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WEALTH MANAGEMENT & FINANCIAL PLANNING

EYE ON MONEY

JAN FEB 2016

INVESTING FOR INCOME

SIX POTENTIAL SOURCES OF INVESTMENT INCOME

plus

WHAT TO DO WITH YOUR 401(K) AFTER YOU LEAVE A JOB

TEN FINANCIAL RESOLUTIONS FOR THE NEW YEAR

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THREE THINGS TO KNOW ABOUT THE HOME OFFICE DEDUCTION

1 **You generally must use part of your home regularly and exclusively for business to claim the deduction.** The IRS has a few tests that must be met before you can claim a tax deduction for using part of your home for business purposes.

2 **Calculating the deduction can be as easy as multiplying the square footage of your workspace by $5.** This simplified method of calculating the deduction was introduced a few years ago to make it easier for home-based businesses to claim the deduction. The maximum footage allowed for this calculation is 300 square feet, so the most you can deduct using the simplified method is $1,500.

3 **Calculating the deduction based on your actual expenses may result in a larger deduction.** You still have the option to calculate the deduction using the regular method, which involves tracking certain home expenses, such as mortgage interest, real estate taxes, rent, insurance, utilities, and repairs, and allocating them between business and personal use. It is easier than it sounds, particularly if your tax advisor prepares your tax returns for you. ■

Please consult your tax advisor for advice.

inside

It Pays to Go Green Before the End of 2016

Time is running out on the 30% federal tax credit for adding solar, wind, geothermal, or fuel cell equipment to your home. The credit is scheduled to expire at the end of 2016.

Who Can Claim the Credit

Whether you are eligible to claim the Residential Energy Efficient Property Credit will depend primarily on three things: the type of alternative energy equipment you choose, where you install it, and when the installation is complete.

The credit can generally be claimed for solar panels, solar water heaters, geothermal heat pumps, small wind turbines, and residential fuel cells that meet specific energy standards.

The equipment must be installed in a home (e.g., house, houseboat, mobile home, co-op apartment, or condo) in the United States that you own and use as your residence. The home can be an existing one or a newly constructed one. It can be your principal residence or your second home, except when claiming the credit for fuel cells. The credit for fuel cells is limited to your principal residence.

The credit is scheduled to expire at the end of 2016 (unless Congress extends the expiration date), so the installation must be complete by December 31, 2016 for you to claim the credit. And if the equipment is installed in a home that is being constructed or reconstructed, you must also begin using the home by the end of 2016.

How to Find Out if the Equipment Qualifies for the Credit

The equipment's packaging or the manufacturer's website should contain a written statement from the manufacturer certifying that the equipment qualifies for the tax credit. Keep a copy of it for your records, along with the receipts for the equipment and the installation.

The Credit's Value

The credit generally equals 30% of the cost of the qualified equipment, the cost of the wiring and piping to connect it to your home, and the labor to install it.

*

Uncle Sam may reimburse you for 30% of the cost to add the following items to your home...

Solar panels
that generate electricity.

A solar water heater
that heats water for your home (but not your pool or hot tub).

A geothermal heat pump
for heating and cooling.

A small wind turbine
that converts wind energy to electricity for your home.

A residential fuel cell
and microturbine system.

There are no upper limits on the credit, except for fuel cells.

To give you a hypothetical example, let's say you spend $30,000 on the purchase and installation of qualified solar panels for your home. On your federal tax return, you can generally claim a tax credit for 30% of your $30,000 expense, which is $9,000. Tax credits reduce your tax liability dollar-for-dollar. So in this example, your federal taxes for 2016 would be reduced by $9,000 (but not below zero). The basis of your home would also be reduced by the amount of any credit allowed.

The credit for fuel cells is 30% of the cost, up to $500 per 0.5 kilowatt of power capacity.

The value of your credit may be reduced in certain situations, such as if the business use of your home exceeds 20% or if you receive a subsidy from a public utility for adding the equipment and do not include the subsidy in your gross income. Your tax advisor can help you estimate the credit amount you might receive based on your specific circumstances.

How to Claim the Credit

For equipment installed and ready for use in 2016, the credit is claimed on IRS Form 5695 when you file your federal tax return for 2016.

Please consult your tax advisor for more information about this tax credit. ■

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Why invest in stocks?

Stocks and stock funds offer investors the potential for long-term growth, as well as the potential to outpace inflation.

THE POTENTIAL FOR LONG-TERM GROWTH

Investors choose stocks and stock funds primarily because they offer the potential for higher returns than bonds or cash investments over the long term, although with greater risk and volatility.

Volatility refers to movements in the price of an investment. Stocks typically have higher volatility than bonds or cash investments, meaning that stock prices tend to fluctuate rapidly, with wider swings in price.

Despite short-term price fluctuations, however, stocks as a group have tended to outperform bonds and cash investments over long periods of time. Although loss is always a possibility, stocks can be a good choice for investors with long-term goals who are willing to accept more risk for the potential of a higher return.

THE POTENTIAL TO OUTPACE INFLATION

Investing in stocks and stock funds may also help you manage inflation risk—the risk that your investment returns will not keep pace with increases in the cost of living. For example, if inflation increases 3% this year, you will need a 3% return on your investments just to maintain their real value and purchasing power.

Because stocks offer the potential for higher returns than bonds or cash investments over time, including stocks in your portfolio may help your investment returns outpace inflation in the long run. ■

PLEASE NOTE:

Past performance is not a guarantee of future results.

Before investing in a mutual fund or an exchange-traded fund (ETF), please consider the fund's investment objectives, risks, charges, and expenses. Contact your financial advisor for a prospectus containing this information. Please read it carefully before investing.

