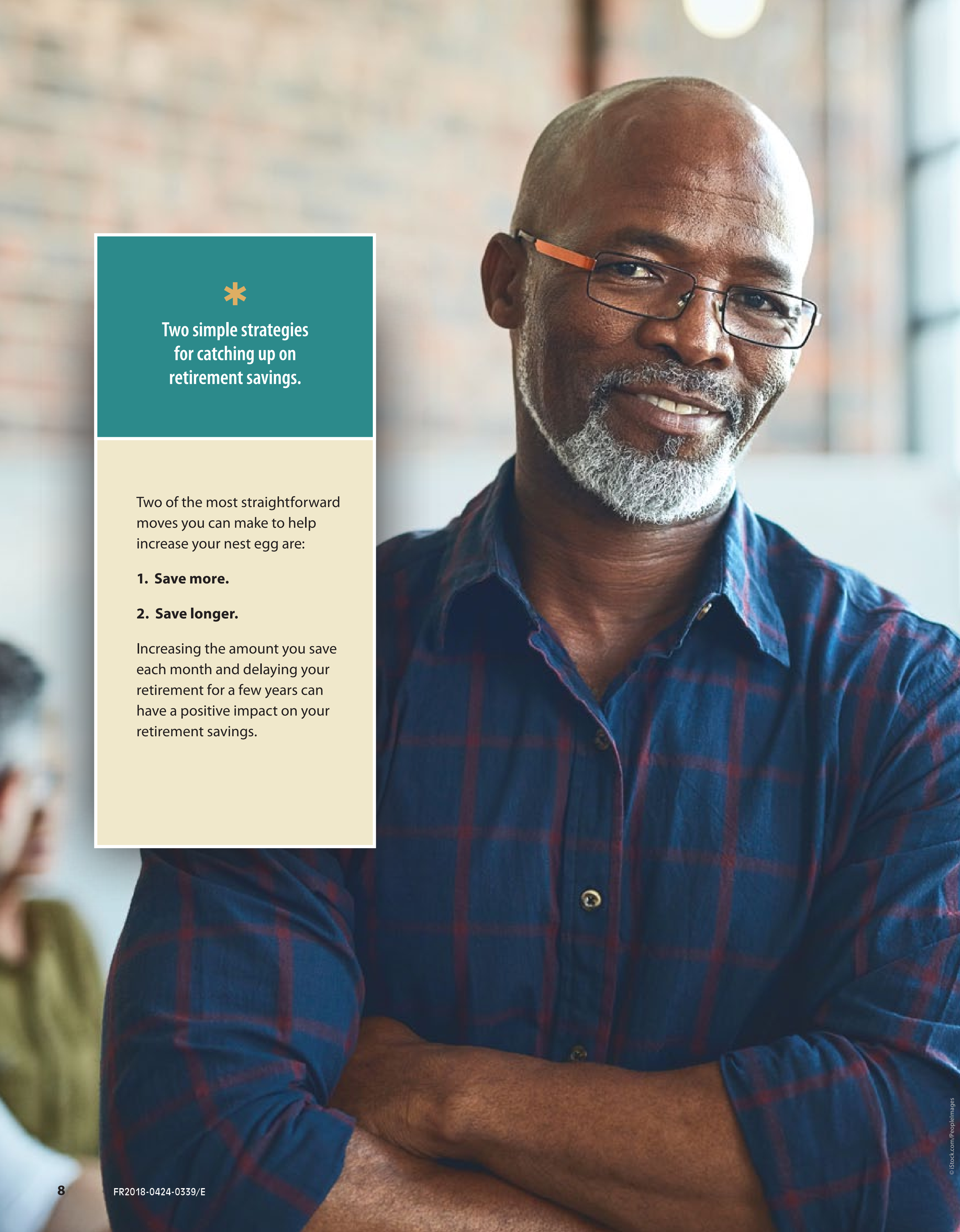
What's the maximum amount that can be contributed to a retirement account in 2018?

	MAXIMUM CONTRIBUTION	MAXIMUM CATCH-UP CONTRIBUTION IF AGE 50 OR OLDER
Traditional and Roth IRAs	$5,500	$1,000
401(k), 403(b), and most 457 Plans	$18,500	$6,000
SIMPLE IRAs and SIMPLE 401(k)s	$12,500	$3,000

Other limitations may apply to the maximum amount you may contribute. Some workplace retirement plans may permit special contributions not listed here.



