HMS FINANCIAL GROUP

WEALTH MANAGEMENT & FINANCIAL PLANNING

EYE ON MONEY

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HOW TO SAVE FOR RETIREMENT IF YOU DO NOT HAVE A RETIREMENT PLAN AT WORK

plus

HOW TO TRANSFER ASSETS WITHOUT A WILL AND PROBATE

WHERE TO FIND SCHOLARSHIPS

DEDUCTING YOUR VOLUNTEER EXPENSES

THE POTENTIAL PITFALLS OF A JOINT ACCOUNT

U.S. TREASURY FLOATING RATE NOTES

TAX

YOUR VOLUNTEER EXPENSES MAY BE TAX DEDUCTIBLE

If you volunteer for a charitable organization, you may be able to deduct certain unreimbursed expenses as long as you itemize deductions on your tax return.

1. **Car expenses.** If you use your car to drive to where you volunteer, you can deduct the cost of gas and oil used to get you there and back. If you prefer not to track your actual expenses, you can track mileage instead and deduct $0.14 per mile (2017 rate).

2. **Travel.** If your volunteer work takes you away from home for a period of time, you may be able to deduct travel expenses, such as transportation, meals, and lodging. You can only deduct these expenses if "there is no significant element of personal pleasure, recreation, or vacation in the travel", according to the IRS.

3. **Uniforms.** If you are required to wear a uniform while you provide volunteer services, the cost of that uniform and its upkeep is generally deductible.

Please consult your tax advisor for advice.

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Where to Find College Scholarships

The summer between a high school student's junior and senior years is a great time to begin the search for college scholarships.

Thousands of scholarships are available, and awards can stretch from a few hundred dollars up to thousands of dollars for deserving students.

Some scholarships are merit-based and are awarded based on the student's academic, athletic, or artistic achievements. Others are awarded based on criteria, such as the student's field of study, ethnic background, community service record, or financial need.

Here are a few ideas of where to find scholarships.

1 **www.CareerOneStop.org**
Sponsored by the U.S. Department of Labor, this website features a database of more than 7,500 scholarships, fellowships, grants, and other financial aid award opportunities that you can search based on criteria, such as where the student lives or will study and affiliations he or she has with various employers, ethnicities, and religious groups.

2 **Your high school's website or guidance office.**
Pay a visit to your high school's website or guidance office to learn about local scholarships available solely to students from your school or area. There is less competition for local scholarships, which increases the odds of your student winning one of them.

3 **College websites and financial aid offices.**
Many colleges offer need-based and merit-based scholarships, which you can learn about on their websites or at their financial aid offices.

4 **Your state.**
Many states have scholarship and grant programs for residents who plan to attend an in-state college. To find your state's program, Google your state's name and "scholarship program".

5 **Businesses and organizations you are affiliated with.**
If you or the student belongs to a club, community group, fraternal order, or athletic league, the student may be eligible for a scholarship from the group. Some employers also offer scholarships to employees and their children. And your church, synagogue, or other religious group may offer scholarships.

6 **Organizations related to the student's field of study.**
Associations related to specific professions, such as nursing, law enforcement, and engineering, sometimes offer scholarships to students pursuing a degree in the association's field.

7 **Online search tools.**
Several reputable companies in the education field offer free scholarship search tools on their websites. To find them, simply Google the word "scholarships" or ask your high school guidance office to suggest some websites.

Scholarship scams abound, so be wary of companies that require a fee or your financial account information in order to locate or apply for scholarships. ■

PLEASE CONSULT YOUR FINANCIAL ADVISOR REGARDING HOW TO SAVE AND PAY FOR COLLEGE.

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What are U.S. Treasury floating rate notes?

This relatively new addition to the U.S. Treasury's lineup of debt securities offers some protection from rising interest rates.

IN 2014, THE U.S. TREASURY BEGAN OFFERING FLOATING RATE NOTES, also known as FRNs. As their name suggests, floating rate notes do not pay a fixed rate of interest. Instead, they pay a variable rate of interest that floats up and down based on changes to a reference rate.

More specifically, the rate on a Treasury FRN is reset weekly based on the discount rate of the most recent 13-week Treasury bills, which are auctioned weekly, plus a fixed-rate spread that is determined when the FRN is first offered.

As a result of the weekly rate adjustment, interest payments from a Treasury FRN fluctuate in value—increasing when market interest rates rise and decreasing when they fall.

Their connection to market interest rates provides FRNs with some protection from interest rate risk. That is the risk that an increase in market interest rates may reduce the value of your bonds.

Typically, when market interest rates rise, bond prices fall. The price of fixed-rate bonds tends to be hit harder by changes in market interest rates because investors can buy new fixed-rate bonds that pay more. So the price of older fixed-rate bonds generally falls to help keep their yield in line with new bonds. The result is that if you decide to sell a fixed-rate bond after market interest rates rise, you may get stuck having to accept a lower price for it.

A rise in market interest rates generally has less of an impact on the price of a Treasury FRN because its interest rate increases soon after market interest rates rise, which helps keep a Treasury FRN's yield in line with the market.

Treasury FRNs are issued with a term of two years. They pay interest quarterly, and that interest is exempt from state and local income taxes. When an FRN reaches its maturity date, investors are paid its face value. And as with all U.S. Treasury securities, Treasury FRNs are considered a safe investment because their timely payment of interest and principal is backed by the U.S. government. ■

PLEASE NOTE:

The government backing on U.S. Treasury securities does not eliminate market risk. 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.

