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FINANCIAL GROUP

WEALTH MANAGEMENT & FINANCIAL PLANNING

EYE ON MONEY

JAN FEB 2017

CHARITABLE TRUSTS

SUPPORTING YOUR FAVORITE CHARITIES AND SERVING YOUR FINANCIAL INTERESTS

TAX TIPS FOR NEW PARENTS

10 THINGS TO DO WITH A BONUS

SOCIAL SECURITY TIPS

THREE BIRTHDAYS WORTHY OF A LITTLE EXTRA CELEBRATION

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AGE 50

You can begin contributing extra amounts to your IRA and workplace retirement plan. The annual catch-up contribution limits for 2017 are:

- $1,000 to a traditional or Roth IRA
- $3,000 to a SIMPLE IRA
- $6,000 to 401(k), 403(b), and governmental 457(b) plans

AGE 59½

You can withdraw money from your IRA without penalty. Withdrawals prior to age 59½ are generally subject to a 10% early withdrawal penalty unless an exception to the penalty applies.

AGE 66

You can generally claim full Social Security retirement benefits. If you wait until your full retirement age (age 66 for individuals born from 1943–1954) to begin benefits, you are entitled to your full benefits. Starting earlier reduces your monthly benefit amount. Starting later, up until age 70, increases your monthly benefit amount.

Please consult your financial advisor for more details about these key ages.

inside

10

THINGS TO DO WITH A BONUS OR OTHER WINDFALL

1 Invest it. A bonus or other windfall has the potential to make a lasting impact on your life if you use it to help reach your financial goals. Remember, even modest amounts that you invest today have the potential to grow into sizable amounts over time. For example, a $10,000 investment that earns 6% annually will be worth about $18,000 in 10 years, $33,000 in 20 years, and $60,000 in 30 years, due to the power of compounding.

This is a hypothetical example for illustrative purposes only. Your results will vary.

2 Contribute to an IRA. Stash your influx of cash in an IRA for your retirement. And if you have a non-working spouse, stash some of it in a spousal IRA also. You have until the due date of your 2016 federal tax return (not including extensions) to contribute for 2016. Consider contributing for 2017 while you are at it.

3 Fund an education savings account. If you have young children or grandchildren, consider allocating part of your bonus to their college funds. Tax-favored education savings accounts and plans that allow tax-free earnings and withdrawals may help your gift stretch further.

4 Rebalance your portfolio. Has your mix of stocks, bonds, and cash strayed from your target asset allocation? If so, consider using your bonus to buy investments in the underweighted areas. Sure, you could just sell some of the overweighted asset class, but this way there is no tax cost to you.

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

5 Pay off credit card debt. Are you carrying balances on your credit cards? Pay them off! The high interest rates charged by credit card companies can take a big bite out of your income, preventing you from saving for your financial goals. Consider paying off the card with the highest rate first.

6 Pump up your emergency fund. You will be glad you did if your car breaks down, the furnace dies, you lose your job, or any other unexpected, expensive event occurs. Generally, an emergency fund should contain an amount equal to several months' worth of expenses. And it is generally a good idea to keep an emergency fund where it can earn interest and be easily liquidated if needed.

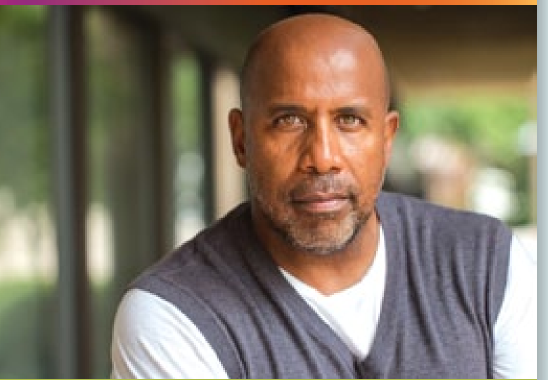
7 Invest in yourself. Your health and your ability to earn an income may be your greatest assets. Consider improving the return on those assets by spending some of your windfall on participating in fitness activities, learning a new skill, or funding that business you have dreamed of starting.

8 Help a loved one. In 2016 and 2017, you can give any number of people up to $14,000 each per year without your gifts being subject to the federal gift tax or reducing the amount that can be exempted from the federal estate tax later on.

9 Give to charity. A gift to charity can provide a great sense of satisfaction—and a tax deduction if you itemize deductions on your federal tax return.

10 Do something on your bucket list. If your savings are on track and your expenses are under control, use the extra cash for something that you've always wanted to do. ■

Talk to your financial advisor about how a bonus, tax refund, or other financial windfall can best be put to use.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Navigating volatility in the stock market

Although fluctuations in stock prices are a normal part of investing, a sharp drop in the stock market can be unsettling. These tips may help.

REMEMBER THAT STOCKS ARE A LONG-TERM INVESTMENT

Stock prices tend to fluctuate more than bonds and cash investments over the short term. The stock market will be up some days and down on others—and sometimes the change can be dramatic. But over long periods of time, stocks as a group have historically provided higher returns than bonds or cash. The potential for higher returns over the long term is probably why you invested in stocks in the first place. The key words here are "long term". Because of their short-term volatility, stocks are best suited for long-term goals—say, those goals that are ten or more years away.