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

FR2015-1021-0298/E

Changes to the FAFSA for 2017–2018 to Make Applying for College Aid Easier

FAMILIES WITH COLLEGE STUDENTS SEEKING FINANCIAL AID KNOW THE DRILL: You complete the Free Application for Federal Student Aid (FAFSA) for the next school year as soon as possible after January 1, using information from your prior year's federal tax return. Haven't completed your tax return yet? You wait until it is complete (which may result in you missing some aid deadlines), or you take your best guess about your prior year's income, file the application, and then correct it after your tax return is complete.

The Obama Administration recognized that the process could be easier for families and recently announced changes that will allow students to:

- Complete the FAFSA using family income information from two years ago rather than the immediate prior year.
- Submit the FAFSA as early as October 1.

The changes go into effect for the 2017–2018 school year. So the FAFSA for 2017–2018 will use information from your 2015 tax returns (instead of your 2016 tax returns) and can be filed as early as October 1, 2016 (instead of January 1, 2017).

One advantage of using information from two years prior is that your tax return is usually already on file with the IRS. So instead of manually entering your tax return data into the FAFSA form, it can generally be transferred directly from the IRS into the form.

Plus, submitting the FAFSA earlier may give you an earlier idea of the financial aid and college costs you might expect so that your family has more time to make an informed decision about which college the student will attend.

The changes will not affect the FAFSA for 2016–2017. The earliest you can file the FAFSA for that school year remains January 1, 2016, and you will use the information from your 2015 tax returns to complete the application. ■

When a Student Is Attending College	When a Student Can File a FAFSA	Which Year's Income Information Is Required
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	October 1, 2016–June 30, 2018	2015
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

SOURCE: studentaid.ed.gov

Investing for Income

Six Potential Sources of Investment Income

WHETHER YOU ARE LOOKING TO HELP COVER your current expenses or to simply help bolster your overall return, there are several types of investments with the potential to pay income on a regular basis.

Bonds are perhaps the most obvious choice. They generally pay interest every few months and return their face value to you at maturity, making them attractive to investors in search of current income and capital preservation.

Brokered certificates of deposit are also an option for investors looking for a steady flow of interest income and the return of their principal at maturity.

For investors willing to assume more risk, dividend-paying stocks and real estate investment trusts offer the potential for income and long-term growth.

For certain investors, master limited partnerships that focus on the energy industry and have the potential to provide a strong cash flow, although with added risk, may be appropriate.

And for retirees in search of a stream of income guaranteed to last their lifetime, there are immediate annuities to consider.

These sources of potential income are introduced here. They may not all be appropriate for you. Your financial advisor can tell you more about them, as well as help you determine the role that income-generating investments should play in your portfolio.

Bonds

Bonds typically offer a predictable stream of income and return their face value to you if held to maturity.

When you purchase a bond, you are essentially lending money to a government, government agency, or corporation. In return for the loan of your money, the bond issuer agrees to pay you generally a fixed rate of interest, typically every six months, for a specified period of time. At the end of that period, the bond issuer promises to pay you the bond's face value. Steady income and the repayment of principal at maturity—it is easy to see why bonds are a popular source of investment income.

There are many types of bonds, including U.S. Treasury securities whose timely payment of interest and principal is backed by the U.S. government[1], corporate bonds that typically pay a higher interest rate than Treasuries but carry a greater risk of default, and municipal bonds whose interest payments are generally exempt from federal taxes.

You can generally purchase individual bonds or shares of a mutual fund or exchange-traded fund (ETF) that invests in bonds. With an individual bond, you are entitled to the bond's face value at maturity (unless the bond defaults). Bond funds, on the other hand, hold many different bonds and generally do not have a maturity date. Their share prices will fluctuate, so when you sell your shares, you will receive more or less than you originally paid for them.

Bond prices are sensitive to changes in interest rates. When interest rates rise, a bond's price will generally fall. When interest rates fall, a bond's price will generally rise. The effect is usually more pronounced for longer-term bonds. ■

Dividend-Paying Stocks

Stocks that pay dividends offer the potential for income and long-term growth.

Many companies pay a cash dividend to their common stock shareholders on a regular basis. These companies tend to be mature ones that believe they can better reward and retain their shareholders by paying them a portion of the company's earnings rather than reinvesting all of their earnings in growing the business.

Cash dividends are typically paid on a quarterly basis, creating an income stream for investors. The stream is not as steady as one paid by a fixed-rate bond. Common stock dividends can fluctuate in value and can even be suspended by the company. The upside of a fluctuating dividend is that it offers the potential for a rising dividend, which may help an investor's income keep pace with inflation.

In addition to income, dividend-paying common stocks also offer the potential for their share prices to increase over time, which can benefit investors if they sell their shares for more than they paid for them.

When it comes to taxation, stock dividends are often treated more favorably than bond interest. As long as the dividend is "qualified" and you hold the stock long enough, dividends received in a taxable account are taxed at the same rates that apply to long-term capital gains, which currently top out at 23.8%. Taxable bond interest, on the other hand, is taxed as ordinary income, at rates that currently range up to 43.4%. (Both rates include the 3.8% tax on net investment income).

If you are looking for income and the potential for long-term growth of the amount you invest, consider investing in the common stock of dividend-paying companies, as well as the mutual funds and ETFs that invest in them. ■

Real Estate Investment Trusts

Real estate investment trusts (REITs) have the potential to pay higher dividends than other companies.

Unlike other types of companies that can choose whether they will or will not pay a dividend, REITs must distribute at least 90% of their taxable income each year to shareholders. As a result, REITs tend to pay higher dividends than other dividend-paying companies.