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The Potential Pitfalls of a Joint Account

Making someone, such as your adult son or daughter, the co-owner of your bank account can be a convenient arrangement. If you are sick or not able to get to the bank, the co-owner can make deposits, pay your bills, and pick up some cash for you. While this type of arrangement can work successfully, it does have some potential pitfalls that you should be aware of.

The Potential Pitfalls

Your co-owner may choose to withdraw money for his or her own use.

If your co-owner is delinquent on his or her bills, creditors may try to seize the joint account as payment for your co-owner’s debts.

If the account is titled “joint account with right of survivorship”, your co-owner will inherit the account, regardless of any directions to the contrary in your will.

Your bank may not readily honor your power of attorney.

It is a good idea to check with your bank to ensure that it will honor your power of attorney. In some cases, your bank may prefer that you use its power of attorney form.

P O A

TWO ALTERNATIVES TO A JOINT ACCOUNT THAT MAY HELP YOU AVOID CERTAIN PITFALLS

CREATE A DURABLE POWER OF ATTORNEY FOR FINANCES

This document allows you to appoint someone, known as your agent, to make banking transactions on your behalf. You retain full ownership of the account, so your agent's creditors cannot touch it. Plus, your agent will not automatically inherit the account.

OPEN A CONVENIENCE ACCOUNT

Some banks offer what is known as a convenience account that allows you to name someone to make transactions on your behalf, while you retain full ownership of the account. As long as the account is not titled "with right of survivorship", your helper will generally not automatically inherit the account .

None of these options can prevent the person who helps with your banking from misusing your money, so it is essential to choose someone you trust.

Please consult your estate planning advisor for advice on how to arrange for someone to help with your banking.

How to Save for Retirement
if You Don't Have a Retirement Plan at Work

Many workers, particularly those in very small businesses, do not have access to a retirement plan through their employer. If you are one of them, please do not let that hold you back from saving for retirement. You can easily open your own accounts and begin saving in no time flat. Here are a few ideas to get you started.

MAKE A PLAN

Whenever you set out on a journey, it is helpful to have an idea of where you want to end up and the route you will take to get there. Saving for retirement is no different. It is helpful to know how much you may need for a financially secure retirement and how much you may need to save each year to potentially reach your goal.

Retirement planning calculators on the Internet can provide a rough idea of how much to save. However, a better course of action is to check with your financial advisor who can review the intricacies of your finances and your goals and tailor a plan specifically for you.

CHOOSE YOUR ACCOUNTS

There is no need to forego the tax benefits and convenience of a retirement plan just because your employer doesn't offer one. Some of the accounts listed here, such as traditional IRAs, offer the potential for tax-deferred investment growth, and all of the accounts offer convenience when funded through direct deposit from your employer or automatic transfers from your bank.

Traditional and Roth IRAs

An individual retirement account (IRA)—either traditional or Roth—is generally the first place you should consider socking away some cash if you do not have access to a retirement plan at work.

IRAs are easy to set up and readily available from brokers, mutual fund companies, and financial institutions. They typically offer a wide range of investment options and tax benefits that can help your savings grow faster than in a taxable account. And for 2017, they generally allow contributions of up to $5,500 per year ($6,500 per year if you are age 50 or older).

Nearly everyone with taxable compensation, or a spouse with taxable compensation if you file joint tax returns, is eligible to contribute to a traditional IRA. The only requirement other than taxable compensation (wages, commissions, etc.) is that you must be under age 70½ at the end of the year.

There are no age restrictions on contributing to a Roth IRA, but your income must be under a certain amount. For 2017, your modified adjusted gross income (MAGI) must be under $133,000 if you are single or $196,000 if you are married and file jointly to contribute to a Roth IRA. And if your income is within a few thousand dollars of those amounts, the maximum amount you can contribute per year will be reduced.

When deciding between a traditional IRA or a Roth IRA, consider the tax benefits and features that each offers.

With a traditional IRA, your investment earnings grow tax-deferred and your contributions may be tax deductible. This means that you will not have to pay tax on your investment earnings and possibly the money you contribute until they are withdrawn from the account.

Your contributions to a traditional IRA are fully deductible if you, and your spouse if you are married, are not covered by retirement plans at work. If you or your spouse is covered by a plan at work, your income must be below a certain amount to deduct all or part of your contributions.

For example, if you are married, file a joint tax return, and your spouse is covered by a plan at work but you are not, your modified adjusted gross income (MAGI) must be $186,000 or less to fully deduct your 2017 contribution. If your MAGI falls between $186,000 and $196,000, your contribution is partially deductible. And if your MAGI exceeds $196,000, you cannot deduct any part of your contribution.