FIND THE ASSET ALLOCATION THAT IS RIGHT FOR YOU

Bonds and cash investments are less volatile than stocks, so adding them to a stock portfolio can help reduce the portfolio's overall volatility. Keep in mind, though, that bonds and cash generally have less potential for growth than stocks over the long term. So while adding them to a stock portfolio can reduce its overall volatility, it can also reduce its overall growth potential. For this reason, it is important to choose a mix of asset types (stocks, bonds, cash, etc.) that balances your need for growth with your desire to reduce volatility.

Your financial advisor can help you choose the asset allocation that is appropriate for your financial objectives, tolerance for risk, and the length of time remaining until you will need your money.

DO NOT TRY TO TIME THE MARKET

Although it may be tempting to pull out of stocks as a whole in a market downturn, this may not be your best move. No one can predict with any certainty which way the market is headed that day, week, or month. If you jump out when the market is down and then fail to jump back in at the right moment, you will miss any rallies that may occur. ■

PLEASE NOTE:

Past performance is not a guarantee of future results.

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

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

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THE SIMPLE IRA:

A SIMPLE SOLUTION FOR YOUR RETIREMENT PLAN NEEDS

If you are self-employed or own a business with 100 or fewer employees, the SIMPLE IRA may be the retirement plan for you. It's easy to set up and operate, employees can contribute to their accounts, and the tax benefits are excellent.

How much can I contribute annually?

As an employee, you can contribute up to $12,500 of your compensation ($15,500 if you are age 50 or older). As an employer, you can either match each employee's contributions dollar-for-dollar up to 3% of their compensation or contribute 2% of compensation for each eligible employee.

(2017 annual contribution limits)

EXAMPLE:

Let's say you establish a SIMPLE IRA plan and decide to match your employees' contributions dollar-for-dollar up to 3% of their compensation.

Now let's say that your employee, John, decides to max out his contributions this year by contributing $12,500 of his $50,000 salary.

John contributes $12,500 to his IRA through payroll deductions. Your company matches his contributions with $1,500 (3% of $50,000). Overall contributions to John's account for the year total $14,000.

IT'S EASY.

A SIMPLE IRA plan is one of the easiest retirement plans to set up and run. Administration is minimal. Nondiscrimination testing and government filings are not required.

EMPLOYEES CAN CONTRIBUTE.

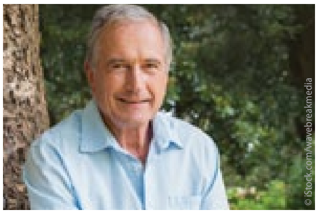
Not all retirement plans permit employees to contribute, but the SIMPLE IRA does. Each eligible employee can elect to have up to $12,500 ($15,500 if they are age 50 or older) per year deducted from their paychecks and deposited into an IRA account.

THE TAX BENEFITS ARE EXCELLENT.

- Employer contributions are deductible.
- Employee contributions are made with pre-tax income, which lowers their current income taxes.
- Income tax is deferred on contributions and investment earnings until they are withdrawn from the IRA.

Withdrawals before age 59½ are generally subject to a 10% early withdrawal penalty; 25% if taken in the first two years of participating in the SIMPLE IRA plan.

If you are self-employed or own a business, please talk to your financial advisor about whether a business retirement plan is right for you.



Charitable Trusts

Supporting Your Favorite Charities and Serving Your Financial Interests

FUNDING A CHARITABLE TRUST CAN help you provide financial support to the charitable causes you care about, as well as pursue personal financial objectives. Two types of charitable trusts—the charitable remainder trust and the charitable lead trust—are introduced here.

Each type of trust operates quite differently from the other and is used to achieve different objectives. If you are interested in retaining an income from the assets you donate, then a charitable remainder trust may be the one for you. If you are looking for specific tax benefits, such as the ability to transfer assets to your children at a reduced gift or estate tax cost, then a charitable lead trust may be a better choice.

The two types of trusts have one thing in common: There are significant costs associated with setting them up and running them so usually the charitable gift must be sizeable in order to justify the expense.

Charitable Remainder Trust

A charitable remainder trust enables you to retain an income for life from the trust with the amount remaining in the trust when the trust ends going to charity.

Here's how it usually works. You set up the trust and irrevocably transfer cash or appreciated assets to it. The person or organization who manages the trust (the trustee) invests the assets and pays a stream of income to you or other beneficiaries you choose. You can select the rate used to calculate the income payments. (Most donors choose a rate in the five to seven percent range.) You can also choose whether the income payments will last for the beneficiary's lifetime or for a specified period of years. When the term of the trust ends, any assets remaining in it are transferred to your selected charities.

This type of trust tends to be especially effective when highly appreciated assets are used to fund it.

Let's say you have a sizeable chunk of stock that has dramatically appreciated in value since you received it, but that is yielding little or no current income. You would like to generate more income for yourself or others. You could sell the stock and reinvest the proceeds in potentially higher-yielding stocks, but the capital gains tax on your profits from the sale may dramatically diminish the amount you have left to reinvest. Or you could donate it to a charitable remainder trust.

The trustee can sell the donated stock (or other assets) without immediately owing capital gains tax on the profits. This leaves the entire proceeds available to be reinvested and may result in a larger stream of income for you than if you had sold the stock yourself and reinvested the amount remaining after taxes.

Donating to a charitable remainder trust also offers you an immediate charitable tax deduction for a portion of your gift, which may benefit your current income tax situation. And a charitable remainder trust may also benefit your estate tax situation because assets in the trust are not counted as part of your estate.

