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WEALTH MANAGEMENT & FINANCIAL PLANNING

EYE ON MONEY

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Taking Control of Your Finances After a Spouse Dies

COLLEGE SAVINGS TIPS

NEW MyRA ACCOUNTS

THE TAX IMPACT OF RENTING OUT YOUR VACATION HOME

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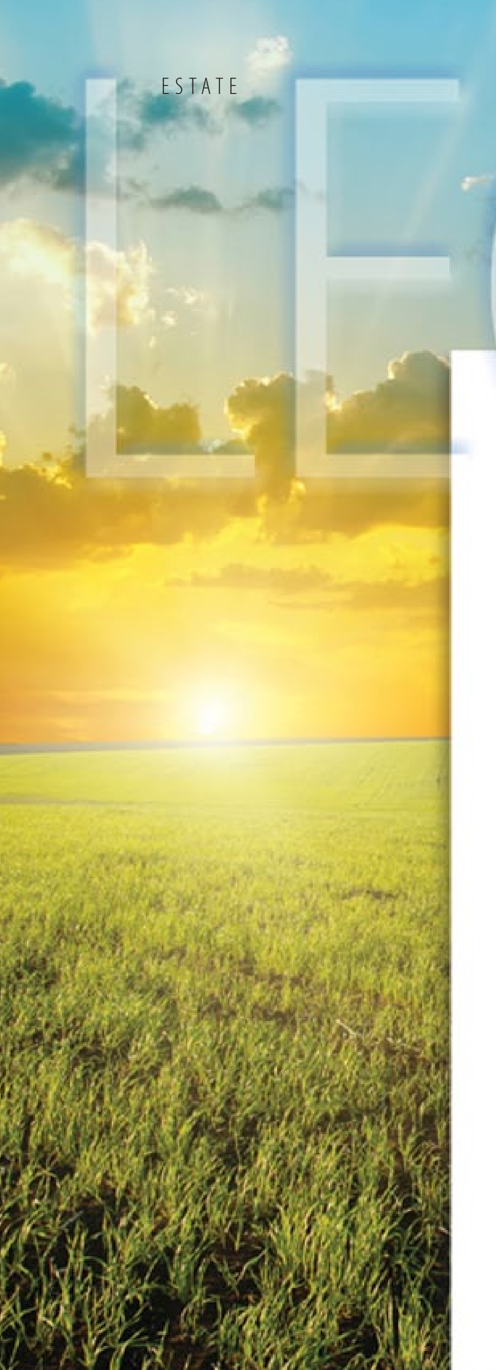

THREE THINGS TO KNOW ABOUT ESTATE TAXES

1 **A $5.34 million exemption shelters most estates from federal gift and estate taxes.** Under current law, individuals can shelter $5.34 million of gifts they make during their lifetime or after death from federal gift and estate taxes. Married couples can shelter twice that amount, $10.68 million. The exemption amount is indexed for inflation and so is expected to rise gradually over the years. It may also be changed by Congress in the future.

2 **Even if your estate does not owe federal estate taxes, it may owe state death taxes.** Several states impose an estate or inheritance tax, and the exemption amount may be far less than the $5.34 million federal exemption. Oregon, for example, taxes estates greater than $1 million. Please check with your estate planning advisor to see if your estate may be subject to a state death tax.

3 **Advance planning can help minimize estate taxes.** If it looks like your estate may be subject to federal or state estate taxes, there are things you can do to help minimize those taxes. For example, making gifts during your lifetime using the annual gift tax exclusion can help reduce the size of your estate without reducing the amount you can exempt later on from federal estate taxes. ■

Please consult your estate planning advisor.

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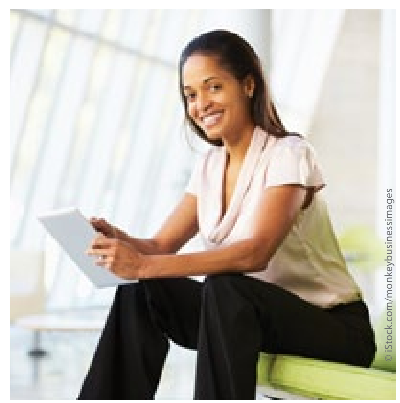
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NEW MyRA ACCOUNTS TO LAUNCH BY YEAR-END

A new "starter" retirement savings account—myRA—for low-income and middle-income workers is expected to launch by the end of 2014 through participating employers.