There are two main types of REITs: equity and mortgage. The most common type is the equity REIT, which is a company that owns and manages income-producing real estate, such as office buildings, apartment buildings, and shopping centers. This type of REIT earns most of its income from rents. The other type of REIT, the mortgage REIT, focuses on financing real estate and gets most of its income from the interest on mortgages and mortgage-backed securities.

Investing in a REIT, or a fund that invests in REITs, entitles you to a share of the income, which will fluctuate in value. Dividend distributions are mainly taxed as ordinary income, although a portion may qualify as a long-term gain or a return of capital.

REITs may also help diversify your portfolio. Because they sometimes respond differently than stocks or bonds to market conditions, adding REITs to a portfolio invested in stocks and bonds may help reduce its overall volatility.

You can purchase shares of publicly traded REITs, just as you would any other stock, or you can purchase shares of mutual funds or ETFs that focus on REITs. Non-traded REITs, which do not trade on national securities exchanges, may be an option, but please keep in mind that they involve special risks, such as a lack of liquidity. As always, it is a good idea to explore an investment's potential benefits and risks before investing. Your investment advisor can provide you with a prospectus that contains this information. ■

Master Limited Partnerships

Master limited partnerships (MLPs) offer investors a potential stream of cash and favorable tax treatment.

MLPs are publicly traded limited partnerships that typically focus on processing, transporting, and storing natural resources. For example, an MLP may own and operate pipelines and storage facilities for oil, natural gas, and refined petroleum products.

When you invest directly in an MLP, you receive partnership "units" and are considered a limited partner. While you do not have a say in the running of the partnership, you are entitled to receive a portion of its available cash flow each quarter. The actual running of the partnership is handled by the general partner.

Cash distributed by MLPs avoids corporate income tax and is taxable to the partners, who report a pro rata portion of the partnership's income, gains, losses, deductions, and tax credits on their tax returns. Some of the cash you receive may be considered a return of capital. Although investing in an MLP may make your tax returns more complex to prepare, it may also enable you to defer tax on some of the cash you receive until you sell your units. The tax implications are complex, so please consult your tax advisor before investing in an MLP.

Also, please review the risks before investing. For example, changes in regulations regarding MLPs may adversely impact an MLP's profitability. Also, the business of transporting and storing natural resources is inherently hazardous; an accident could result in financial losses. Your investment advisor can provide you with a prospectus outlining the potential benefits and risks of investing in an MLP. ■

Certificates of Deposit

Certificates of deposit (CDs) pay interest and preserve the principal if held to maturity.

There are two main types of CDs: bank and brokered. Both repay the principal with interest if held to maturity, and both are FDIC-insured up to the limit allowed by law. There are a few differences, though, to consider before choosing between them.

With a bank CD, interest generally compounds over the term of the CD and can be withdrawn along with the principal at the end of the term. If you withdraw money early, you will generally forfeit a few months of interest. Laddering your CDs (purchasing an array of CDs with staggered maturity dates) can help provide frequent penalty-free access to at least some of your money as the CDs mature.

Brokered CDs are CDs issued by banks that are available through brokerages. Instead of paying interest at maturity, brokered CDs with terms longer than one year generally pay interest on a monthly, quarterly, or semiannual basis, which can be helpful if you need a stream of income for your current expenses.

If you need access to the principal before a brokered CD matures, you may be able to sell it on the secondary market. (The secondary market may be limited.) Depending on market conditions, the price you receive may be higher or lower than your original purchase price. Like bonds, the price of brokered CDs generally moves in the opposite direction of interest rates. So as interest rates rise, the price of existing brokered CDs may fall. (The FDIC insurance protects against bank failures, but not against a market loss that may be incurred by selling a brokered CD before maturity.) If you hold a CD until maturity, you will receive the full principal regardless of any price changes along the way.

Brokered CDs also provide a convenient way to secure FDIC insurance on larger amounts. The FDIC currently insures deposits up to $250,000 per depositor per insured bank. With brokered CDs, you can spread your investment among CDs from multiple banks (keeping each CD under the FDIC limit) within one easy-to-manage brokerage account. ■

Immediate Annuities

Immediate annuities guarantee a stream of income for the rest of your life.

Investors looking for a stream of income guaranteed to last a lifetime need to look beyond stocks, bonds, partnerships, and CDs to immediate annuities.

An immediate 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 lump-sum premium payment. The guarantee is subject to the claims-paying ability of the issuing insurance company.

Depending on the type of annuity, the income payments you receive may be a fixed amount, an inflation-adjusted amount, or a variable amount linked to the performance of investments that you choose.

A fixed annuity pays a fixed amount of income each period, regardless of how the markets perform. You'll know right up front how much income to expect each period. Fixed payments are vulnerable to inflation, however, meaning that they will lose purchasing power over time as the price of goods and service increases. To help protect their purchasing power, consider adding inflation protection to your annuity so that your income payments increase by a specified percentage each year.

A variable annuity offers the potential for higher long-term returns in exchange for you assuming some investment risk. You choose how your premium is invested, and your income payments will fluctuate depending on how the investments perform.

Immediate annuities are generally purchased at or near retirement using part of the savings from a retirement account. Deferred income annuities are also an option. They can generally be purchased anywhere from two to forty years before you want to begin receiving income payments. ■

Please consult your financial advisor about your income needs and the role of income-generating investments in your portfolio. Your advisor can review your situation and objectives and help you determine which types of investments may best suit your needs.

PLEASE NOTE:

1 The government backing of U.S. Treasuries pertains to the timely payment of interest and principal and does not eliminate market risk.