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Two simple strategies for catching up on retirement savings.

Two of the most straightforward moves you can make to help increase your nest egg are:

1. **Save more.**

2. **Save longer.**

Increasing the amount you save each month and delaying your retirement for a few years can have a positive impact on your retirement savings.

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6 Increase the amount you save. If you are behind on your retirement savings, diverting more of your income into your savings can help you catch up.

The first step is to look for ways to cut back on your spending so that more of your income is available to be saved. Some people find that tracking their spending for a month is helpful in identifying expenses that can be trimmed or eliminated. Here are a few other tips:

- If your salary increases, increase the amount you save.
- If you receive a bonus or a tax refund, save it instead of spending it.
- Once your mortgage is paid off and you've signed your last check for college tuition, divert the amounts you had been spending on those expenses into your savings.
- Consider picking up a side job to generate more income that can be saved.
- If you are considering moving to a smaller, less expensive home in retirement, make the move now. Downsizing now may dramatically cut the amount you spend on utilities, property taxes, maintenance, and mortgage payments—money that you can use to bolster your retirement savings.
- Arrange for the income you have earmarked for savings to go directly into your retirement plan, IRA, and investment account. Automating your savings this way can help keep your savings plan on track.

7 Save your inheritance. Rather than spending an inheritance, consider investing it for retirement so that the gift can potentially benefit you for many years.

If you inherit an IRA, consider stretching the distributions over your lifetime rather than withdrawing the balance in a lump sum. Until the money is distributed, it will continue to receive the tax treatment enjoyed by the original account owner: earnings in a traditional IRA can continue to grow tax-deferred and earnings in a Roth IRA can continue to grow tax-free.

8 Work a few more years. If you are ready to retire, but your savings are not, delaying retirement a few years can help increase the size of your nest egg.

The most obvious financial benefit of working a few extra years is that you can continue to contribute a portion of each paycheck to your retirement savings. There are other benefits as well.

Working longer leaves the full amount of your savings available for longer to potentially generate additional earnings.

Working longer also means that your savings will not have to stretch as far. Keep in mind that retirement may last 30 or more years. Shaving a few years off the front end of retirement increases the odds that your savings will last as long as you do.

Plus, working a few extra years may make it possible for you to delay the start of Social Security retirement benefits. And for every month between age 62 and 70 that you delay the start of benefits, the amount of the monthly benefit that you will eventually receive is increased.

And if you planned to retire before age 65, the age when most people become eligible for Medicare, working a few extra years for an employer that offers a group health plan may reduce the amount you spend on health care and health insurance during those years.

If the idea of working full-time does not appeal to you, consider working at least part-time so that you will not need to withdraw as much from your savings during the early years of retirement. ■

Please consult your financial advisor for advice on what you can do to help grow your savings in the time remaining before you retire.

Deducting the Interest on Home Loans Under the New Tax Law

The Tax Cuts and Jobs Act made significant changes to the home mortgage interest deduction that may affect the amount of your home loans that are eligible for the deduction and whether you can deduct the interest you pay on a home equity loan or line of credit.

The changes are temporary: they begin in 2018 and run through 2025.

Here are answers to a few questions about the new rules.

Please consult your tax advisor for advice on your personal situation.

Does the new $750,000 limit on home loans apply to me?
The Act reduced the dollar limit on home loans that qualify for the home mortgage interest deduction to $750,000 ($375,000 for married couples filing separately). This change only affects new loans.

The earlier $1 million limit ($500,000 for married couples filing separately) still applies to home loans incurred before December 15, 2017.

If you were in the midst of buying your main home in December 2017, check with your tax advisor to see which limit applies to you. The Act allows individuals who entered into a binding written contract prior to December 15, 2017 to use the earlier $1 million limit in certain circumstances.

What does the $750,000 limit apply to?
The limit applies to the combined amounts of loans (mortgages, second mortgages, home equity loans, and home equity lines of credit) that you use to buy, build, or substantially improve your main home and second home.