The new account, announced by President Obama in his 2014 State of the Union address, is intended to help millions of American workers begin to save who do not currently have access to a workplace retirement savings plan. That group is estimated to include about half of all American workers.

MyRAs are designed to be a simple, affordable retirement savings solution for both the employers offering them and the employees contributing to them.

Employers who agree to participate in the myRA program will simply arrange to have their employees' chosen contribution amounts automatically deducted from their paychecks and directly deposited into their myRA accounts. The employer will not administer the accounts nor contribute to them.

Employees can open a myRA account with as little as $25 and then make ongoing payroll direct deposits in amounts as low as $5. They can continue to do so for thirty years or until the account value reaches $15,000, whichever happens first. After that, the account balance will roll over to a private-sector account.

MyRA accounts are in actuality Roth IRAs, following the same rules and receiving the same tax treatment.

Like all Roth IRAs, amounts you contribute to a myRA are not tax-deductible, but earnings grow tax-free and can be withdrawn tax-free after the account has been open for at least five years and you reach age 59½. Your contributions can be withdrawn tax-free at any time.

Also like all Roth IRAs, your modified adjusted gross income must be less than $129,000 (single) or $191,000 (married filing jointly) to contribute to a myRA. These are 2014 amounts and will be adjusted annually for cost-of-living increases.

MyRAs at a Glance

A simple and affordable "starter" retirement account.

Employees contribute through payroll direct deposit.

Same tax advantages as a Roth IRA.

Pays interest that is backed by the U.S. government.

Account balances will not go down.

High-income workers cannot participate.

Unlike Roth IRAs, however, there are no investment choices with a myRA. Your contributions will be invested solely in a U.S. Treasury security that pays a variable rate of interest. Your account will earn the same rate of interest as the Government Securities Investment Fund in the Thrift Savings Plan for federal employees. The average annual returns for this fund as of December 2013 were 1.89% for the one-year period, 1.94% for the three-year period, and 2.32% for the five-year period. (Past performance is no guarantee of future results.)

The security held in myRA accounts will be backed by the U.S. government, and account balances will never go down.

To sum it up, myRAs are expected to be a convenient, affordable, and low-risk way to begin saving for retirement. It is important to note, though, that because myRAs only invest in a low-risk U.S. Treasury security, they will have less long-term growth potential than a retirement account that includes stocks in the mix.

The U.S. Department of the Treasury is developing the myRA program and expects to roll it out before the end of 2014. Initially, myRAs will be offered only through participating employers.

Please consult your financial advisor for more information about myRAs as it becomes available. Your advisor can help you evaluate the merits of offering or participating in the myRA program. ■

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What Are Indexes?

If you want to know how the markets are performing on any given day or period of time, check an index. Here are a few things you should know about these handy tools.

WHAT ARE THEY?

Indexes measure the investment return of a group of securities, chosen to represent a particular market or portion of it. Thousands of indexes are calculated daily, providing investors with a way to gauge whether a market or market sector is gaining ground, losing ground, or treading water. Indexes also serve as benchmarks for investors to evaluate the performance of individual securities and actively managed funds.

WEIGHTING

Indexes differ in the securities they track and how they weight those securities in their calculations. Here are a few ways that indexes are weighted.

MARKET CAPITALIZATION WEIGHTED: Many equity indexes weight each stock according to its market capitalization, that is its share price multiplied by the number of shares outstanding. The larger a stock's market capitalization, the more influence it has on the index.

PRICE WEIGHTED: This type of index weights stocks according to their price. So stocks with higher prices have a greater influence on the index than stocks with lower prices.

EQUAL WEIGHTED: An equal-weighted index gives every security an equal weight. For example, an index of 50 stocks would weight each stock 2%.

FUNDAMENTAL WEIGHTED: This type of index uses other measures of a company's size, such as book value, cash flow, and revenue, to determine its weight in the index.

MAJOR INDEXES

Hardly a day goes by without the financial press reporting how these three indexes fared that day.

DOW JONES INDUSTRIAL AVERAGE: This price-weighted index is used to gauge the performance of the overall U.S. stock market, although it only tracks 30 blue-chip U.S. stocks, such as Exxon Mobil, IBM, McDonald's, and Boeing.

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S&P 500: The S&P 500, a market-cap-weighted index, measures the performance of 500 leading large-cap U.S. stocks and is used to gauge how the overall U.S. stock market is performing.

NASDAQ COMPOSITE INDEX: This market-cap-weighted index includes the more than 2,500 common type stocks—U.S. and international-based—that are listed on the NASDAQ Stock Market. Often referred to as tech-heavy, the NASDAQ Composite Index also includes stocks from other sectors, such as consumer services, consumer goods, health care, financial, and industrial.