There are two basic types of charitable remainder trusts: The charitable remainder annuity trust and the charitable remainder unitrust.

The annuity trust pays the beneficiaries a fixed amount every year based on the trust's initial value.

The unitrust generally pays the beneficiaries a fixed percentage of the trust's assets as they are valued each year. As a result, unitrust payments will fluctuate in value. When the trust investments perform well and the trust increases in value, the income amount will increase. When the trust value decreases, the income amount will decrease.

Your financial advisor can help you determine whether a charitable remainder trust may be a good choice for your philanthropic and financial objectives, as well as which type of charitable remainder trust may suit you better.

In some circumstances, other types of life income gifts may also be worthy of your consideration. Many charitable organizations offer pooled income funds and charitable gift annuities, which will pay you an income for life in return for your charitable gift. Although these two options do not offer the flexibility of a charitable remainder trust, they can help you meet some of the same financial objectives, generally at a lower cost.

Please note that you should never have to pay a commission, solicitor's fee, or similar payment to establish a gift annuity.

CHARITABLE REMAINDER TRUST

HOW IT WORKS

1

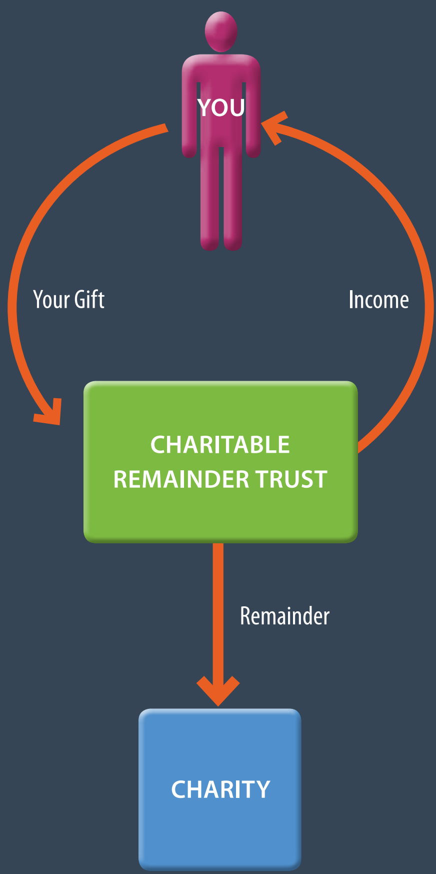
You transfer cash or assets to the trust.

2

The assets are invested, and the trust pays you or your beneficiary an income for life or a specified period of years.

3

At the end of the trust's term, the amount remaining in the trust is paid to your chosen charity.



WHO SHOULD CONSIDER IT?

A charitable remainder trust may be a good option for someone who...

- Wants to make a sizable gift to charity
- Wants to receive a stream of income from the trust assets for their lifetime or a period of years
- May have highly appreciated assets that they want to diversify or convert into a potentially larger stream of income
- Is comfortable with the remaining trust assets going to charity
- Seeks tax benefits, such as reducing the size of their taxable estate and receiving a charitable tax deduction for a portion of their gift

CHARITABLE LEAD TRUST

HOW IT WORKS

1

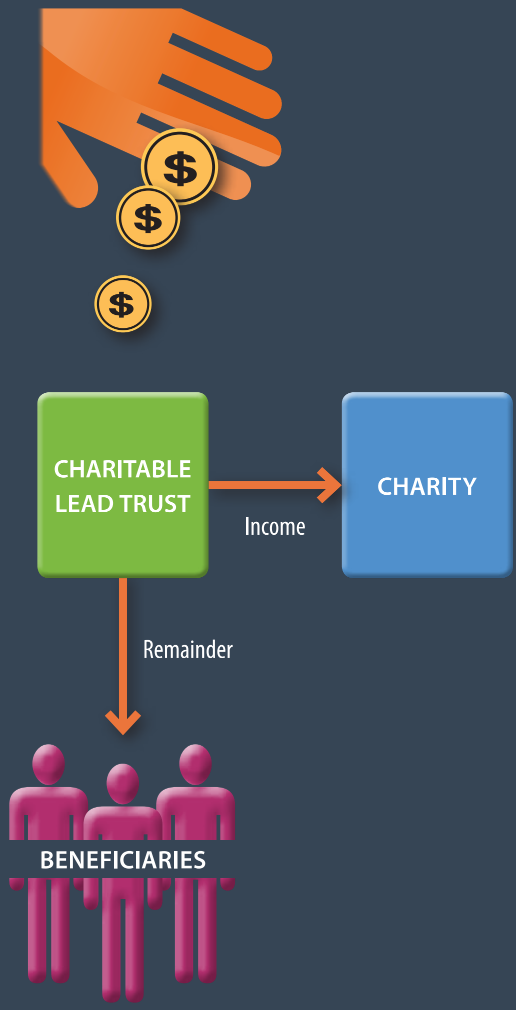
You transfer cash or other assets to the trust.

2

The assets are invested, and the trust makes annual income payments to your chosen charity for the term of the trust.

3

At the end of the trust's term, the amount remaining in the trust is paid to the trust's beneficiaries, such as you or your children.



WHO SHOULD CONSIDER IT?

A charitable lead trust may be a good option for someone who...