Will I lose my ability to use the $1 million limit if I refinance an earlier home loan?
If you refinance a loan that you incurred before December 15, 2017, you can still use the $1 million limit as long as your new loan does not exceed the amount of the loan being refinanced.

Can I still deduct the interest on my home equity loan or line of credit?
Beginning in 2018, you can only deduct the interest you pay on a home equity loan or line of credit that you use to buy, build, or substantially improve the home that secures the loan. You can no longer deduct the interest if your loan or line of credit is used for personal expenses, such as paying off credit card debt, paying college tuition, or buying a new car.

There are other requirements that must be met for the interest to be tax deductible, such as the loan must be secured by your main home or second home and not exceed the cost of the home.

Will the increase in the standard deduction amount affect whether I deduct the interest on my home loans?
It may. Remember, you can only deduct interest on home loans if you itemize deductions. If your new standard deduction is larger than the total of your itemized deductions, you'll receive a larger deduction if you claim the standard deduction instead of itemizing your deductions.

The standard deduction for 2018 is $12,000 for single filers and married persons filing separately, $18,000 for heads of households, and $24,000 for married persons filing jointly. Taxpayers who are blind or age 65 or older can claim an additional standard deduction of $1,300 if they are married or $1,600 if they are single. ■

Examples from the IRS of how the new tax law affects the home mortgage interest deduction.

EXAMPLE 1:
A home equity loan used to substantially improve a home.

In January 2018, a taxpayer takes out a $500,000 mortgage to purchase a main home with a fair market value of $800,000. In February 2018, the taxpayer takes out a $250,000 home equity loan to put an addition on the main home. Both loans are secured by the main home and the total does not exceed the cost of the home. Because the total amount of both loans does not exceed $750,000, all of the interest paid on the loans is deductible. However, if the taxpayer used the home equity loan proceeds for personal expenses, such as paying off student loans and credit cards, then the interest on the home equity loan would not be deductible.

EXAMPLE 2:
$750,000 or less of mortgage debt on a main home and second home.

In January 2018, a taxpayer takes out a $500,000 mortgage to purchase a main home. The loan is secured by the main home. In February 2018, the taxpayer takes out a $250,000 loan to purchase a vacation home. The loan is secured by the vacation home. Because the total amount of both mortgages does not exceed $750,000, all of the interest paid on both mortgages is deductible. However, if the taxpayer took out a $250,000 home equity loan on the main home to purchase the vacation home, then the interest on the home equity loan would not be deductible. (The interest on the home equity loan would not be deductible because the loan is not secured by the home for which it is used.)

EXAMPLE 3:
More than $750,000 of mortgage debt on a main home and second home.

In January 2018, a taxpayer takes out a $500,000 mortgage to purchase a main home. The loan is secured by the main home. In February 2018, the taxpayer takes out a $500,000 loan to purchase a vacation home. The loan is secured by the vacation home. Because the total amount of both mortgages exceeds $750,000, not all of the interest paid on the mortgages is deductible. Only a percentage of the total interest paid is deductible.

SOURCE OF EXAMPLES:
IRS.gov, IR-2018-32

Income Annuities: Helping Your Savings Last a Lifetime

Will your retirement savings last as long as you do? One way to help ensure that they do is to use an income annuity to turn part of your savings into a stream of income that is guaranteed* to last for life.

WITH RETIREMENT POTENTIALLY lasting 30 or more years and fewer employers offering traditional pensions, retirement savings need to stretch farther and cover more these days. If you have concerns about running out of money in retirement and want to protect against that possibility, consider adding an income annuity to your retirement income plan.

An income annuity is a contract between you and an insurance company that guarantees you an income for life or a specified number of years in return for your upfront premium payment.

If you want the income payments to begin immediately, consider an immediate income annuity. This type of annuity is purchased with one premium payment, usually at or soon after retirement, and the income payments to you begin nearly immediately.

If you want the income payments to begin later on, consider a deferred income annuity. With this type of annuity, you pay the premium now, or over time, and the income payments begin on a date you select, which can be decades from now. For example, you might purchase an annuity at age 60 and choose to have the income payments begin at age 80. The advantage of waiting for the income payments to begin is that the longer you wait, the higher the income payments will be when they start. And that extra cash in the later years of your retirement when your savings may be running low may make a significant difference to your quality of life.