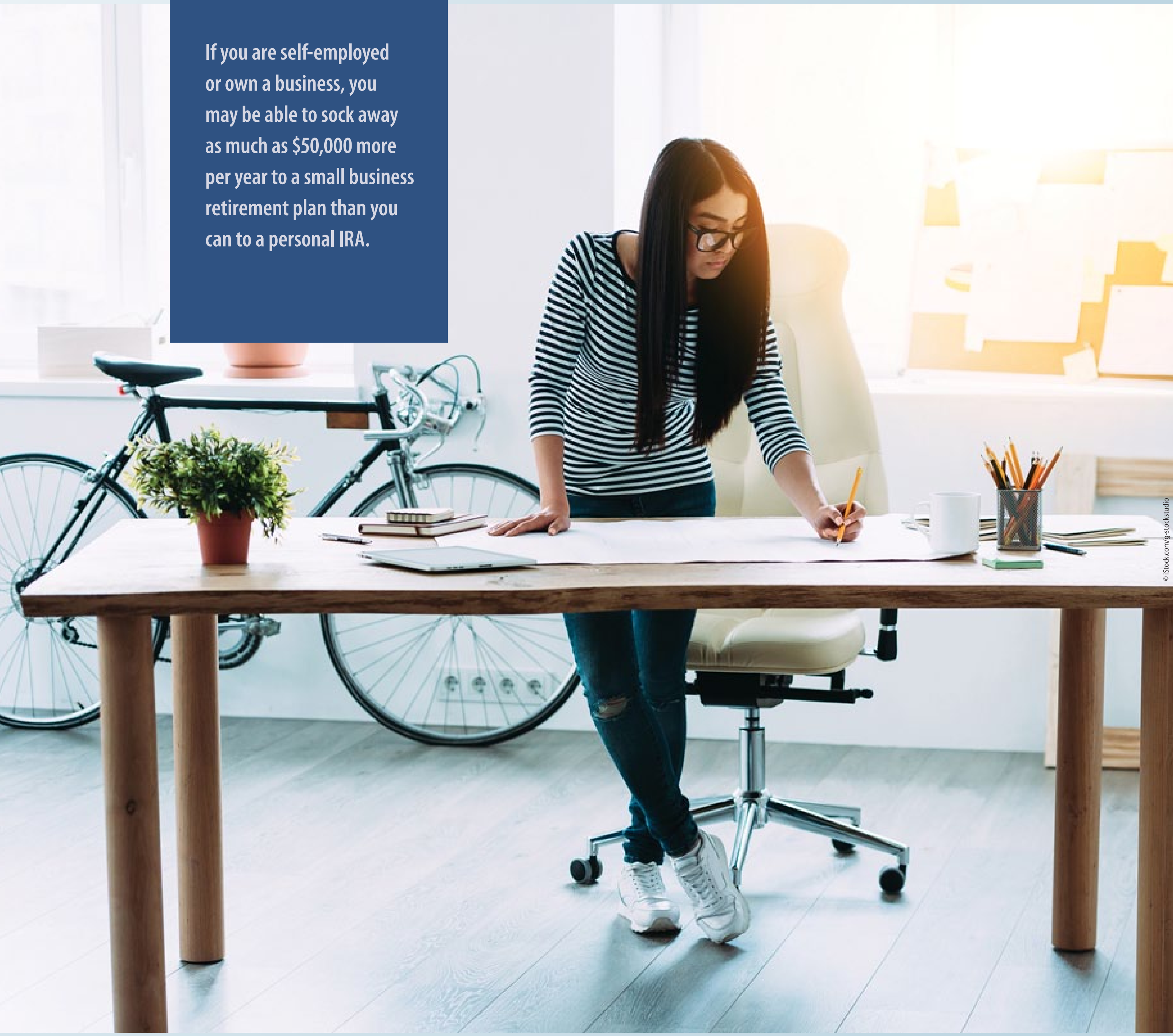
With a Roth IRA, contributions are not deductible, but they can be withdrawn tax-free at any time. Plus, investment earnings accumulate tax-free in a Roth IRA and can be withdrawn tax-free after age 59½ provided the account has been open for at least five years. In other words, you generally will not pay a cent in taxes on your Roth savings while they are in the account or when you withdraw them in retirement.

If you want to take advantage of a Roth IRA's tax-free growth potential, but your income is too high to contribute directly, talk to your financial advisor about funding a traditional nondeductible IRA first and then converting those funds to a Roth IRA. You can convert a traditional IRA to a Roth IRA no matter how high your income.

A traditional or Roth IRA is generally the first place you should consider socking away some cash if you do not have access to a retirement plan at work.

	TRADITIONAL IRA	ROTH IRA
TAX BENEFITS	▸ Investment earnings grow tax-deferred. ▸ Your contributions may be deductible.	▸ Investment earnings grow tax-free. ▸ Qualified withdrawals are tax-free.
AGE LIMIT	You must be under age 70½ to contribute.	You can contribute at any age.
UPPER INCOME LIMIT	None. You can contribute no matter how high your income.	Your income must be under $133,000 if you are single or $196,000 if you are married and file joint tax returns.
TAX DEDUCTION FOR CONTRIBUTIONS	Yes, as long as you, and your spouse if you are married, are not covered by a retirement plan at work. If you or your spouse is covered, your income must be below certain limits.	No.
TAX ON WITHDRAWALS	▸ Earnings and deductible contributions are taxed at ordinary income tax rates. ▸ Nondeductible contributions can be withdrawn tax-free. ▸ A 10% tax penalty may apply to withdrawals before age 59½ unless you qualify for an exception to the penalty.	▸ Contributions can be withdrawn tax-free at any time. ▸ Earnings can be withdrawn tax-free after age 59½, as long as the account has been open for at least 5 years. ▸ The earnings portion of a withdrawal made before age 59½ and before the account has been open five years may be subject to tax and a 10% tax penalty.
REQUIRED MINIMUM DISTRIBUTIONS (RMDs)	RMDs must be taken each year beginning at age 70½.	The account owner is not required to take RMDs at any age.