BONDS: *Fixed-income securities carry interest rate risk, as well as inflation risk and credit and default risk for both issuers and counterparties. You may have a gain or a loss if you sell a bond prior to maturity. A portion of a municipal bond's income may be subject to state tax, local tax, and the federal alternative minimum tax.*

REITs: *An investment in real estate will fluctuate with the value of the underlying properties, and the price at redemption may be more or less than the original price paid. Shares or units of publicly traded REITs may fluctuate in value based on Fair Value of the underlying units or shares.*

REITs and MLPs: *Investing in REITs and limited partnerships involves special risks, such as the possible lack of liquidity and potential adverse economic and regulatory changes. There are minimum suitability standards that must be met. Please read the prospectus before investing.*

BROKERED CDs *are typically more complex and may carry more risks than CDs offered directly by banks. Brokered CDs present certain investment risks that you should discuss with a Financial Advisor prior to making an investment decision. Redemptions of CDs prior to the maturity date may result in significant loss of principal due to changes in interest rates and limited liquidity of the CDs in the secondary markets.*

VARIABLE ANNUITIES: *Before purchasing a variable annuity, please obtain a prospectus from your financial advisor and read it carefully. The prospectus contains important information about the annuity and its investment portfolios, including investment objectives, risks, charges, and expenses. Variable annuities are long-term investments and are subject to market risk, including the possible loss of principal.*

MUTUAL FUNDS and ETFs: *Before investing, please consider the fund's investment objectives, risks, charges, and expenses. Contact your financial advisor for a prospectus containing this information. Please read it carefully before investing.*

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Ten Financial Resolutions for the New Year

It's a brand new year! These ten financial resolutions may help you make the most of it. Please consult your financial advisor for advice about how to improve your finances this year.

1

Save, save, save. There's no time like the present to begin saving for unexpected expenses, retirement, and your other goals. Remember, the earlier you begin, the better. Even small amounts that you save today have the potential to grow dramatically over time due to the power of compound earnings, which occur when your previous earnings generate their own earnings.

- Begin by identifying how much money you can afford to save each pay period.
- Arrange for that amount to be automatically deposited into your retirement, investment, and savings accounts.
- If you are already saving, determine whether you can afford to increase the amount you save each pay period.

2

Make a plan. Whenever you head out on a journey to an unfamiliar destination, it is a good idea to consult a map or a GPS. The same holds true for your financial goals. After identifying your goals, it is a good idea to use a financial plan that maps out the routes you might take to move toward those goals over time.

■ Need help making a financial plan? Your financial advisor can help you create a plan that estimates how much money you may need to save and how to invest that money to potentially reach your goals.

■ Already have a plan? Be sure to evaluate your progress each year so that you'll have time to adjust your course if necessary.

3

Live within your means. The surest way to build wealth is to spend less money than you bring in. When it comes to managing your money, it is a good idea to take care of necessities first (food, housing, clothing, transportation, etc.), savings second, and use only what remains to pay for the things you want.

4

Use credit wisely. Credit can both help and hurt when it comes to reaching your financial goals. For example, if your goal is to buy a home, a low-interest mortgage is a smart way to go. Carrying large balances on high-interest credit cards, however, can prevent you from reaching your goals. It is generally a good idea to pay off your high-interest debt so that you can afford to save.

5

Review your credit reports. Review your credit reports regularly for signs of fraud, as well as errors. Both can result in you being denied credit or paying higher interest rates than necessary on your credit cards, mortgages, and other loans. Look for accounts or loans that you did not open and other inaccuracies.

■ You can order a free credit report every 12 months from each of the three major credit reporting agencies by calling 1-877-322-8228 or online at www.AnnualCreditReport.com.

6

Self-employed? Start a small business retirement plan. Personal IRAs are great, but retirement plans designed specifically for self-employed individuals and small businesses may allow you to sock away considerably more income each year on a tax-deferred basis. For example, annual contribution limits on a personal IRA may prevent you from contributing more than $5,500 in 2016 while a small-business retirement plan may allow you to contribute as much as $53,000 in some circumstances.

■ Most small business retirement plans are easy to set up and operate. Ask your financial advisor which type of plan may be right for you.

7

Assess your asset allocation. Is your mix of stocks, bonds, and cash investments still appropriate for your goals, time frame, and risk tolerance? In general, it is a good idea to gradually shift your investment mix to more conservative investments, such as bonds and cash investments, as the time nears when you will need your money.

■ Your financial advisor can help you determine an asset allocation that is appropriate for you.

8

Rebalance your portfolio, if needed. How your portfolio is allocated among stocks, bonds, and cash investments can change over time due to differences in performance among the various asset classes. When your actual allocation strays too far from your target allocation (the percentages of stocks, bonds, and cash that you originally chose), your portfolio either has more risk or less potential for growth than you intended. Returning your investment mix to your target allocation—a process known as rebalancing—can help you maintain a balance between risk and return that is appropriate for you.

■ Ask your financial advisor if, when, and how your portfolio should be rebalanced.

9

Review your insurance. It may be time for a professional review of your life insurance and disability insurance needs if it has been awhile since your last review or if a major change (marriage, birth, new home, new job, significant financial change, etc.) has occurred in your life. A professional review can help ensure that your insurance coverage is appropriate for your current circumstances and goals.

10

Review your estate plan. To help your estate plan stay in sync with changes in your family, finances, and the law, it is a good idea to review your estate documents (wills, trusts, powers of attorney, health care proxies, and living wills) on a regular basis, as well as when major changes occur in your life.

■ Read over the documents every year to see if you have changed your mind about any aspect of them.