Both types of income annuities offer an array of options, allowing you to tailor an annuity that meets your specific needs.

For instance, you choose how long the income payments last: for one life, two lives, or perhaps a specified number of years. If you choose income for one life, you will receive income payments for as long as you live. If you choose income for two lives, the annuity will make payments for as long as you or the other annuitant lives. This option is typically chosen by married couples so that the income payments will continue even after one spouse has died.

You may also want to choose a beneficiary option so that your heirs receive a payout if you die early. One option is to add a guarantee period to your annuity so that if you die within the period, your beneficiaries receive the remaining income payments for that period. Another option is to add a refund provision so that if you die before receiving income equal to the amount you paid for the annuity, your beneficiaries receive the difference.

An income annuity is usually just one of several components in a retirement income plan. Because you will generally lose access to the money you use to buy an annuity, it's a good idea to also have other savings and investments that you can draw on for emergencies and large expenses. Plus, savings and investments offer the potential for growth and the ability to leave the remainder to your heirs.

If you are retired or nearing retirement, please consult your financial advisor for advice on retirement income planning and what you can do to help your savings last as long as you do. ■

*

An income annuity may be right for you if you:

- Are concerned about running out of money in retirement and want to lock in a guaranteed stream of income for life.
- Can buy an annuity and have enough savings left over to invest, cover emergencies, and pay for large purchases.
- Expect to live for many more years.

** Guarantees are subject to the claims-paying ability of the issuing insurance company.*

FR2018-0424-0339/E

When do you want your guaranteed stream of income to begin?

Now

IMMEDIATE INCOME ANNUITY

- You begin receiving income payments nearly immediately—between 30 days to 1 year after purchasing the annuity.
- The annuity is purchased with one payment, usually at or in retirement.

Later

DEFERRED INCOME ANNUITY

- You begin receiving income payments at a future date—generally between 13 months to 40 years after purchasing the annuity.
- You choose the start date when you purchase the annuity. The longer you wait for the income payments to begin, the higher the income payments will be.
- A deferred income annuity can be purchased with one payment or multiple payments over time.

Strategies for Charitable Giving Under the New Tax Law

Although the Tax Cuts and Jobs Act made only minor changes to the charitable deduction, it made major changes to other tax rules that may affect the tax benefit you receive from your charitable gifts. Here are a few of the changes you should know about and some strategies for making the most of your charitable gifts under the new law.

Upper-income donors may be able to deduct more of their donations.

The new tax law suspends the overall limitation on itemized deductions for years 2018-2025. Previously, this limitation reduced the overall value of certain itemized deductions, including the charitable deduction, if your adjusted gross income (AGI) exceeded certain limits. For 2017, those AGI limits were $261,500 for single filers and $313,800 for joint filers.

With the overall limitation suspended, upper-income donors who itemize deductions may now receive a larger deduction for their charitable gifts. (The charitable deduction still has its own set of limitations, which may reduce the amount you can deduct, but at least the overall limitation on itemized deductions will not reduce that amount even further.)

A much larger standard deduction means fewer donors will deduct their charitable gifts.

To deduct your charitable gifts, you must itemize deductions. However, with the standard deduction amount nearly doubling for years 2018-2025, many more donors will receive a larger deduction if they claim the standard deduction rather than itemizing their deductions.

The basic standard deduction for 2018 is $12,000 for single filers and married persons filing separately, $18,000 for heads of households, and $24,000 for married persons filing jointly. Taxpayers who are blind or age 65 or older can claim an additional standard deduction of $1,300 if they are married or $1,600 if they are single. For example, a single taxpayer who is age 65 can claim both a basic standard deduction of $12,000 and an additional standard deduction of $1,600.

If it looks like your standard deduction will be larger than your total itemized deductions for 2018, there may be actions you can take with your charitable gifts to gain a tax benefit from them.

- ***Bunch your gifts.*** Consider making two years' worth of charitable gifts in one year if it boosts your total itemized deductions for the year over your standard deduction amount. Bunching your gifts this way may make it possible for you to claim a larger deduction every other year by itemizing your deductions. And in those years when you are not donating, you will simply claim the standard deduction.