- Wants to make a sizable gift to charity
- Does not need the current income from the assets
- Wants to keep the trust assets in the family after the trust ends
- Seeks tax advantages, such as the potential to transfer assets to the next generation at a reduced gift and estate tax cost

Charitable Lead Trust

A charitable lead trust enables you to make a sizable gift to charity and potentially provide for your heirs at a reduced gift and estate tax cost.

As mentioned earlier, charitable lead trusts work differently than charitable remainder trusts. Instead of you receiving the income and the charity receiving the remainder, the charity receives the income for a period of years and then you or your beneficiaries, such as your children, receive the amount remaining in the charitable lead trust.

There are several types of charitable lead trusts, each designed to meet different objectives. The two main types are the grantor lead trust, which returns the remainder to you, and the non-grantor lead trust, which transfers the remainder to your non-charity beneficiaries. We'll focus on the non-grantor lead trust, the type used to minimize gift and estate taxes on the transfer of wealth.

Let's say you have a large taxable estate and that you want to pass assets to your children at a reduced gift and estate tax cost. If you are charitably inclined and willing to wait several years for your children to receive your gift, you might establish a non-grantor charitable lead annuity trust and irrevocably transfer cash, securities, or other assets to it.

You receive a charitable gift tax deduction for a portion of the assets that you transfer to the trust. The deduction is equal to the "present value" of the charitable income payments. The "present value" of the remainder is subject to gift tax, although you may avoid the tax by using part of your federal gift tax exclusion.

How large a deduction might you receive? The answer will depend on the trust term you choose, the payout rate you choose, and the IRS discount rate in effect at the time the trust is created. A longer trust term, a higher payout rate, and a lower IRS discount rate will result in a larger deduction.

Once you transfer the assets to the trust, they are no longer part of your estate, which lowers your future estate tax liability. And because the assets are no longer part of your estate, any potential appreciation in their value during the term of the trust, if not used for charitable annuity payments, can be distributed gift and estate tax-free to your children when the trust terminates.

Charitable lead trusts are complicated. Please talk to your financial and legal advisors about whether one is right for you. Given the right circumstances, you may be able to transfer significant wealth to your heirs at a reduced gift and estate tax cost and provide considerable financial support to your favorite charity for many years. ■

Now may be an especially favorable time to create a charitable lead trust.

The IRS discount rate has been very low recently—and the lower the rate, the higher the deduction you receive for funding a charitable lead trust.

Please consult your financial and legal advisors for advice on charitable trusts, as well as other ways to meet your philanthropic and financial objectives.

Portability: Preserving Your Spouse's Unused Estate Tax Exclusion

Electing portability can trim your federal gift and estate taxes.

THANKS TO THE BASIC EXCLUSION, you can generally give away $5.49 million[1] during or after your lifetime without owing any federal gift or estate taxes. And thanks to the exclusion's portability, widows and widowers can use the unused portion of their deceased spouse's federal exclusion in addition to their own exclusion, enabling them to shelter up to $10.98 million from federal gift and estate taxes. But portability is not automatic. The executor of the deceased spouse's estate must file a timely federal estate tax return in order for the surviving spouse to use the deceased spouse's unused exclusion.

Here's a simplified example of how portability works.

- Let's say each spouse has $4 million in assets and that one spouse dies in 2017, leaving everything outright to the surviving spouse. Let's also say that neither spouse made any gifts that would reduce their exclusion amounts.
- The deceased spouse's $4 million estate can be transferred to the surviving spouse without using up any of the deceased spouse's $5.49 million exclusion, thanks to the marital deduction. (The marital deduction generally allows an estate to transfer property to the surviving spouse without it being subject to the federal estate tax.)
- The surviving spouse now has $8 million in assets, but only his or her own $5.49 million exclusion with which to shelter them from future gift and estate taxes.
- The executor of the deceased spouse's estate is not required to file a federal estate tax return because the $4 million estate (plus adjusted taxable gifts and specific gift tax exemption, which in this example equal $0) is less than the deceased spouse's $5.49 million exclusion.
- However, the executor files a federal estate tax return simply to elect portability of the deceased spouse's unused exclusion.
- By electing portability, the deceased spouse's unused exclusion is transferred to the surviving spouse who can use it, together with his or her own exclusion, to shelter $10.98 million from federal gift and estate taxes.

Given the right circumstances, electing portability can be a smart move for surviving spouses, including some spouses with smaller estates. Even if your own $5.49 million exclusion is currently large enough to shelter the combined estates, the ability to use your deceased spouse's unused exclusion may come in handy if your wealth increases beyond your exclusion amount after your spouse's death.

Here are a few things to know about portability.

Your deceased spouse's unused exclusion can only be used to minimize or avoid federal gift and estate taxes. It cannot be used with the federal generation-skipping transfer (GST) tax. If you want to minimize or avoid the GST tax on assets that you give or leave to your grandchildren, you may need to use additional estate planning tools and strategies.

You can use your deceased spouse's unused exclusion (DSUE) even if you remarry. However, the law states that you can only use the DSUE of your last deceased spouse. For example, if your second spouse dies, you can no longer use your first spouse's DSUE. But if the executor of your second spouse's estate elects portability, you can use your second spouse's DSUE.

There is a lot to consider when deciding whether electing portability is the right move for you or your spouse. Please consult your estate planning advisor for more details about portability. Your advisor can help you determine whether it should be incorporated into your existing estate plan. If you do not already have an estate plan, your advisor can help you develop a comprehensive plan that addresses, not only tax minimization strategies such as portability, but also the other goals you have for your legacy. ■

[1] The federal basic exclusion amount is $5.49 million in 2017, up from $5.45 million in 2016.