■ Arrange for a review with your estate planning professional if it has been a few years since your last review, if someone in your family has become disabled, or if there has been:

- A change in your marital status.
- A birth, death, or marriage in your family.
- A death of a guardian, executor, or trustee.
- A major change in your assets. ■

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

Your 401(k) Options When You Leave a Job

When you leave a job, you will typically have four options for what you can do with your 401(k) savings. You can generally transfer your money to an IRA, leave it where it is, move it to your new employer's retirement plan, or cash it out. The option you choose can have a lasting impact on your finances so please consult your financial advisor before making your decision. Here are a few factors to consider.

Transfer your retirement savings directly to an IRA.

Transferring your retirement savings to an individual retirement account (IRA) is easy to do and offers several potential advantages.

The transfer avoids immediate taxation and penalties. If your savings are transferred directly from the retirement plan to your IRA, there are no tax consequences. You will not owe any tax or have to pay an early distribution penalty on the transfer. By avoiding tax and a penalty on the transfer, your entire nest egg remains intact and available to be reinvested within your IRA.

The tax benefits are preserved. Transferring your savings to an IRA makes it possible for them to continue to compound tax-deferred, or tax-free if they are Roth savings, for as long as they remain in the IRA. (Withdrawals from a traditional IRA will be taxable.)

Your savings may be easier to manage. IRAs offer you the ability to combine all of your old workplace retirement plans and IRAs into one IRA account (two accounts, if you have tax-deferred savings and Roth savings). With just one or two IRAs, there may be fewer statements for you to review, which may make it easier for you to assess your overall retirement savings and portfolio performance at a glance. And you may find it easier to take your annual required minimum distributions (RMDs), which generally must begin at age 70½, from a single traditional IRA rather than from potentially multiple retirement plans.

You can avoid RMDs with a Roth IRA. With a 401(k) plan, you generally must begin taking annual distributions from your Roth and tax-deferred savings at age 70½. If you prefer not to make annual withdrawals from your Roth 401(k) savings, transferring them to a Roth IRA eliminates the need because Roth IRA account owners are not required to take distributions at any age.

With a Roth IRA, you gain the freedom to make withdrawals at your own pace—or to not make any withdrawals at all. This may be an attractive option if you have other sources of retirement income and want to leave your Roth savings intact to potentially generate tax-free earnings for the rest of your life.

You may gain access to a larger group of investments. If you have ever felt constrained by the limited number of investments offered in your 401(k) plan, consider transferring your savings to an IRA. While 401(k) plans offer 25 investments on average[1], IRAs typically offer thousands of investments and a broader range of investment types, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, certificates of deposit (CDs), and more.

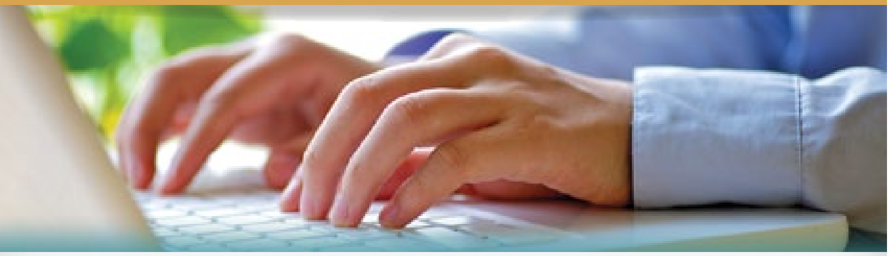
Other considerations. If you have company stock in your 401(k) plan that has increased greatly in value since it was purchased, consider moving it to a taxable brokerage account instead of an IRA. If you move company stock to a traditional IRA, it will eventually be taxed as ordinary income when you withdraw it from the IRA. If you move it instead to a taxable account, the stock's increase in value, known as its net unrealized appreciation (NUA) will be taxed as a long-term capital gain when the stock is eventually sold, which may save you a bundle in taxes. The stock's basis (the amount you paid for it) is taxed as ordinary income when the stock is moved to the taxable account.

To move company stock to a taxable account, your retirement plan must permit the transfer of actual shares; not all plans do. If your plan does, you can transfer your company stock to a taxable account and the rest of your investments to an IRA.

LEAVING A JOB?

You can preserve the tax-favored status of your 401(k) savings so that they can continue to grow tax-deferred or tax-free by...

- Transferring your savings to an IRA.
- Leaving your savings in your old employer's 401(k) plan.
- Transferring your savings to your new employer's retirement plan.



Arrange for a direct transfer when moving 401(k) savings to an IRA or your new employer's plan.

- With a direct transfer, your old 401(k) plan will generally issue a check made payable to your new account.
- A direct transfer avoids immediate taxation and penalties.
- If your savings are not transferred directly and the check is made payable to you, your old retirement plan must withhold 20% of the withdrawal for federal tax purposes.

  To deposit the full amount withdrawn into your IRA or your new employer's retirement plan, you will need to use other funds to make up the 20% that was withheld.

  Any taxable part of the withdrawal (including the amount withheld) that is not deposited within 60 days will be taxed as ordinary income that year and may be subject to an early distribution penalty.

Keep your savings in your old employer's 401(k) plan.

Many 401(k) plans will let you keep your money in the plan even after you leave the company. This may be an attractive option if you are satisfied with the plan's investment choices, fees, and features, or you simply need a place to park your savings while you decide what to do with them. By leaving your savings in your old employer's plan…

You avoid immediate taxation and penalties. Your entire nest egg remains at work for you potentially generating additional earnings.