- ***Use a donor-advised fund.*** Cash and assets that you contribute to a donor-advised fund are immediately eligible for a charitable deduction even before you recommend a single grant to charity from your donor-advised fund account. So if you plan to make significant gifts to charity in future years, consider contributing all or some of your future gifts to a donor-advised fund this year in order to push your total itemized deductions for the year over your standard deduction amount.

To give you an example, let's say you and your spouse normally donate $10,000 per year to various charities, and that your donations and other itemized deductions total less than your $24,000 standard deduction amount. You could continue donating $10,000 per year and simply claim the $24,000 standard deduction every year, or you could contribute, say, $50,000 to a donor-advised fund this year and then make $10,000 grants each year from your donor-advised fund account for the next five years or so. Your $50,000 contribution to a donor-advised fund would generally make it possible for you to deduct $50,000 this year by itemizing deductions, and then claim the $24,000 standard deduction for the next four years.

Not familiar with donor-advised funds? They are sponsored by public charities, such as community foundations, universities, and the charitable arms of investment companies, and allow you to create an account specifically for your charitable giving. The contributions you make to your account are irrevocable and are immediately eligible for a charitable deduction. You can then recommend grants, either all at once or over a period of years, to IRS-qualified charities. The sponsoring organization has legal control of your account, but will generally follow your grant recommendations as long as they adhere to the organization's guidelines.

If you are age 70½ or older, there is another way to receive a tax benefit from your charitable gifts, and you can use it even if you claim the standard deduction.

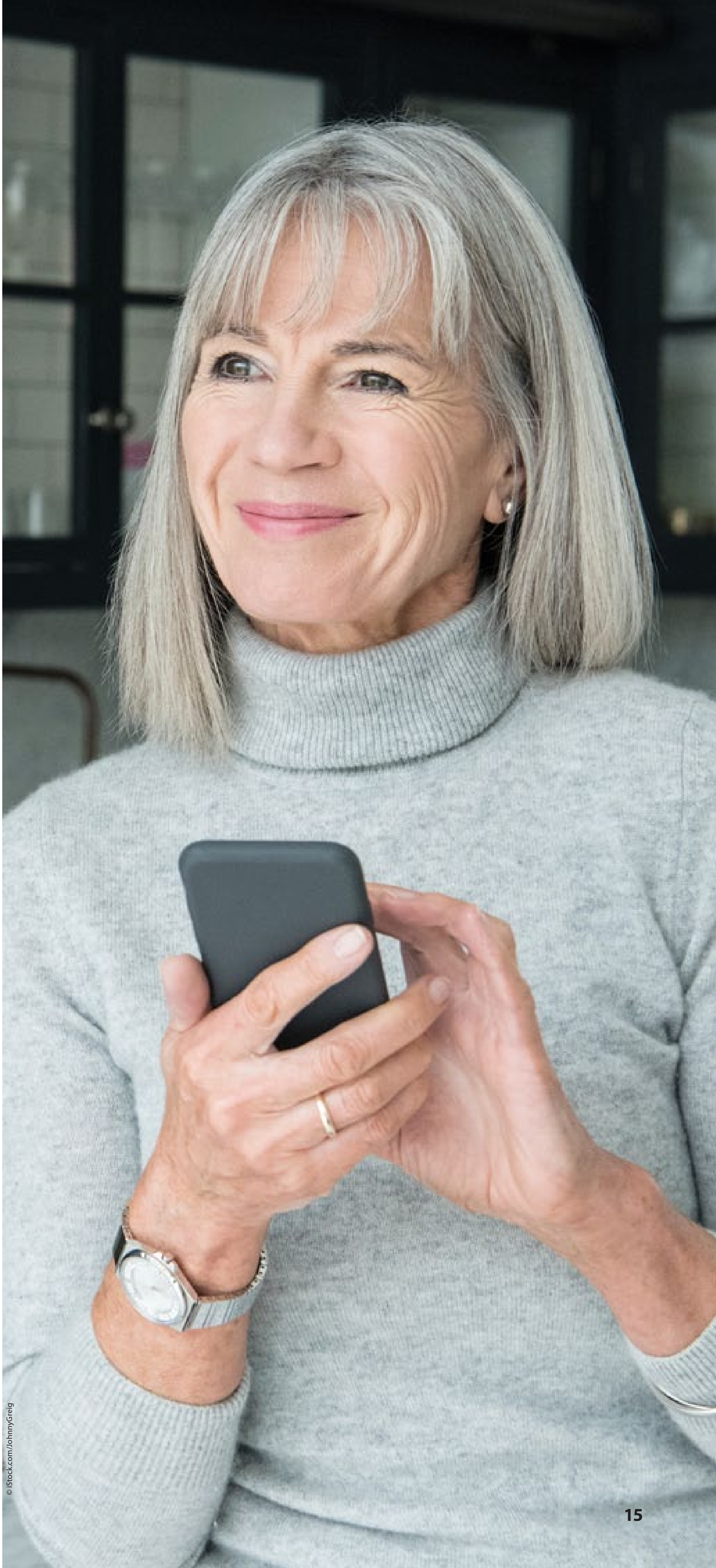
▸ ***Donate from your traditional IRA.*** IRA owners who are age 70½ or older can make tax-free charitable distributions of up to $100,000 per year directly from their traditional IRAs to eligible charities.