INDEXES AND INVESTING

Although you cannot invest directly in an index, you can invest in a mutual fund or an exchange-traded fund (ETF) that tracks the performance of an index. Index-based funds typically invest in every security in the target index or a representative sample of them. For example, a fund that tracks the performance of the S&P 500 index may invest in all 500 stocks in the same proportion as the index.

This style of fund management is known as passive because an index fund generally strives to track the total return of the target index by investing in those securities that are included in the index. An actively managed fund, on the other hand, generally strives to beat a target index by actively choosing individual securities that its managers believe have the potential to outperform.

Passive fund management offers investors two main benefits. First, passively managed index funds tend to have lower expenses than actively managed funds, which require more investment analysis and management. Second, index funds tend to trade their underlying securities less frequently than actively managed funds, resulting in lower taxable distributions.

There is a lot to consider when choosing an index fund. Your financial advisor can help you choose the investments suited for your goals. ■

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.

Index funds are subject to market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Also, an index fund's target index may track a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market.

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

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Taking Control of Your Finances After A Spouse Dies

Dealing with financial matters after your spouse's death can be challenging. Many financial decisions will need to be made and actions taken in the weeks and months following the death. These tips and considerations can help you take control of your finances in this difficult time.

Get the ball rolling with the will.
One of the first financial tasks is to locate your spouse's will. In it, your spouse will have named an executor or a personal representative who is responsible for collecting the estate's assets, paying claims against the estate, and distributing the remaining assets to the heirs. If your spouse did not have a will, the court will appoint an administrator for your spouse's estate.

If you are the executor, consider contacting an attorney with experience in estate and probate matters. In addition to providing advice and assistance that you may need in settling your spouse's estate, your attorney can tell you whether probate is necessary.

Probate is a court-supervised process for determining the validity of the will, paying the estate's liabilities, and distributing the assets to the beneficiaries named in the will. If your spouse owned property outside your home state, probate may also be necessary in those states.

Whether your spouse's estate is required to go through probate will depend on the value, nature, and titling of the assets. Some states have simplified procedures that enable small estates to be quickly distributed without a formal court proceeding.

It is important to remember that several types of assets can be distributed without going through probate. They include assets that you owned jointly with your spouse, assets held in a trust, accounts with beneficiaries, and life insurance proceeds (unless the estate is the beneficiary).

File life insurance claims.
If you are the beneficiary of your spouse's life insurance policy, you must file a claim before you can receive the insurance proceeds. Your insurance agent or company can provide you with a claim form. If your spouse was covered by a life insurance plan at work, call the employer's human resources department for instructions on how to file a claim.

Keep in mind that life insurance is available through many types of organizations and that you may be entitled to benefits from a policy that you are unaware of or have forgotten. Look carefully through your spouse's important papers for insurance policies. If your spouse died in a travel-related accident, find out whether your spouse had travel accident insurance, perhaps purchased through a travel agent or provided as a credit card benefit. If your spouse was a member of a group, such as a union, alumni association, or professional organization, check whether your spouse had purchased life insurance through the group.

Contact your spouse's employer.
If your spouse was employed at the time of death, notify the employer that your spouse has died. Ask about any unpaid salary, commissions, and bonuses, as well as unused vacation and sick time. Find out about pension plan benefits, retirement accounts, and corporate life insurance benefits.

If your spouse was covered by a group health plan at work, you and your dependent children may be eligible for COBRA continuation coverage for 36 months. (Most employers with 20 or more employees are required to offer continuation coverage.) If you decide to continue, you may have to pay full price for the coverage, plus an extra 2% for administrative costs. As a result, your health insurance may be more expensive than in the past if the employer had previously paid for part of it. Even with an increase in price, though, COBRA continuation coverage may be less expensive than individual health coverage.

Decide about retirement accounts.
If you are the beneficiary of your spouse's IRA, 401(k), or similar retirement account, you have four main choices about how to handle the account. You can treat the account as your own (an option that is only available to spousal beneficiaries), treat it as an inherited account, cash it

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HOW YOUR SPOUSE'S ESTATE WILL BE DISTRIBUTED

* ASSETS YOU OWN JOINTLY

Assets that are titled jointly with rights of survivorship pass directly to the surviving joint tenant. This might include assets such as bank and brokerage accounts, houses, and vehicles that you owned jointly with your spouse.