The tax benefits are preserved. While in an employer-sponsored retirement plan, your savings can continue to compound tax-deferred, or tax-free if you have Roth savings.

You can transfer your savings at any time. Leaving your money in your old employer's plan does not lock you into keeping it there permanently. Once you leave the company, you can generally take distributions from your old 401(k) plan at any time. So if you decide later on to move your savings to an IRA or to a new employer's 401(k) plan, you can.

You may be able to make penalty-free withdrawals before age 59½. Typically, if you withdraw money from a retirement plan or an IRA before age 59½, the withdrawal is subject to a 10% early distribution penalty unless you qualify for an exception to the penalty. One exception that applies to 401(k) plans, but not to IRAs, allows you to make penalty-free withdrawals before age 59½ if you leave your job with the employer sponsoring the retirement plan in or after the year you reach age 55. The age is reduced to 50 for public safety employees, such as police and firefighters.

So if you are between age 55 (or age 50) and age 59½ when you leave a job, keeping your savings in your old 401(k) plan offers you the ability to make penalty-free withdrawals before age 59½. (You must still pay income tax on the withdrawals.)

Keep in mind that you may also be able to make penalty-free withdrawals before age 59½ from an IRA if you qualify for a different exception to the penalty. There are several exceptions; your tax or financial advisor can provide the details.

Other considerations. If you have less than $5,000 in your old 401(k) plan, leaving it there may not be an option. For amounts between $1,000 and $5,000, the plan may transfer your savings to an IRA if you do not make other arrangements for it. For amounts less than $1,000, the plan may just give you a check for it.

Move your savings to your new employer's 401(k) plan.

Your new employer's 401(k) plan may allow you to transfer your retirement savings to it, although it is not required to do so. If your new plan allows it, be sure to evaluate its investment choices, fees, and features before making a move.

Moving your money to your new employer's 401(k) plan may be an attractive option if you want the simplicity of keeping all of your retirement savings in one account. Keep in mind that you must abide by the new plan's rules, including those regarding withdrawals, also known as distributions. You may not be able to withdraw money from the new 401(k) plan until you reach age 59½ or you leave your new employer, although loans may be an option.

By moving your savings to your new employer's retirement plan…

The transfer avoids immediate taxation and penalties. You will not owe any tax or an early distribution penalty on the transfer of your savings from your old 401(k) plan to your new employer's retirement plan, as long as the funds are transferred directly to the new plan.

The tax benefits are preserved. Your savings can continue to compound tax-deferred, or tax-free if you have Roth savings.

RMDs may be postponed past age 70½ if you are still working. Typically, you must begin taking required minimum distributions from your 401(k) plan at age 70½. However, if you are still working for the employer sponsoring the plan and are not a 5% owner of the company, the start of RMDs may be postponed past age 70½ if the plan allows it.

Cash out your savings.

Although this option may be tempting at first glance, particularly if you need immediate access to some cash, be sure to consider the tax consequences. Not only will you give up the potential for your savings to continue to grow tax-deferred or tax-free, you may give up as much as half of your savings to taxes nearly immediately. For these reasons, withdrawing savings as a lump sum is rarely the best option.

When you withdraw cash from a 401(k) plan, the taxable portion of the distribution (which may be all of it) is added to your taxable income for the year. Depending on your income tax bracket and whether the early distribution penalty applies, as much as 49.6% of your withdrawal may be lost to federal taxes alone in the year you receive the distribution. Only a portion of your savings may remain to be reinvested for retirement, which may leave you short of funds later on. ■

Whether you are retiring or simply changing employers, deciding what to do with the money in your old employer's 401(k) plan is an important decision. Please seek advice from your financial advisor.

PLEASE NOTE: Before investing in mutual funds or ETFs, investors should consider a fund's investment objectives, risks, charges, and expenses. Contact your financial advisor for a prospectus containing this information. Please read it carefully before investing.

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. You may have a gain or loss if you sell a bond prior to its maturity date.

1 SOURCE: The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at 401(k) Plans. 2014.

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TOKYO, JAPAN | Hidden Tokyo

BY BRIAN JOHNSTON

Tokyo may be renowned for its bright lights and big-city vibe, but if you're looking to escape the neon lights then Japan's capital has a tranquil and traditional side too.

ASK ANY VISITORS WHAT SOUNDS they associate with Tokyo and they may well say it's the rumble of traffic, the whoosh of bullet trains, the coin-tumbling clink of pachinko machines, or perhaps white-gloved sales assistants in department stores announcing the latest in lipsticks. Yet while few would associate the word 'tranquility' with Tokyo, all you have to do is step away from its busy main streets and into side alleys for quite a surprise. The only honking you might hear comes from geese. Birds tweet in bamboo thickets. Temple chimes tinkle, and old ladies ding-dong their bicycle bells as they pedal by.

Welcome to Tokyo, traditional style. When you get tired of the Japanese capital's pulsating neon, concrete, and crowds, turn instead to old neighborhoods cluttered with shrines, teahouses, tiny shops, and gardens where maple trees droop. This unexpected side of the city, where pockets of traditional life survive despite the odds, is really what makes Tokyo such a surprisingly livable and likeable metropolis for those who seek out its quieter pleasures.

Head first to Asakusa in northwest Tokyo, where you'll find one of its most traditional districts. Alight at Asakusa station and you'll quickly notice that skyscrapers have given way to low-rise houses and overpasses to somnolent back alleys where bicycles are the transport mode of choice. It feels as if you've stepped a hundred years back in time—apart, perhaps, from the alarming tangle of telegraph wires that loop down the alleyways.