Rather than claiming a charitable deduction for donations made this way, your qualified charitable distributions count toward your IRA's required minimum distribution (RMD) for the year and escape taxation because they are not added to your taxable income as RMDs normally would be.

For a charitable distribution to be tax-free and count toward your RMD, the funds must be transferred by the IRA trustee directly to your chosen charity.

Please note that although charitable distributions can be made to many charities, they cannot be made to donor-advised funds or supporting organizations. Nor can they be made from SEP or SIMPLE IRAs.

Before implementing the strategies discussed here, please consult your tax and financial advisors who can review your overall financial picture and suggest ways to make the most of your charitable giving under the new tax law. ■



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THE PERFECT STORM | Tofino, BC, Canada

BY BRIAN JOHNSTON

Where vacationers go in search of wild weather on Canada's far western fringe.

BY MID-MORNING, OMINOUS BLACK clouds have gathered on the horizon and a gusty wind is blowing spray onto the shoreline's jagged rocks. Age-old cedar trees groan and shiver. Great moody breakers rumble in from the North Pacific to pound the coast, coughing up giant tree trunks that litter the beach like matchsticks. By lunch time, a gale-force wind howls from the ocean and rain lashes the faces of beach walkers. The sky is bruised grey and the temperature frigid.

Frankly, the weather couldn't be more perfect in Tofino on Vancouver Island's rugged west coast. Billed as the 'storm-watching capital of Canada', many days here certainly deliver on this tourist-slogan promise. The weather is fabulously rough. You'd think Tofino's visitors would all be bunkered down at a hotel bar, a whiskey in hand and a warm fire toasting the shins. Instead, they're battling the squalls and wind in rain boots and yellow sou'westers that look as if they've been purloined from a fishing smack.

Sure, most vacationers dream of sunshine, and no doubt of beaches with cocktails and coconut trees. Here, though, people come to see the wild beauty of nature's storms, taste salty wind on their lips, and feel the clean rain of British Columbia on their faces. They inhale air that smells of cedar and damp ferns. Yet the ruggedness of this stretch of coast and the storm-tossed weather do not mean sacrificing something else that vacationers often seek: plenty of creature comforts. At the end of the day, visitors can strip off their wet weather gear, turn the gas fire up high, and slip into a deep soaking bath that might have views beyond the window of splendid coastal scenery.

Hotel guests hereabouts are equipped with binoculars so they can sit by their windows and sweep the sea like naval captains on a ship's bridge. They can tuck into a hunk of Canadian beef and a fine British Columbian red in a restaurant

Huge waves pound Tofino's coast (left) and a boardwalk (below) provides easy access to the forest.

whose cathedral windows pay tribute to the elements just beyond. In a particularly rambunctious storm, waves might almost crash against the walls of your lodgings.

In short, fine accommodations and a clever winter marketing strategy have put Tofino on the tourist map at the most unexpected time of year: the middle of the Canadian winter. This must be the only beachside resort town in North America where guests are actually disappointed to see blue sky when they fling back the morning drapes. Rain, rain, go away? I don't think so. Luxury and lashing rain are a combination made in heaven.