* ACCOUNTS WITH BENEFICIARIES

Assets in bank, brokerage, and retirement accounts can be distributed directly to the beneficiary named on the account. Life insurance proceeds are paid directly to the beneficiary named on the policy.

* ASSETS HELD IN TRUSTS

The trustee is responsible for distributing the assets in the trusts according to the terms of the trusts.

* ALL OTHER ASSETS

All other assets generally must pass through probate before they can be distributed. The executor named in your spouse's will oversees this process. If there is no will, the court will assign an administrator to oversee the distribution of your spouse's assets according to the laws of your state.

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OPTIONS IF YOU INHERIT A RETIREMENT ACCOUNT FROM YOUR SPOUSE

* TREAT THE ACCOUNT AS YOUR OWN

If you designate yourself as the account owner or transfer the assets to your own IRA, you can postpone distributions until you reach age 70½, a handy option if you are younger and want to keep the money in a tax-favored account for as long as possible. If you treat a Roth IRA as your own, distributions will not be required during your lifetime.

* TREAT THE ACCOUNT AS INHERITED

Transferring the assets to an inherited IRA enables you to take distributions before age 59½ without incurring an early withdrawal penalty—handy if you are younger than age 59½ and want to withdraw money now.

* CASH OUT THE ACCOUNT

Unless you need all of the money in the account right now, this is rarely your best choice because withdrawals from a tax-deferred retirement account are immediately taxable and you forfeit the potential for future tax-deferred growth.

* DISCLAIM THE ACCOUNT

If you will not need the money in the account during your lifetime, you can choose to let the account pass to the secondary beneficiary named on it. This option is only available for nine months after the date of death.

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out, or disclaim it and let it pass to the secondary beneficiary.

While the choices may appear straightforward, the tax rules surrounding them are complex and missteps can result in you paying more taxes than necessary. Please seek advice from your tax and financial advisors before making your decision. Your advisors can help you sort through the tax rules and determine which option may be best for your specific circumstances.

File the final income tax return.

An income tax return will need to be prepared and filed for the last year of your spouse’s life. The executor of your spouse’s estate generally handles the tax return, although you and the executor can file a joint tax return as long as you do not remarry before the end of the year that your spouse dies.

The final income tax return generally includes income earned by your spouse between the start of the year and the date of death. If you file jointly, the return will also include your income for the year.

The executor may need to prepare a separate income tax return for the estate if it earns $600 or more in gross income after your spouse's death.

File estate tax returns.

Thanks to the federal estate tax exclusion, most estates will not owe any federal estate tax or have to file a federal estate tax return. The federal exclusion amount is currently $5.34 million. This means that a federal estate tax return does not have to be filed for someone dying in 2014 unless the total value of his or her estate and prior taxable gifts is more than $5.34 million.

Even if a federal estate tax return is not required, it may still be a good idea to file one if you want to be able to use your spouse's unused exclusion amount to shelter your own gifts and estate from taxes. To do that, the executor of your spouse’s estate must make a portability election on a federal estate tax return. Electing portability can be beneficial if your estate is sizable or if you expect it to grow over the years to the point where your exclusion by itself may not be sufficient to shelter your gifts and estate from federal transfer taxes.

Whether the estate is required to file a federal estate tax return or one is filed simply to make the portability election, the return is generally due within nine months of the death.

Several states have estate taxes, so the executor of your spouse’s estate may need to file a state estate tax return. The thing to remember about state estate taxes is that the exclusion amount can be far lower than the federal exclusion, so the estate may owe state estate taxes even if it does not owe federal estate taxes.

Do not rush into selling your home.

There is no rush from a tax perspective to sell the home you shared with your spouse. As long as you meet certain tests, you can sell your main home as late as two years after the death of your spouse and still exclude up to $500,000 of any gain from the sale—the same amount as a married couple. After two years, your exclusion will be limited to $250,000, the maximum amount for a single taxpayer.

Determine the basis of inherited property.

Your basis in property that you inherit is generally the property's fair market value on the date of your spouse's death. If the property's value has changed since your spouse purchased it, the basis either "steps up" or "steps down" to the date-of-death value. A step up in basis may save you a bundle in capital gains taxes when you sell the property.