If you are self-employed or own a business, you may be able to sock away as much as $50,000 more per year to a small business retirement plan than you can to a personal IRA.



*my*RA

If you are new to investing and are looking for simplicity and safety, consider opening a *my*RA, a starter retirement savings account offered by the U.S. Department of the Treasury.

How simple is it? Very. You can open an account online at myRA.gov and arrange for contributions to be made from your paycheck or bank account. And there are no investment decisions to make. Every cent you contribute is invested in a U.S. Treasury savings bond.

How safe is it? The savings bond is backed by the U.S. Treasury, making it one of the safest investments available. Keep in mind, however, that generally the lower an investment's risk, the lower its return.

*my*RAs are a type of Roth IRA and have many of the same tax benefits and requirements.

For example, although you cannot deduct your contributions to a *my*RA, the interest on your investment accumulates tax-free and can generally be withdrawn tax-free after age 59½. Your contributions can be withdrawn tax-free at any time.

To contribute to a *my*RA, your income must be below the same limits that apply to a Roth IRA. For 2017, your MAGI must be below $133,000 if you are single or $196,000 if you are married and file a joint tax return.

The main difference between a *my*RA and a Roth IRA is that a *my*RA account is capped at $15,000. When the balance reaches $15,000 or the account has been open for 30 years, whichever happens first, your *my*RA balance will be transferred to a Roth IRA in the private sector, where you can continue to invest for retirement. If you want to transfer your savings to a Roth IRA sooner, you can.

Small Business Retirement Plans

If you are self-employed or own your own business, you have a retirement saving option not available to most workers: you can set up a small business retirement plan.

Small business retirement plans are easy to set up and operate. Many brokerages and financial institutions offer them.

They offer tax benefits that can help your savings grow faster than in a taxable account. And they allow you to save much more each year on a tax-deferred basis than personal IRAs allow. How much more? Depending on your income, your age, and the plan you choose, you may be able to sock away about $50,000 more per year using a small business retirement plan.

THE TAX BENEFITS OF A TAX-DEFERRED SMALL BUSINESS RETIREMENT PLAN

- Contributions that you make as an employer are tax deductible.
- Contributions that you make as an employee to your own account are made from pre-tax income, which lowers your current income taxes.
- Tax is deferred on your investment earnings until they are withdrawn from the account.

Earnings and pre-tax contributions will be subject to ordinary income tax when withdrawn. Withdrawals made before age 59½ may also be subject to a 10% early withdrawal tax penalty (25% if taken in the first two years of participating in a SIMPLE IRA plan).

Retirement plans designed specifically for small businesses include the SEP IRA, SIMPLE IRA, and individual 401(k).

The SEP IRA is funded solely by employer contributions and allows contributions of up to 25% of each eligible employee's compensation, but no more than $54,000 in 2017. The fact that SEP IRAs only permit employer contributions makes this type of plan a good choice for owner-only businesses that want to make substantial contributions to their own retirement accounts.

The SIMPLE IRA allows employees to contribute and requires employers to chip in also. It is available to businesses with 100 or fewer employees and in 2017 allows employees to contribute up to $12,500 of their salaries ($15,500 if they are age 50 or older).

Employee contributions are not limited to a percentage of compensation, making SIMPLE IRAs attractive to self-employed individuals with relatively low incomes who want to save more than 25% of it. For example, if you have a side business that pays you $10,000 per year, you can sock away every cent of it in a SIMPLE IRA. With a SEP IRA, the most you could sock away would be $2,500 per year (25% of your compensation).

SIMPLE IRAs are also popular with small businesses that want an easy-to-operate plan that their employees can contribute to.

An individual 401(k) plan is an option for self-employed individuals and owners of businesses without employees, other than a spouse.

The individual 401(k) allows salary-deferral contributions of up to $18,000 ($24,000 if you are age 50 or older) in 2017. Plus, it allows you to make a profit-sharing contribution of up to 25% of your compensation if your business is incorporated or 20% of your net self-employment income if it is not. The total of the two contributions in 2017 may not exceed $54,000 ($60,000 if you are age 50 or older).

Individuals over age 50 with high incomes can potentially contribute more to an individual 401(k), which caps contributions for that age group at $60,000, than they can to a SEP IRA, which caps contributions at $54,000 for all age groups.

Individual 401(k)s also offer the option to make Roth contributions, an option not available with SEP IRAs or SIMPLE IRAs.

If you need to save more each year than IRAs permit, consider using regular investment accounts to make up the difference.

Taxable Investment Account

Although IRAs are great retirement accounts, you can only contribute just so much to them per year. For example, the most that can be contributed in 2017 to a traditional IRA and a Roth IRA combined is $5,500 ($6,500 for those age 50 or older)—and that amount may not be enough to give you a good chance of reaching your retirement goal. So once you have maxed out your IRA and, for that matter, any small business retirement plan you set up, consider using a taxable investment account to save additional amounts.

Investments accounts are available at brokerages. They are easy to open and can generally be funded through direct deposit, electronic transfers from your bank account, or with a check sent to the brokerage.

Investment accounts do not offer the tax benefits that IRAs do, but they do offer much greater flexibility. With a regular investment account, you can contribute no matter how high your age or your income. There are no maximum contribution limits so you have the freedom to contribute large amounts each year. Plus, you can withdraw money for any reason before age 59½ without having to contend with an early withdrawal tax penalty. And you can leave the money in your investment account for as long as you want because minimum distributions at age 70½ are not required.