Timing Is Important

To have your deceased spouse's unused exclusion transferred to you, the executor of your spouse's estate must file an estate tax return (IRS Form 706) within nine months of your spouse's death or, if the executor has filed for an extension, before the end of the six-month extension period.

Tax Tips for New Parents

What new parents need to know before completing their tax returns. Plus, two ways to tax-efficiently save for your child's education.

Get your child a Social Security number. To claim a dependent exemption for your child on your tax return or to claim certain tax credits related to your child, you will need a Social Security number for him or her. If you did not apply for one at the hospital when your child was born, you can apply for one now at a Social Security office.

Adjust your withholding. The arrival of a child may mean a decrease in your income tax due to an array of child-related tax breaks. For example, simply claiming a dependent exemption for your child on your 2016 federal tax return may shelter as much as $4,050 of your income from tax.

If your income tax will be lower, it is generally a good idea to decrease the amount of tax that is withheld from your paycheck. You can do this by filling out a new Form W-4 (Employee's Withholding Allowance Certificate) for your employer.

Take advantage of child-related tax credits. These three federal tax credits may help reduce the taxes of eligible parents.

- *Child tax credit.* You may be able to reduce your federal taxes by as much as $1,000 per qualifying child if your income is below certain limits.
- *Earned income tax credit.* This credit is available to lower-income workers who meet certain eligibility requirements. The credit amount is determined by the worker's income and family size. Generally, the lower your income and the more qualifying children you have, the larger the credit.
- *Child and dependent care credit.* If you pay someone to care for your young child (under age 13) so that you can work or look for work, this credit may reimburse you for a percentage of the child care expenses you pay. Your income does not need to be under a certain amount to claim this credit so even if your income is high you can claim this one as long as you meet the other requirements.

Claim a tax credit for adopting. If you adopted a child in 2016, you may be able to claim a tax credit for up to $13,460 per child to help recoup the qualified adoption expenses you paid. And if you adopt a special-needs child, you may be able to claim the credit without having paid a cent in adoption expenses.

The amount of the credit will be reduced if your modified adjusted gross income (MAGI) falls between $201,920 and $241,920. The credit cannot be claimed at all if your MAGI is above $241,920.

Beware of the "nanny tax". If you hire someone to care for your child in your home, you may be responsible for their employment taxes.

You generally must withhold and pay Social Security and Medicare taxes if you paid a household employee cash wages of more than $2,000 in 2016. And if the cash wages you paid to all of your household employees totaled $1,000 or more in any quarter in 2015 or 2016, you generally must also pay federal unemployment tax.

You may also need to prepare and distribute Form W-2 (Wage and Tax Statement) by January 31, 2017 and file a Schedule H (Household Employment Taxes) with your federal income tax return.

Review your tax filing status. If you are a single parent or you lived apart from your spouse for the last six months of the year, you may be able to lower your taxes by changing your filing status to head of household.

Filing as head of household offers a larger standard deduction and usually a lower tax rate than filing as single or married filing separately.

To file as head of household, you generally must:

- Be unmarried or considered unmarried on the last day of the year.
- Pay more than half the cost of keeping up your home for the year.
- Have a qualifying person living in your home for more than half of the year.

A qualifying person can be your child, grandchild, or other relative as long as they meet certain tests. Please consult your tax advisor for the complete requirements for using the head of household filing status.

Take advantage of tax-favored college savings plans. It is never too soon to begin saving for your child's education—and planning how to avoid any potential taxes on the interest and investment earnings that those savings may generate.

Two types of tax-favored plans—529 college savings plans and Coverdell education savings accounts—can help.

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Both plans shelter interest and earnings from taxes while they are in the account and allow withdrawals for qualified education expenses to be made free from federal taxes.

- *529 college savings plans.* These state-sponsored plans allow individuals of all income levels to contribute significant amounts for college. Many 529 plans allow overall contributions of up to $300,000 or more per student.
- *Coverdell education savings accounts.* Coverdell accounts offer the flexibility to make federally tax-free withdrawals for grades K–12 expenses, as well as college expenses. Contributions are limited to a maximum of $2,000 per student per year, regardless of how many Coverdell accounts are opened for the student. Your modified adjusted gross income must be under $110,000 if single or $220,000 if married filing jointly to contribute.

There may still be time to contribute to a Coverdell account for 2016. You have until the due date for your 2016 tax return (not including extensions) to make a contribution that counts for 2016. ■

If you are a new parent, please consult your tax advisor about how your child impacts your tax situation. Your tax advisor can provide more complete information on the tax breaks and considerations presented here.

Please consult your financial advisor about the best way to save for your child's education.