For many people, Tofino was once a place in which to disappear. The western end of the Trans-Canada Highway peters out here, and the town certainly has an end-of-the-line atmosphere about it, with its battered weatherboard houses, crab-fishing docks, and sea-gazing location. Fishing boats tie up in the harbor, and the occasional floatplane skims the waters as a reminder of how cut-off this coastline really is.

Tofino got its start in the 1850s as a trading station, then prospered as a fishing and logging outpost. But in the 1960s an influx of hippies and later Vietnam draft-dodgers arrived, and by the early 1980s it was the turn of environmentalists to lose themselves in Tofino. These days—rather improbably—hardy Canadian surfers come in droves to enjoy the storm waves.

The result is an eclectic population mix and a town full of lively characters. In the evenings, you can enjoy surprisingly good chowder in Tofino's restaurants, thick with smoked salmon and chunks of Dungeness crab fished out of the sound that day. Or you might just pass the time in the warmth of a bar, where ageing hippies and assorted tree-huggers will entertain you with tall tales.

There are, of course, other reasons beyond storms for visiting this corner of Vancouver Island. Tofino has a rather majestic setting between snow-encrusted mountains, a natural inner harbor, and wild open ocean. It's a great base for exploring the Clayoquot Sound UNESCO Biosphere Reserve, which has a few First Nation settlements, remote inlets, and vast expanses of forest dense with Sitka spruce, hemlock, and huge western red cedars, which in winter are often hunkered under epaulettes of snow or shrouded in atmospheric mist. Visitors can whale-watch and look for bears, follow hiking trails through the forest, or fish for salmon and halibut. There are thermal springs too, where winter hikers can sit under a warm waterfall as snow falls in fat flakes.

The natural setting makes Tofino a busy place at times, especially in July and August, but come in winter and you'll find a fraction of the visitors and yet the same glorious landscapes. Spray-misted beaches run for 12 miles between rocky headlands and promise long, solitary walks and wind-freshened cheeks. Inland, boardwalks tempt you into the forest for a meander between boulders, moss-stained trees, and lime-green ferns. Sensibly-dressed locals walk their fur-drenched dogs and stop for a chat.

The sheer abundance of water is extraordinary, especially if you come from much drier climes. Moss erupts on rocks and railings, gullies tinkle with streams, every leaf glistens with raindrops. The sand is always damp, and the horizon shrouded in sea mists. Dogs bound through puddles, surfers are battered by waves, and water drips down the coats of walkers out to enjoy another storm.

The most spectacular of Tofino's beaches is Chesterman Beach, a sweeping curve of sand pounded by rolling surf and framed in offshore islands, rocky headlands, and a backing of tall spruce trees hung with lichen. On a stormy day, you might be bent over in a wind that seems to blow unimpeded right across the North Pacific from Siberia. The ocean roars and you can feel the sand tremble as waves crash. The beach is littered with oyster shells and huge hanks of kelp thrown up by the waves. Tree-sized driftwood is polished into giant abstract sculptures. During storms, the sky turns purple and the clouds are worthy of an Impressionist painting. A walk on Chesterman Beach will make your cheeks glow as you discover a newfound appreciation of bad weather and the wild glories of raw, powerful nature.

Don't worry, though. When the chill sets in, your hair has been whipped into tangled knots, and the rain starts to trickle down your collar, your cozy lodge awaits. The views are still there beyond the windows, and you can watch the evening descend as the crashing waves keep rolling on in. You'll be happy to see rain and wind on this vacation. Gaze upon it and rejoice, because bad weather has never looked so wildly beautiful. ■

Rides of Your Life

Whether you prefer the challenge of a steep mountain pass or a more leisurely spin through vineyards, farmlands, or historic towns, there's a cycling event just waiting for you this summer.

CLEVELAND

Neo Cycle *September 7–9, 2018*

Billed as the nation's largest urban cycling festival, Neo Cycle offers rides for beginner, intermediate, and expert riders, including a 10-mile, 31-mile, or 62-mile tour through Cleveland's neighborhoods and a 7-mile night ride along the shores of Lake Erie.