Your investment earnings—interest, dividends, and realized capital gains—will be subject to tax in the year you earn them. However, there is a silver lining: some of your earnings may be eligible for a lower federal tax rate (0%, 15%, or 20%) than you'd pay on a withdrawal from a traditional IRA, which is taxed at ordinary income tax rates. Plus, losses realized in a taxable account can be used to reduce the capital gains you will be taxed on—an option you generally do not have with an IRA.

FINE-TUNE YOUR INVESTMENT STRATEGY

When investing for retirement (or any goal), understanding the following basic investment concepts can help.

There is a relationship between risk and return when investing. Typically, the higher an investment's risk, the higher its potential return.

Among the three main asset classes, stocks carry the most risk and have historically provided the highest returns over the long term. Bonds have historically provided lower returns than stocks over the long run, and with less volatility and less risk of losing the amount invested. Cash investments have the least degree of risk and have historically provided the lowest long-term returns of the three asset classes.

Although you cannot eliminate risk when investing, you can take steps to help mitigate it. One step is to spread your investments among the various asset classes so that stronger returns in one asset class can help offset weaker returns from another. This strategy is known as asset allocation.

A strategy known as diversification can also help. Diversification is spreading your investments around within an asset class. For example, spreading your stock picks among different companies, sectors, and geographic areas can help reduce the impact that a downturn in a single company, industry, or region will have on your portfolio.

Please note that asset allocation and diversification do not ensure a profit or protect against loss in declining markets.

Your financial advisor can help you choose how to allocate your investments among the various asset classes and how to diversify within those asset classes. Plus, your advisor can help you periodically review your progress toward your retirement savings goal and suggest course corrections if needed. ■

Please consult your financial advisor about how to save for retirement if you do not have access to a retirement plan at work.

PLEASE NOTE:

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

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.

How to Transfer Assets Without a Will and Probate

The key to avoiding probate on the assets in your estate is to transfer them by a method other than a will. While wills are subject to probate, the following alternatives to a will are not.

Why take steps to minimize probate? The main reasons are to potentially save time and money. In some instances, probate can be a time-consuming and expensive process, particularly if you have a larger estate and live in a state with high probate costs.

Your estate planning advisor can help you determine whether any of the following alternatives to a will may be appropriate for you.

1. Create a living trust.
A living trust is a legal arrangement to which you can transfer ownership of your assets during your lifetime. The person you designate as the trustee manages the trust assets during your lifetime and can distribute them after your death without probate. Because a living trust is not subject to probate, the trust assets may be distributed more quickly and at a lower cost than assets in your will. Plus, the details of who gets what can usually be kept private.

There is another type of trust—the testamentary trust—that is created and funded after death, typically according to instructions provided in a will. Because a will is involved, the assets intended for a testamentary trust must pass through probate before they can enter the trust.

Although using alternatives to a will can minimize the part of your estate that will be subject to probate, you still need a will (and likely probate) for those assets that are not transferred by other means.

2.
Name a beneficiary for your retirement account.

Upon your death, your beneficiary can claim the account from the plan administrator or the custodian without the account being included in probate. This saves both time and money.

Plus, your beneficiary generally has the option to maximize the account's tax deferral by stretching out the distributions—and the tax payments—for potentially decades. If the account is paid to your estate, the option to stretch out the distributions may be lost.

Consider naming a contingent beneficiary, as well as a primary beneficiary, in case the primary beneficiary should die at the same time that you do.

3. Use POD, ITF, or TOD accounts.
You can generally designate one or more beneficiaries for a financial account, such as a savings or brokerage account. Your beneficiaries have no rights to the account while you are alive, but after your death, they can claim the account balance from the financial institution without it going through probate.

Banks typically call accounts with beneficiary designations payable-on-death (POD) accounts or in-trust-for (ITF) accounts. Brokerages typically call them transfer-on-death (TOD) accounts.

4. Arrange for financial accounts, real estate, and vehicles that you own jointly to be titled with "right of survivorship".
Probate is not required for assets that are titled "joint tenancy with right of survivorship", "community property with right of survivorship", or "tenancy by the entirety".

Ownership of assets titled this way automatically goes to the surviving owner(s) after one of the owners dies. For example, if two people jointly own a bank account and one of them dies, the surviving owner automatically owns 100% of the money in the account without it having to go through probate.

5. Name a beneficiary other than your estate on your life insurance policy.
This way, the beneficiary can claim the proceeds directly from the insurance company upon your death without the proceeds having to go through probate. If you name your estate as the beneficiary, the proceeds generally must go through probate before they can be distributed.

And if estate taxes are a concern, consider setting up an irrevocable trust to own your life insurance policy so that proceeds from it are not subject to estate taxes. If you own the policy, the proceeds will be considered part of your estate for estate tax purposes.

6. Name a beneficiary for your vehicle.
Some states allow you to name a transfer-on-death beneficiary when you register a vehicle. After your death, the beneficiary can have the vehicle's title changed to his or her name without the vehicle going through probate.

7. Name a beneficiary for your home or other real estate.
Some states allow you to name a transfer-on-death beneficiary on the deed for your home or other real estate that you own. The beneficiary can claim ownership of the property after the owner's death without the property going through probate. While the owner is alive, the beneficiary does not have any right to the property. ■

Please consult your estate planning advisor about your estate planning goals.