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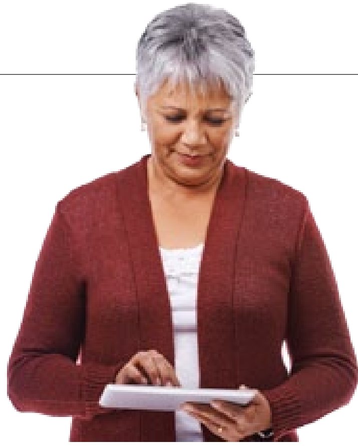
PLEASE NOTE: *For more complete information about a 529 college savings plan, including investment objectives, risks, fees, and expenses associated with it, please carefully read the issuer's official statement before investing. It can be obtained from your financial advisor. Some states offer state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

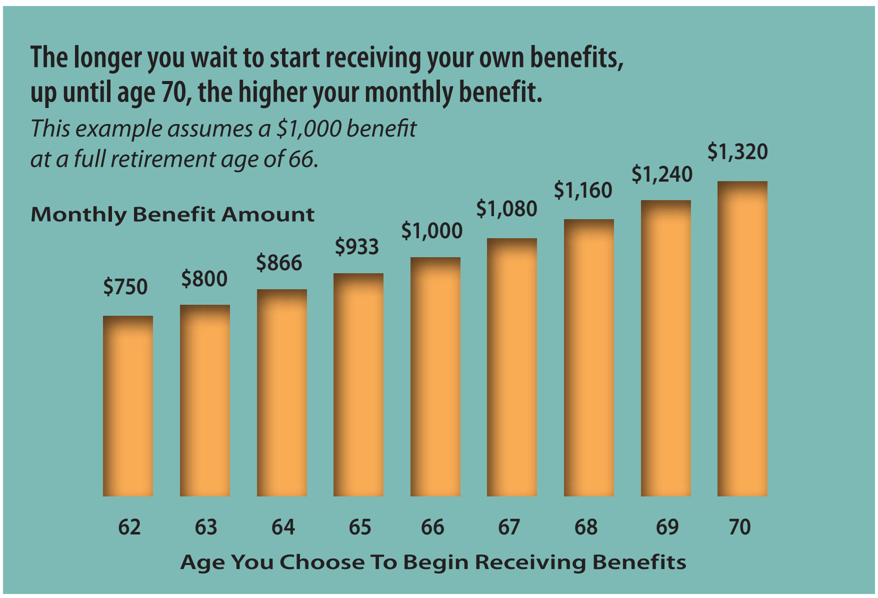
Social Security Tips

The choices you make about Social Security can have a lasting impact on your financial future. Some general tips are presented here. Please seek advice about your specific situation.



1. Get an early estimate of your Social Security benefits. To learn how much you may receive each month if you begin benefits at age 62, full retirement age, or age 70, check out your Social Security Statement. You can view it online by creating a "my Social Security account" on the Social Security Administration's website, www.ssa.gov.

2. Maximize your own monthly benefit by starting at age 70. Although you can generally start receiving Social Security retirement benefits based on your own work record at age 62, waiting until up to age 70 to start can significantly increase your monthly benefit amount. For each month between age 62 and 70 that you delay the start of retirement benefits, the amount of your monthly benefit increases. The following example from the Social Security Administration illustrates how a monthly benefit amount of $1,000 at a full retirement age of 66 would be impacted if benefits were started earlier or later.



Spousal Benefits

You may be eligible for spousal benefits based on your spouse's work record.

To claim them, you generally must be at least age 62 and your spouse must have already filed for his or her own retirement benefits.

If you are also eligible for retirement benefits based on your own work record, you will receive the higher of the two benefit amounts.

3. Maximize your spousal benefits by starting at your full retirement age. To receive the maximum monthly spousal benefit—up to 50% of the amount your spouse would receive at his or her full retirement age—you must be at least full retirement age when you begin benefits. Begin earlier, and the amount of your monthly benefit will generally be reduced.

4. Consider whether the wait is worth it. Is it better to receive lower monthly benefits for a longer time or higher monthly benefits for a shorter time? The answer will depend in part on how long you live. According to the Social Security Administration, by the time you reach the average life expectancy for someone your age, your total benefits will be about the same, regardless of when you began benefits. But if you live past the break-even age, delaying the start of benefits will result in higher total benefits over your lifetime.

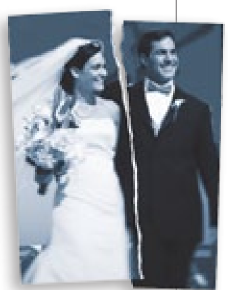
5. Factor your spouse into your decision of when to begin. If you are the higher earner, it may be a good idea to maximize your monthly benefit by waiting as long as possible (up to age 70) to begin receiving retirement benefits. Delaying the start will result not only in a higher monthly benefit for you, but also a higher survivor benefit for your spouse, who can step up to your benefit amount after your death. (The survivor benefit amount will be reduced if your spouse begins survivor benefits before his or her full retirement age.)

6. Consider restricting your application to just spousal benefits. Filing a restricted application for just spousal benefits allows you to receive spousal benefits for a few years while letting your own retirement benefit grow by delaying its start. You can then switch to your own benefit at age 70 when it has reached its maximum size.

This strategy is gradually being eliminated for most people as a result of changes made in 2015 to the Social Security rules. Prior to the changes, you could file a restricted application for just spousal benefits if you were full retirement age and your spouse had filed for his or her benefits. Now, you also generally have to have been born before January 2, 1954 to file a restricted application. (There are some exceptions to the new rule.)

7. Claim benefits based on your ex-spouse's work record. If you would receive a larger benefit based on your ex-spouse's work record than you would receive based on your own record, you can apply for spousal benefits as long as:

- Your marriage lasted 10 or more years
- You are age 62 or older
- You are currently unmarried
- Your ex-spouse is entitled to retirement or disability benefits



After your ex-spouse dies, you can receive survivor benefits beginning at age 60 (or earlier in some circumstances) as long as your marriage lasted for generally more than 10 years. Remarriage will not affect your eligibility for survivor benefits if the marriage occurs after you reach age 60 (age 50 if disabled). ■

Please consult your financial advisor for advice on planning your retirement.