COLORADO

Tour de Steamboat *Steamboat Springs | July 21, 2018*
Courage Classic *Copper Mountain | July 21–22, 2018*
Copper Triangle *Copper Mountain | August 4, 2018*

There are numerous opportunities in Colorado to take your bike out for a spin and raise funds for local charities while you are at it. The Tour de Steamboat, which benefits various non-profit organizations in Steamboat Springs, offers a choice of four rides of varying distances and elevation gains so riders of all ages and abilities can participate. The Courage Classic, which begins and ends at the Copper Mountain Resort, is a two-day event that raises money for the Children's Hospital Colorado. The Copper Triangle, which also starts at the Copper Mountain Resort, loops through high mountain passes, with part of the proceeds going to the Davis Phinney Foundation for Parkinson's.

LONDON

RideLondon *July 28–29, 2018*

RideLondon is the largest cycling festival in the world with more than 100,000 riders expected to participate in seven events. There are 100-mile and 46-mile cycling challenges for amateur riders that begin in Queen Elizabeth Olympic Park and finish on The Mall in front of Buckingham Palace. A total of 30,000 riders are expected to take part in those two events. There's also a free family ride through central London where riders of all ages and abilities can cycle past landmarks on roads closed to traffic for the day.

NAPA VALLEY

Tour of Napa Valley *August 19, 2018*

California's Napa Valley with its vineyards and scenic beauty is the location for this annual cycling event. Riders of all experience levels are welcome and have a choice of four rides, ranging from a relatively flat 35-mile loop through the vineyards to more challenging 40-, 65-, and 100-mile loops with greater gains in elevation. Rides begin in Yountville.

SEATTLE TO PORTLAND

Seattle to Portland, or STP *July 14–15, 2018*

This wildly popular event attracts 10,000 riders every year who bike 200+ miles from Seattle to Portland over one or two days in mid-July. The route passes through the scenic countryside of western Washington and Oregon.

VANCOUVER TO WHISTLER

GranFondo Whistler *September 8, 2018*

Join 4,500 other riders as they pedal 76 miles along one of the most scenic (and challenging) routes in the world, the Sea-to-Sky Highway, as it climbs 6200 feet from the coast of Vancouver to the lofty mountain perch of Whistler Village. This event is billed as the largest Gran Fondo (long-distance bicycle ride) in North America.

VERMONT

The Vermont Challenge *August 16–19, 2018*

If quaint towns, covered bridges, and green-clad mountains are your thing, take the Vermont Challenge. This four-day event is broken into a two-day valley tour through the farms, fields, and villages near Manchester Center and a two-day mountain tour near Stratton Mountain and up Mount Equinox's Skyline Drive. You can do the valley tour, the mountain tour, or both! ■

QUIZ

ALL THINGS BRITISH

1. Which British rocker turns age 75 in 2018?

A. Elton John
B. Mick Jagger

2. Which stop on the London Underground is closest to the Houses of Parliament?

A. Tower Hill
B. Westminster

3. Two well-known gardens in Great Britain are:

A. Hidcote and Sissinghurst
B. Winterthur and Vizcaya

4. Queen Elizabeth II recently became the longest-reigning British monarch when her reign surpassed the 64-year reign of:

A. Queen Elizabeth I
B. Queen Victoria

5. The Masterpiece television series, *Downton Abbey*, was filmed at:

A. Highclere Castle
B. Blenheim Palace

6. London's Theatre District is located in which area?

A. London's West End
B. London's South Bank

7. What is the name of the stone barrier built in Britain about two thousand years ago to separate the Romans and the Picts?

A. Stonehenge
B. Hadrian's Wall

8. Who lives at 10 Downing Street, London?

A. The Prime Minister
B. The Queen of England

9. Balmoral Castle, where Queen Elizabeth II spends her summers, is located in:

A. Scotland
B. Wales

10. The London Underground warns riders to:

A. Keep calm and carry on.
B. Mind the gap.

11. Which British monarch had six wives?

A. Henry VIII
B. Charles II

12. This sport, played with a bat and ball, is often considered to be England's national sport:

A. Rugby
B. Cricket

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

Your Goals Are Our Focus.

Helping to Make Our Clients Lives Better.

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