How to Avoid a Tax Penalty on Early Distributions From Your Retirement Accounts

If you withdraw money from an IRA or retirement plan before age 59½, the IRS will generally slap a 10% early distribution tax penalty on that withdrawal, in addition to any income tax you may owe on it. The penalty is the IRS's not-so-gentle way of discouraging you from withdrawing money for purposes other than retirement.

Fortunately for people who retire early or who need cash to help cover certain expenses, there are exceptions to what is known as the "age 59½ rule" that may prevent your early distributions from incurring the 10% penalty. Several exceptions are described here in general terms. They can be complex, so please seek advice from your tax advisor before taking an early distribution.

Also, please consult your financial advisor for advice on saving for retirement and how to tap your savings during retirement.

EXCEPTIONS TO THE AGE 59½ RULE

EXCEPTIONS FOR IRAs ONLY

Exceptions apply to traditional IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, and SARSEP plans.

FIRST HOME

You can generally withdraw up to $10,000 without penalty if the funds are used to buy, build, or rebuild a main home for a first-time homebuyer. The first-time homebuyer can be you or your spouse. It can also be your or your spouse's child, grandchild, parent, or other ancester. And even if you previously owned a home, you may qualify as a first-time homebuyer if you and your spouse did not own a main home in the two years preceding the purchase of your new home.

HIGHER EDUCATION EXPENSES

If you paid qualified higher education expenses during the year for you, your spouse, or the children or grandchildren of you or your spouse, withdrawals up to the amount of those expenses are generally penalty-free. Qualified expenses include tuition, fees, books, supplies, required equipment, and, if enrolled at least half-time, room and board. They also include special needs services that are incurred by a special needs student in connection with enrollment or attendance.

MEDICAL INSURANCE IF YOU LOST YOUR JOB

You can withdraw money without penalty to pay for medical insurance if you lost your job, have received at least 12 consecutive weeks of unemployment compensation, and meet a few other requirements.

* *ABOUT ROTH IRAs: Your contributions to a Roth IRA can be withdrawn penalty-free at any age. Investment earnings withdrawn before age 59½ and before the account has been open for 5 years may be subject to a 10% tax penalty unless an exception applies.*

* *ABOUT SIMPLE IRAs: Withdrawals within the first two years of participation in a SIMPLE IRA plan are subject to a 25% tax penalty (instead of 10%) unless an exception applies.*

EXCEPTIONS FOR
IRAs & QUALIFIED RETIREMENT PLANS

Exceptions apply to traditional IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, SARSEP plans, 401(k) plans, 403(b) plans, and certain other qualified plans.

SUBSTANTIALLY EQUAL PERIODIC PAYMENTS

Money that you withdraw as part of a series of substantially equal periodic payments avoids the tax penalty on early distributions. There are three methods to determine how much to withdraw per year. Please seek advice about which method to use. FYI: To use this exception for withdrawals from a qualified retirement plan, such as a 401(k), you must have left the company that sponsors the plan.

DISABLED

Withdrawals that you make after becoming totally and permanently disabled are penalty-free.

UNREIMBURSED MEDICAL EXPENSES

Money can be withdrawn penalty-free for up to the amount of your unreimbursed medical expenses that exceed 10% of your adjusted gross income. For example, if your income is $100,000 and your unreimbursed medical expenses are $12,000, you can withdraw up to $2,000 penalty-free from your retirement account.

QUALIFIED MILITARY RESERVIST

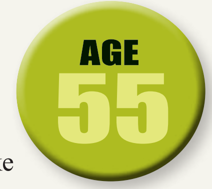
Distributions are penalty-free for certain military reservists who were called to active duty after September 11, 2001 and who meet certain other requirements.

BENEFICIARY

Withdrawals that you make from an account that you inherit are penalty-free. However, if you inherit a traditional IRA from your spouse and elect to treat it as your own IRA rather than as an inherited IRA, withdrawals before you reach age 59½ may be subject to the early distribution penalty.

EXCEPTIONS FOR
QUALIFIED RETIREMENT PLANS OTHER THAN IRAs

Exceptions apply to 401(k) plans, 403(b) plans, and certain other qualified plans, but not to IRAs.



LEAVING A JOB AFTER A CERTAIN AGE

If you leave your job in or after the year you reach age 55 (age 50 if you are a qualified public safety employee), withdrawals that you make from that employer's retirement plan after you leave are penalty-free.

QUALIFIED DOMESTIC RELATIONS ORDER

Distributions to an alternate payee under a qualified domestic relations order (QDRO) are penalty-free.

ESOP DIVIDENDS

Distributions of dividends from an employee stock ownership plan (ESOP) are not subject to the penalty.

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* *ABOUT GOVERNMENTAL 457(b) RETIREMENT PLANS:* *Withdrawals from these plans are not subject to the 10% early distribution penalty unless the distribution is attributable to a rollover from another type of retirement plan or IRA.*

Please consult your tax advisor about how to avoid a penalty on early distributions from your retirement accounts.

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HOLIDAY ON ICE | Cruising in Alaska

BY BRIAN JOHNSTON

Cruise Alaska where marvels await between islands and coastal mountains and whales frolic, bears roam, and the scenery is never short of awesome.

SOMETIMES ON AN ALASKAN CRUISE you're as off the map as you can be, anchored in a creased bay on an indented island off a coastline of endless convolutions. Not a single sign of human interference disrupts the scenery, and even the ship's WiFi signal gives up, overwhelmed by the magnificent remoteness of the landscape. Serried rows of mountain peaks stab the horizon on one side of your cruise ship, and islands ragged with spruce trees shimmer in the pale northern light on the other.