A short walk from the station will take you to Kaminarimon Gate; you can hardly miss the enormous gateway, hung with a massive lantern, and flanked by the fierce gods of wind and thunder. Crowds press down the street beyond, Nakamise-dori, which leads to Senso-ji Temple, one of the most important temples in the city. True, there's no tranquility here: on a busy weekend you'll have to elbow your way through gaggles of teenagers buying plastic gadgets and posters of pop idols. But traditional it certainly is. Some of the street's tiny open-fronted shops have been here for centuries. Browse for hand-painted fans and bejeweled hairpins. Rice sweets sit in sticky

Boaters enjoy cherry-blossom season on the moat surrounding Tokyo's Imperial Palace (left). Lights illuminate Senso-ji's Main Hall (below), part of a temple complex located in Asakusa, Tokyo.

pyramids and glass jars burst with wheat crackers. Freshly made waffles are wrapped in colored boxes tied with red ribbons.

Asakusa was the entertainment district of the city during the Edo Period (1603-1868) and retains a rather marvelous carnival air. Some old theatres survive in its side streets, and an old-fashioned amusement park has been making kids scream since 1853. Even inside the grounds of Senso-ji Temple the carnival atmosphere barely dims. School kids pose for photos with orange-robed monks, local ladies shake bamboo sticks whose numbers correspond to their fortunes foretold on paper slips, and food stalls tempt with noodles and egg pancakes. Despite this, the temple is an important Buddhist site, so don't forget to walk around the incense-laden halls and charming gardens off to the side.

From here, follow the backstreets towards Ueno, through 'old downtown', an area of narrow back lanes and traditional-style homes. Cats slink, old men doze on leafy corners, and barely a car is seen. Eventually you'll arrive at vast Ueno Park, with its museums and zoo, milling school groups, and factory workers on their day off. The park is at its best during the spring cherry-blossom season; blossom viewing is accompanied by an antiques fair and evening partying under paper lanterns.

What you should do next is hop on the train at Ueno and alight two stops away at Nippori station for a true hidden secret of Tokyo, the district of Yanaka. The tranquil hills and clear streams of Yanaka made it a favored spot for temples and country retreats at the end of the Edo Period. It also became home to some of Japan's most famous writers, many of whom are buried in the local cemetery. A flavor of former days still lingers, especially as this was one of the few quarters of Tokyo that escaped firebombing during World War II.

Yanaka is a sleepy residential neighborhood of small lanes lined with traditional shops, dozens of local shrines, and houses with bird-chirping gardens. The only real tourist sight is Asakura Choso Museum. Its black, ultra-modern façade looks highly out of place, but this former sculptor's home encloses a traditional Japanese residence and courtyard where fat carp gulp.

It isn't really sights you come here for, however, but rather an escape from the big city vibe and a glimpse of a more slow-paced Tokyo. Wander through the cemetery, past temples, and down meandering lanes. There are no mega-malls here, just convenience stores and artisan's shops such as Midori-ya, whose handmade bamboo baskets are considered something of a national treasure. Other shops sell exquisite wrapping paper made from wood-block prints, or green tea such as the high-grade Gyokuro ('jade dew') or Hojicha, roasted over charcoal. A street slyly nicknamed Yanaka Ginza after Ginza, Tokyo's swankest shopping drag, couldn't be more different. Its rickety old shops sell grilled fish, rice and vegetables, and old-fashioned kids' sweets.

Find your way back to the same train line, and it's just another few stops to Komagome station. Here you'll find Rikugien or 'six poems garden', one of Tokyo's several beautiful, but overlooked, traditional Japanese gardens. Rikugien recreates miniature scenes from famous Chinese and Japanese poems and has a sprawling network of paths that meander around hills and ponds. A few judiciously sited teahouses provide delightful vistas as you sip tea and admire the rustling foliage, just as Edo-era aristocrats used to do.

While Tokyo has many large parks in the western style splashed green across its map, its smaller traditional gardens need to be hunted down. Koishikawa Korakuen by Tokyo Dome also recreates famous landscapes in miniature. It has spectacular plum trees in February, weeping cherries draped with pink blossoms in early April, and particularly sumptuous autumn colors in November.

Grander in conception, Hama Rikyu was once the garden of a feudal lord, now incongruously surviving amid Tokyo's recently redeveloped and ultra-modern Shiodome district. The extensive grounds include unusual curiosities such as former duck-hunting hides and saltwater ponds whose levels change with the tides on adjacent Tokyo Bay. It provides an interesting example of a managed feudal estate right in the middle of the modern metropolis.

For a final feel of traditional Tokyo, Meiji Shrine is a must. Though surrounded by iris-studded gardens and forest, the shrine is just a monk's chant away from Shibuya, renowned for its packed fashion shops and pulsating nightlife. The shrine was built in the early twentieth century in memory of the Emperor Meiji. It can get crowded on weekends, but mid-week there's often hardly a soul here.

Wander under some huge tori gates made from cypress trunks to the central complex of the Shinto temple, with its beautiful wooden walls and weathered copper roofs. You may be lucky enough to come across a wedding with a bride and groom in glorious traditional attire, shuffling in procession behind Shinto monks and a kaleidoscope of guests in silk kimonos. A gong sounds, gravel crunches, and birds tweet their congratulations from the trees: the unexpected sounds of Tokyo. ■

Four Places To Unleash Your Inner Geek

LOS ANGELES
CALIFORNIA SCIENCE CENTER

Journey to Space: Exhibition and 3D Film

OCT 29, 2015 – MAY 8, 2016
Explore the hazards and the possibilities of human space exploration at this exhibition where you can experience what it takes to live and work in space through hands-on activities, incredible footage from past space missions, a 3D film, and a full-scale replica of the International Space Station's Destiny Lab (left) where rotating walls will challenge your orientation and give you an idea of how astronauts feel in space.