Let's say that you inherit stock that your spouse originally purchased for $100,000 and that had a fair market value

ITEMS YOU MAY NEED WHEN SETTLING YOUR SPOUSE'S ESTATE

- Your spouse's death certificate
- Birth certificates of all family members
- Marriage certificate
- Nuptial agreements
- Will
- Trust agreements
- Property deeds
- Vehicle titles
- Life insurance policies
- A list of all financial accounts and their beneficiaries
- A list of safe deposit boxes and keys
- Income tax returns
- Gift tax returns

UPDATE YOUR OWN ESTATE PLAN

* UPDATE YOUR BENEFICIARIES

Review and update the beneficiaries on your own life insurance policies, retirement accounts, and financial accounts, including those accounts that you inherit from your spouse.

* PLAN FOR INCAPACITY

If you chose your spouse to handle your financial affairs and health care decisions in the event you become incapacitated, be sure to update your durable power of attorney and health care proxy.

* REVIEW YOUR WILL AND TRUSTS

If your spouse is named as a beneficiary or executor of your estate, your estate planning documents may need to be amended.

* DECIDE ABOUT PORTABILITY

If you want to use your spouse's unused federal estate tax exclusion to shelter your own gifts and estate from federal transfer taxes, the executor of your spouse's estate must file a federal estate tax return within nine months of your spouse's death, even if no tax is owed.

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of $300,000 on the date of death. Your basis in the stock is $300,000. If you sell the stock for, say, $350,000, your gain is just $50,000—you do not have to pay capital gains tax on the $200,000 increase in value that occurred during your spouse's lifetime. Alternatively, if you sell the stock for, say, $280,000, your loss is $20,000 and can be used to offset gains on other property you sell.

If the executor of your spouse's estate files a federal estate tax return using a valuation date other than the date of death, your valuation date for determining basis should be the same as the one used on the estate tax return.

Please note that there is no step up or down in basis with IRAs and other tax-favored retirement accounts.

Consider Social Security survivor benefits.
Social Security must be notified after your spouse dies. Typically, the funeral director will handle this for you.

If your spouse worked and paid Social Security taxes, you and certain other family members may be eligible for survivors benefits from Social Security. To apply for survivors benefits for yourself, you generally must be age 60 or older (age 50 or older if you are disabled). However you can apply at any age if you are caring for the deceased's child who is under age 16 or disabled. Your spouse's younger children, disabled children, and dependent parents may also be eligible for survivors benefits.

If you are already receiving Social Security benefits based on your spouse's earning record, Social Security will change your payments to survivor benefits when you report the death to them.

If you are not already receiving benefits, be sure to consider the impact of your age on the benefit amount before you begin. Although you can begin survivors benefits as early as age 60 (age 50, if disabled), your benefit amount may increase if you wait until your full retirement age to begin. Generally speaking, a widow or widower who waits until full retirement age will receive 100% of their spouse's basic benefit. Start before full retirement age and your benefit will generally be somewhere between 71% and 99% of your spouse's basic benefit, depending on how early you start.

There are other factors that go into determining the survivors benefits amount. Please contact Social Security to learn how much you and your dependents might expect in your circumstances.

If you are already receiving Social Security benefits based on your own earnings record, it is worth a call to Social Security to see if you might receive a higher monthly benefit if you switched to survivors benefits based on your spouse's earnings record.

A one-time death payment of $255 is also generally available after a spouse dies.

For more information on survivors benefits, please call Social Security at 1-800-772-1213.

Review and update your financial plans.
Much may have changed for you financially with the death of your spouse. It is important to factor these changes into your financial plan. Meet with your financial advisor to assess the impact of your spouse's death on your financial security. Your advisor can help you determine where you stand financially and plan a course forward to your financial goals. Plus, your advisor can help you determine how to manage any investments that you may have inherited from your spouse.

It is also a good idea to meet with your estate planning advisor to review your own estate plan. At the very least, you may need to update your beneficiary designations and the person you named to handle your financial affairs and medical decisions if you become incapacitated. ■

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There is no need to face financial challenges and decisions alone after the death of a spouse. Seek assistance from your tax, financial, and legal advisors. Your advisors can help you take the actions necessary to settle the estate and take control of your finances.

Five Tips for Saving for College

These tips may make it easier to save for your children's college education.

1 **Factor education into your overall financial plan.** Saving for college is less expensive than borrowing for your children's education. But before you throw every spare dollar you have into a college fund, be sure to consider your complete financial picture.

Like many families, you probably have several savings goals—for example, your retirement, an emergency fund, or a new home—all competing for a share of your income. When confronted with competing goals, it is helpful to prioritize them and create a unified financial plan that addresses questions like "How much can I afford to save each month?" and "How much should I allocate to each of my goals?" Your financial advisor can help you answer these questions and create a unified financial plan that balances saving for education with your other financial goals.