A cruise in Alaska brings many pleasures, mostly of the outdoorsy, get-away-from-it-all kind. The scenery is seldom short of spectacular: think Rocky Mountains draped in supersized glaciers and colliding with an island-studded coastline of raw beauty. Most ports of call have no airports and no road links. Ship is the only way of getting here unless you parachute in like Bear Grylls, though you can be an adventurer just for the day on shore excursions that allow for salmon fishing, heli-hiking, zip-lining, or catamaran sailing.

Sea kayaking allows you to exhilarate among otters and seals. Husky sledding on the Juneau Icefield is another thrill. You shout 'Hike!' to get the dogs moving and then you're off, cheeks stinging in the crisp air, runners hissing, dogs panting, and silent snows all around. When you're done, you might get the chance to snuggle up to a Siberian husky or its close relative, the Alaskan malamute.

There are two ways of cruising Alaska. Large ships will take you to big-name ports such as Juneau and Ketchikan and provide you with family-oriented activities and excursions and plenty of on-board entertainment. Expedition-style cruising provides a more intimate encounter with Alaska's remote wilderness, sailing closer to the scenery and often anchoring overnight in uninhabited fjords. If you sail with a luxury small-ship cruise line you won't even have to sacrifice martinis, rain showers, or Egyptian cotton in your pursuit of untamed Alaska.

The mile-wide ice face of the Margerie Glacier (left) in Glacier Bay National Park and Preserve extends about 250 feet above the sea and another 100 feet below it. Sharp-eyed visitors may spot a wide range of wildlife, including the brown bear (below), along the shore.

On small ships (and even occasionally on big ones) you'll be able to spot wildlife without leaving the ship's deck: kittiwakes and cormorants, bears and mountain goats on shore, surfacing killer whales carving their way across bays in black and white. Small ships aren't on the same tight schedules as large ones, and might slow to a halt for an hour's whale watching if a pod of humpbacks emerges to play.

Small-ship cruises also provide excursions by Zodiac led by naturalists, which take passengers deep into the indented coast for up-close encounters with sea otters, bald eagles, and dragonflies flitting on iridescent wings. You're likely to spot brown and grizzly bears prowling along the shoreline. Moose are an impressive sight too, weighing up to half a ton and sprouting antlers like medieval battle-axes. And who can resist seals? They loll on rocks with whiskers bristling, waving their flippers and smiling fishy smiles as your Zodiac floats by.

Alaskan wildlife is impressive, but it's the scenery that will remain forever lodged in your mind, as if you've glimpsed some majestic, snowy heaven. South of Seward—often the departure point for cruises—College Fjord unleashes eight glaciers on three sides of your cruise ship. As you continue down the coastline, Icy Bay is another sight to behold, overlooked by America's second-highest mountain at the crumbling edge of one of the continent's largest glaciers.

Hubbard Glacier flaunts massive cliffs of ice, and Tracy Arm combines ice fields with waterfalls and rainforest-draped cliffs. They're among the few places in the world where you can get up close to so many glaciers and see huge chunks of ice breaking off into the sea in great spumes of spray. For an opportunity to see Alaska from the air, take to a scenic flight out of Ketchikan above the fabulous Misty Fjords.

Hidden behind the islands of Glacier Bay National Park, meanwhile, is one of the newer stops on Alaskan cruise itineraries, Icy Strait Point. It's already proving popular for wildlife viewing, hikes along forest trails, and the chance to learn about native culture at Hoonah, Alaska's largest indigenous village.

Alaska has a fascinating native heritage and history. The state's name comes from the Aleutian word Alakshak or 'great peninsula'. You can find out more about the crafts and customs of native

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inhabitants at the Alaskan Native Heritage Center in Anchorage or among the totem poles of Ketchikan. Laid over this is the fascinating tale of early European settlement. Sitka, the former capital of Russian Alaska (founded in 1799 as New Archangel), is dominated by an onion-dome cathedral and scattered with old fortifications and wooden pioneer buildings. Shops sell Russian goods, such as Fabergé enamels and mink jackets.

Russia sold Alaska to the United States in 1867 for $7.2 million, or under two cents an acre. Big mistake: gold was discovered not long after at Klondike. Skagway, the arrival port of choice for old-time miners at the northern end of the Inside Passage, retains a flavor of the gold-rush era and, surrounded by a million square miles of empty Canada, still feels incredibly isolated. You can ride an historic steam train to Whitehorse or just walk the wooden sidewalks flanked by bars and shop fronts straight out of a Wild West movie. It's touristy but interesting, with upmarket shops worth a browse for native jewelry, artwork made from antlers or wood, and musk-ox sweaters.

By late afternoon your ship will be sailing again down a narrow fjord overlooked by snow peaks and gushing with waterfalls. This is the beginning of the Inside Passage, a waterway that meanders down southern Alaska's panhandle between islands and coastline, where white ice is replaced by dark green pine trees and the sheltered waters are calm.

At the southern end of the American section of the Inside Passage lies pretty Ketchikan, a quintessential Alaskan lumber and fishing town, partly built over a creek and up steep hillsides. It rains and rains in this corner of the state, but never mind: it just adds to the frontier feel of this rugged town. The local museum is a gem. Housed in a former brothel, it provides an amusing insight into Alaska's once-famous madam, Dolly Arthur.