SYDNEY, AUSTRALIA | City of Sunshine

BY BRIAN JOHNSTON

EUPHORIA IS IN THE AIR IN SYDNEY. This is a youthful city entering its prime, where the air is heady with the smell of eucalypts, breezes from the Pacific Ocean stir on street corners, and the sun always seems to shine. A teenager among world cities, Sydney is big, brash, and full of energy, with a reputation for good living and materialism. But that doesn't stop Sydneysiders from sleeping late on Sundays and stumbling out for eleven o'clock breakfast by the beach. Sydney is more about shorts than suits; people surf the waves as much as the Internet. Sunny and seductive, life in Sydney sometimes seems like a permanent weekend.

Sydney gets a head start in the world's best city stakes with one magnificent advantage: location. Its scintillating position on a vast harbor is its greatest asset. Convoluted bays and indentations snake inland as far as Parramatta, and every suburb seems to have unexpected glimpses of water, the great humped back of the Harbor Bridge sticking up in the distance like a prehistoric skeleton. Take the stairs up the pylon of Sydney Harbor Bridge for spectacular views of the harbor and the historic district The Rocks, the oldest urban settlement in Australia, whose many colonial buildings have been converted to pubs, restaurants, and galleries. The more daring can join a guide and climb the soaring arch for a dizzying bridge-top experience.

Downtown, the famous Opera House gracefully complements the harbor with its roof shells that glitter in the sun like mother-of-pearl and are perhaps most reminiscent of a ship in full sail, an idea perfectly complimented by the yachts that skim past its windows. However, strange metaphors spring to the mind of onlookers. The opera house's distinctive appearance has been compared to a ballet dancer's tutu, the ruffled wings of a swan, and even a typewriter full of oyster shells. Some analogies are more Australian: shark's teeth, a pavlova, nine nuns in a rugby scrum. A Brisbane journalist memorably wrote that 'From the front view, it reminded me of Joan Sutherland, mouth open in the mad scene from *Lucia di Lammermoor*.'

However you describe it, Sydney Opera House is one of the most stunning masterpieces of twentieth-century architecture. For the record, its Danish architect Jørn Utzon said he was inspired, while having breakfasts, by the segments of an orange. For fine views of the Opera House, head to the Botanic Gardens. This is a good place for a picnic, where you can sit within sight of Sydney's skyline and watch brides having their wedding photos taken by the duck ponds. Cockatoos flash their sulfur crests above the trees, ibis stalk among the shrubbery, and a famous roost of flying foxes (large fruit bats) makes a move at dusk. The wildlife is just as happy with Sydney as the locals: you can see evening possums in Hyde Park and lorikeets show off their dazzling parrot colors in suburban trees.

Along the edge of the Botanic Gardens and running up from the Opera House, Macquarie Street showcases early colonial Sydney. Along it stands the imposing State Library (presided over by a monument to Shakespeare), the former Mint with its wide veranda picked out in mustard yellow, and the State Parliament of New South Wales.

Further along, Hyde Park Barracks have a classic Georgian front topped by an early colonial clock that still requires winding by hand. The barracks were

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A view of Sydney's skyline with the iconic Harbor Bridge (above). A path in Sydney's Royal Botanic Gardens (below).

built to house convicts assigned to government duties in the early days of the European colony; you can still see the dormitory hung with hammocks where they slept, and a small museum outlines the social history of Sydney, including its convict past. A statue of Queen Victoria stands imperiously outside, waving a scepter towards city skyscrapers.

Not far away, the Art Gallery of New South Wales has excellent if limited exhibits of Aboriginal, Australian, Asian, and European art, although frankly culture really isn't Sydney's strong point.

What Sydney is really about can be seen just across the compact downtown at Darling Harbor: a place for office workers to sit in the sun during their lunch breaks, for kids to play on the climbing frames, for everyone to enjoy the frequent fireworks displays at night. There are good museums (applied sciences and arts at the Powerhouse, submarines and old pearling ships at the National Maritime Museum), a giant IMAX theatre, and a traditional Chinese Garden, one of the best outside China. Another big drawing card is the Sydney Aquarium with its walk-though underwater tunnels through tanks of sharks, turtles, and manta rays.

A short walk brings you to the Fish Market at Pyrmont. True, most of its produce is intended for home cooking, but there are some rough-and-ready restaurants here that will cook you up a great barbequed lunch of prawns and salmon. Sydney is a fine place for dining, with Asian and Mediterranean influences on its cuisine. Sydneysiders spend half their free time in cafés (caffè latte is the drink of choice) and the other half jumping from tapas bars to Turkish pastry shops to Thai curry houses.

For Chinese cuisine, look no further than Chinatown in the city. Bondi features Jewish and Eastern European cuisine, Surry Hills has a fine collection of Indian, Turkish, and Lebanese, while Leichhardt is the place to go for Italian. Liverpool Street in the city is home to a row of Spanish restaurants and tapas bars. Among the city's renowned eating streets are Victoria Street and Oxford Street (Darlinghurst), Macleay Street (Potts Point), the great value King Street (Newtown), and Crown Street (Surry Hills).