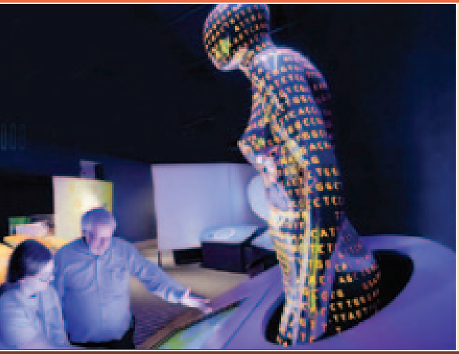
PHOTO COURTESY OF SCIENCE MUSEUM OF MINNESOTA © 2015 RICHARD FLEISCHMAN

DALLAS
PEROT MUSEUM

Creatures of Light: Nature's Bioluminescence

OCT 31, 2015 – FEB 21, 2016
Discover extraordinary creatures that radiate light, from fireflies that flicker in backyards to glowing fish that illuminate the perpetually dark depths of the ocean to glowworms that create sticky webs to catch their prey (left), at this exhibition exploring bioluminescence—the production of light by living organisms.

PHOTO © AMNH\D.FINNIN



MILWAUKEE
DISCOVERY WORLD

Genome: Unlocking Life's Code

JAN 28 – APR 25, 2016
Explore the science of what makes you unique at this exhibition where you can learn what a genome is (the complete set of genetic or hereditary material of a living organism), how it relates to medicine and health, and how it connects humans to all life.

PHOTO COURTESY OF DISCOVERY WORLD

KANSAS CITY
UNION STATION

Da Vinci: The Exhibition

OCT 23, 2015 – MAY 1, 2016
Experience the genius of Leonardo da Vinci—artist, visionary, inventor, and engineer—at this exhibition featuring more than 65 life-size inventions (built in modern times based on da Vinci's plans), more than 20 fine art studies, and dozens of displays illuminating da Vinci's discoveries and creative process.

PHOTO COURTESY OF UNION STATION © AL POWERS, POWERSIMAGERY.COM

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QUIZ

READ ANY GOOD BOOKS LATELY?

1. Twenty-six-year-old Scout returns home to visit her aging father, Atticus, in this Harper Lee novel released in 2015:

A. Go Set a Watchman
B. To Kill a Mockingbird

2. A woman witnesses a shocking event from a commuter train in this debut psychological thriller by Paula Hawkins.

A. The Morning Train
B. The Girl on the Train

3. Two sisters in war-torn France during World War II are the main characters in this Kristin Hannah novel.

A. True Colors
B. The Nightingale

4. Winner of the 2015 Pulitzer Prize for fiction, this book by Anthony Doerr tells the story of a blind French girl and a German boy during World War II.

A. All the Light We Cannot See
B. Memory Wall

5. An explosion at the Metropolitan Museum of Art leaves Theo Decker motherless and in possession of a priceless painting at the start of this Donna Tartt novel.

A. The Goldfinch
B. The Secret History

6. This debut novel by Andy Weir tells the tale of a stranded astronaut.

A. The Astronaut
B. The Martian

7. A university professor uses a 16-page survey to find his perfect partner in this romantic comedy by Graeme Simsion.

A. The Rosie Project
B. The Rosie Effect

8. This book by Daniel James Brown traces an American team's quest for gold at the 1936 Berlin Olympics.

A. The Boys in the Boat
B. Under a Flaming Sky

9. Detective Cormoran Strike is introduced in this crime novel about a supermodel's suicide, written by J.K. Rowling using the pseudonym Robert Galbraith.

A. Career of Evil
B. The Cuckoo's Calling

10. This book by Ellen Marie Wiseman begins "Within minutes of setting foot on the grounds of the shuttered Willard State Asylum, seventeen-year-old Isabelle Stone knew it was a mistake."

A. The Plum Tree
B. What She Left Behind

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

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WEALTH MANAGEMENT & FINANCIAL PLANNING

Barbara Shapiro, CFP, CDFA, CFS & Herb Shapiro

Founded in 1988 as an independent firm, HMS Financial Group is committed to ethical and personal financial planning and wealth management. Operating as an Office of Supervisory Jurisdiction (OSJ) for one of the largest, independent investment broker/dealers* in the United States, HMS does not have proprietary products, and has no vested interest other than the financial success of its clients.

Herb Shapiro, Vice-President and founder, brings more than 44 years of industry experience to the HMS team. He began his career in 1970, and worked for several firms until 1988, when he founded HMS Financial Group. His core values of providing personal service, maintaining market objectivity, and high standards of integrity and honesty with the clients he serves, are deeply imbued in the HMS philosophy.

Barbara Shapiro, President, is a Registered Investment Advisor with the Commonwealth of Massachusetts, is a Certified Financial Planner™ and one of the first Certified Divorce Financial Analysts in Massachusetts. She holds a Master of Science in Finance from Suffolk University and is a Graduate of the Securities Industry Association Institute at the Wharton School. Additionally, she holds a Master of Education in Counseling from Boston University and a Master of Education in Moderate Special Needs from Northeastern University.

Among her many recognitions, Barbara has served as a National Board Member of the Securities Industry Foundation for Economic Education, past member of the Boston Jewish Community Women's Fund, and the Treasurer of the Massachusetts Council of Economic Education. She is continually interviewed and quoted in all of the major financial publications.

She is an active lecturer to diverse groups and educational institutions, and has written and teaches a course on financial planning, investments, and long-term care insurance.

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