Alaska's better-known ports can get overwhelmed at times when several large cruise ships arrive at once, disgorging thousands of passengers. Expedition ships focus on smaller destinations such as Elfin Cove near Juneau, with a summertime population of around 40. Elevated boardwalks link the wooden houses of this self-reliant community on a beautiful bay surrounded by root-tangled forest that pops with wild berries and bald eagles.

At Prince Rupert you enter Canadian waters. Most Alaskan cruises finish (or begin) in Vancouver or Seattle. The Inside Passage here is less dramatic but equally beautiful. Sea lions lounge on rocks, barking warnings at passing cruise ships. It seems improbable that, in this wilderness, you might be tucking into steak and a glass of Californian red as you sail, but that's the pleasure of an Alaskan cruise. Adventure is great, but even better if the trappings of civilization come along for the ride. ■

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FYI

Flower Shows & Festivals

Crested Butte Wildflower Festival *July 7–16, 2017* **Crested Butte, CO**

The slopes of Crested Butte (above), the wildflower capital of Colorado, are awash with color each July as masses of wildflowers burst into bloom. You can enjoy the spectacle on guided hikes or Jeep tours, or by simply heading out on the trails yourself. A free printed guide directs you to the right trails and helps you identify the wildflowers you pass. The Festival also offers you the opportunity to participate in art workshops, photography classes, and tours of local gardens.

RHS Hampton Court Palace Flower Show *July 4–9, 2017* **East Molesey, England**

"At more than twice the size of the RHS Chelsea Flower Show and just a stone's throw from London, RHS Hampton Court Palace Flower Show is the best place for budding and expert gardeners who want advice, ideas, inspiration, and an abundance of plants and gardening merchandise to beautify their outdoor spaces," said Nick Mattingley, Director of Shows for the Royal Horticultural Society. The event features world-class show gardens, nearly 100 specialist nurseries and National Plant Collection holders from across the U.K. displaying and selling plants, and a range of talks and demos by celebrity chefs and gardening and wildlife experts.

Cape Cod Hydrangea Festival *July 7–16, 2017* **Cape Cod, MA**

In its third year, this festival celebrates the signature plant of the Cape Cod region—the hydrangea—with tours of private gardens, workshops and lectures by horticulturalists, and painting demonstrations by local artists. The gardens and events are spread across the Cape Cod region, from Sandwich to Provincetown, and many towns in between. Even the island of Martha's Vineyard joins in the fun with an open garden day and special events on July 8.

Cedar Breaks Wildflower Festival *Early-to-mid-July* **Cedar Breaks National Monument, UT**

Scarlet paintbrushes, Colorado columbines, cushion phlox, aspen bluebells, and many other wildflowers fill the forest floors and meadows of the Cedar Breaks National Monument with color each year. The spectacular display typically begins in late-June and peaks in mid-July. During the Festival, guided hikes begin at the Monument's Visitor Center, where you can also pick up a list of "What's in Bloom" if you prefer to head out on a self-guided walk. There's also a free Wildflowers of Cedar Breaks app to help you identify the wildflowers. ■

QUIZ

HIT TUNES FROM THE 1980s

1. This Billy Joel hit from 1980 begins “What's the matter with the clothes I'm wearing?":

A. *Piano Man*
B. *It's Still Rock and Roll to Me*

2. Topping the charts for eight weeks in 1983, *Every Breath You Take* was a huge hit for:

A. The Police
B. Huey Lewis and the News

3. The 1982 Survivor hit, *Eye of the Tiger*, was the theme song for this movie:

A. *Tootsie*
B. *Rocky III*

4. This song by the Bangles topped the charts for four weeks in 1986 and 1987:

A. *Eternal Flame*
B. *Walk Like an Egyptian*

5. Written by Freddie Mercury, *Crazy Little Thing Called Love* was a hit in 1980 by this British band:

A. Queen
B. Pet Shop Boys

6. Released in 1984, *What’s Love Got to Do with It* became this singer’s biggest hit:

A. Tina Turner
B. Janet Jackson

7. *Livin’ on a Prayer* was a hit in 1987 and went on to became the signature song for this band:

A. Dire Straits
B. Bon Jovi

8. This Cuban-American singer released the hit song *Conga* in 1985:

A. Gloria Estefan
B. Ricky Martin

9. *Say You, Say Me* won an Academy Award for Best Original Song and was a 1985 hit for this artist:

A. Lionel Richie
B. Barbra Streisand

10. This choreographer and former American Idol judge released her first album, *Forever Your Girl*, in 1988:

A. Jennifer Lopez
B. Paula Abdul

11. The song *Footloose* for the 1984 movie of the same name was co-written and sung by:

A. Cyndi Lauper
B. Kenny Loggins

12. A little ditty 'bout Jack and Diane was a hit in 1982 for this singer:

A. John Cougar Mellencamp
B. David Bowie

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

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Our founder and Vice-President, Herb Shapiro, passed away in October 2016. His core values of providing personal service, maintaining market objectivity, and high standards of integrity and honesty with the clients he served, are deeply ingrained 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 was the Treasurer of the Massachusetts Council of Economic Education. Barbara also co-authored a book, 'He Said: She Said:' a practical guide to finance and money during divorce, which was published in 2015. She is continually interviewed and quoted in all of the major financial publications.

Barbara 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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