While downtown certainly has its attractions, visitors often miss out on Sydney's suburbs and harbor foreshores, and in so doing miss the reason so many Sydneysiders think this is the world's greatest city. The locals all know Sydney is an outdoor place: a towel on the beach, a yacht on the harbor, an open-air concert in the Domain, a pavement café. And it's in the suburbs that Sydney really shines, with squawking parrots, flowering wattle trees, and views of glittering water and city skyline. Take a ferry to Kirribilli, a suburb lying under the shadow of the Harbor Bridge, and then walk eastwards through the elegant North Shore, where views of the city, Opera House, and waterside mansions are spectacular.

For an ocean walk, happy-go-lucky seaside suburb Manly is a 30-minute ferry ride from downtown. It has been the place for day tripping ever since the ferry service began from the city in 1854; today the ride along the harbor is a highlight of any Sydney visit. Spend your day out here having a surfing lesson, browsing the surf shops, wandering the promenades, and looking out for resident fairy penguins. Top it all off— quite literally— at North Head on the cliffs that mark the entrance to Sydney Harbor. You can see down the whole length of dazzling blue water to the skyscrapers of the city in the far distance. Blue skies, blue water, fresh air: who wouldn't be euphoric? ■

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Photo © James Thomas

WHAT'S ON AT THE MUSEUMS

Enter worlds of dinosaurs, butterflies, Maya, and your favorite animated characters at special exhibitions taking place in science and natural history museums.

DALLAS, TX

Maya: Hidden Worlds Revealed *Perot Museum • February 11–September 4, 2017*

Discover the astonishing accomplishments of the Maya civilization at the special exhibition *Maya: Hidden Worlds Revealed*, where you can learn how the Maya built towering temples, what archaeologists have uncovered about the once-hidden ancient Maya, and the unresolved questions about why their ancient cities were abandoned. The exhibition features more than 200 authentic artifacts and hands-on stations where you can decipher hieroglyphs and explore an underworld cave, ancient burial site, mural room, and more. This exhibition is presented in both English and Spanish.

LOS ANGELES, CA

The Science Behind Pixar Exhibition *California Science Center • October 15, 2016–April 9, 2017*

Ever wonder how animated films, such as Pixar's *Toy Story*, were created? Here's your chance to find out! "*The Science Behind Pixar Exhibition* is a fun, hands-on experience where guests can explore the art and science of animation at Pixar as though they were part of the production team," said Jeffrey N. Rudolph, President and CEO at the California Science Center. Visitors to this exhibition can learn how *Toy Story*'s digital sculptures were created based on sketches, see how the models are given a virtual skeleton to enable animators to add movement, and explore other parts of the production pipeline. And they will have the opportunity to take their photo with human-size recreations of many of their favorite Pixar characters, including Buzz Lightyear, Dory, and Mike and Sully.

NEW YORK, NY

The Butterfly Conservatory *American Museum of Natural History • December 10, 2016–May 29, 2017*

Up to 500 live, free-flying tropical butterflies take up residence in the American Museum of Natural History each year. The butterflies are housed in a vivarium that approximates their natural habitat and features live flowering plants that serve as nectar sources. Among the species you may spot in the vivarium are iridescent blue morpho butterflies, striking scarlet swallowtails, and large owl butterflies.

PHILADELPHIA, PA

Jurassic World: The Exhibition *The Franklin Institute • Opening November 25, 2016–April 2017*

Tour a realistic simulation of the Park as seen in *Jurassic World* at this immersive and educational exhibition populated by life-size animatronic dinosaurs. On your tour, you will "travel" to Isla Nublar where you will stop by The Creation Lab to learn about real-world dinosaur DNA science, encounter a Tyrannosaurus Rex (among other dinosaurs), and go inside the Raptor Training Paddock. ■

QUIZ

WHERE IN THE WORLD ARE YOU?

1. If you are cruising through the Yangtze's spectacular Three Gorges, you are in:

A. Norway
B. China

2. If you are marveling at Yosemite's towering cliffs and abundant waterfalls, you are in:

A. California
B. Idaho

3. If you are strolling on the Champs-Élysées, you are in:

A. Montreal
B. Paris

4. If you are watching Uluru, also known as Ayers Rock, turn red in the setting sun, you are in:

A. Arizona
B. Australia

5. If you are scanning the rainforest for orangutans and Malayan sun bears, you are in:

A. New Zealand
B. Borneo

6. If you are pondering the Ancient Egyptian hieroglyphs on the Rosetta Stone, you are at the:

A. Egyptian Museum
B. British Museum

7. If you are traveling by riverboat from Memphis to New Orleans, you are on the:

A. Columbia River
B. Mississippi River

8. If you are witnessing the Northern Lights from Reykjavik, you are in:

A. Iceland
B. Finland

9. If you are walking through the clouds at the Monteverde Cloud Forest Reserve, you are in:

A. Germany
B. Costa Rica

10. If you are exploring the ancient Nubian temples along the shores of Lake Nasser, you are in:

A. Morocco
B. Egypt

11. If you are skiing on the vast open slopes of the Back Bowls, you are on:

A. Vail Mountain
B. Whiteface Mountain

12. If you have reached the end of the Appalachian Trail at Mount Katahdin, you are in:

A. Maine
B. Georgia

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

HMS FINANCIAL GROUP

WEALTH MANAGEMENT & FINANCIAL PLANNING

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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.

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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