2 **Start saving early.** Time is your ally when it comes to saving for any goal, including college. The earlier you start to save, the longer your earnings have to compound—that is, potentially generate earnings themselves—and the less money you may need to contribute to reach your savings goal.

To illustrate this point, here is a hypothetical example about two families. For ten years, the Smith family contributes $100 every month to a college fund. The Jones family begins to save later and contributes $200 every month for five years. Despite both families contributing the same amount ($12,000), the Smith family ends up with about $15,525 after ten years while the Jones family ends up with about $13,600 after five years, assuming both college funds earn 5% annually. Why the difference? The Smith's fund had five years longer to compound.

Of course, your actual return will differ from the example, but the point remains that starting to save early can potentially make a big difference in your total savings, thanks to compounding.

3 **Shelter your college savings from taxes**. When deciding which account to use for your college fund, consider using either a 529 college savings plan or a Coverdell education savings account—both offer tax advantages that are hard to beat.

With 529 plans and Coverdell accounts, investment earnings grow tax-free and can be withdrawn free from federal taxes if used for qualified education expenses, such as tuition, fees, and generally room and board. Because your earnings are not taxed each year, your savings may grow faster in a 529 plan or a Coverdell account than in a regular savings or brokerage account where earnings are generally subject to taxation each year.

Of the two types of accounts, 529 plans generally offer more attractive features, such as much higher contribution limits and no income restrictions on who can contribute. Coverdell accounts, however, offer tax-free withdrawals for all levels of education (grades K-12, in addition to higher education) while 529 plan withdrawals are only tax-free if used for higher education expenses. Your financial advisor can help you determine which account suits you better.

4 **Make saving automatic.** To help keep your savings plan on track, consider automating the process by having your chosen amount automatically deposited into your college fund each month or pay period. This way, you avoid the hassle of repeatedly transferring funds and the temptation to spend your contribution in other ways.

5 **Suggest the college fund as a gift idea.** If your friends and relatives ask for gift ideas for your children, why not suggest a contribution to their college funds as an option? Many people will welcome the opportunity to give a gift that will have such a lasting impact on your children's lives.

Plus, a gift to a 529 plan offers a special gift tax advantage: The gift giver can generally donate up to $70,000 per student in one year to a 529 plan without the gift being subject to the federal gift tax. Please see your tax advisor for information about how this feature works. ■

Please consult your financial advisor about how to save and pay for college.

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Why use a 529 college savings plan?

* Investment earnings grow tax-free.
* Withdrawals for qualified education expenses are exempt from federal taxes.
* Your state may offer perks for choosing its plan.
* Anyone can contribute—no income restrictions!
* You maintain control of the account—not the student.
* Assets in a 529 plan are generally protected from your creditors.
* Low impact on financial aid eligibility.
* You can contribute up to five times the annual gift tax exclusion amount in a single year without your contribution being subject to the federal gift tax.

ABOUT 529 COLLEGE SAVINGS PLANS: *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.*

FIVE THINGS TO KNOW ABOUT RENTING YOUR VACATION HOME

If you own a vacation home that you rent to others, as well as use yourself, understanding the tax implications can help you make the most of the potential tax benefits available to you. Here are five things you should know about taxes and your vacation home. Your tax advisor can tell you more.

1 **Your rental income is tax-free if the home is rented for 14 days or less.** You don't even have to report the income on your tax return. You do have to report it, however, if the home is rented for more than 14 days.

2 **You can deduct rental expenses if the home is rented for more than 14 days.** Expenses, such as mortgage interest, real estate taxes, insurance, utilities, maintenance, and depreciation, are generally deductible. But first you must allocate your expenses between rental use and personal use.

3 **If the vacation home is considered a home, your deductible rental expenses may be limited.** If you use your vacation home for personal purposes for more than 14 days or 10% of the rented days, whichever is greater, it is considered a home for tax purposes and your deduction for rental expenses cannot exceed your rental income.

4 **You may be able to deduct more if your vacation home is considered a rental property.** If you use your vacation home for personal purposes for less than 14 days or 10% of the rented days, whichever is greater, it is considered a rental property for tax purposes. As a rental property, your rental expenses can exceed your rental income. If they do, the rental loss can be used to offset your passive income—that is, other rental income and income from businesses in which you do not materially participate.

5 **If your home is considered a rental property, you may be able to deduct up to a $25,000 loss from your nonpassive income.** Here's the deal: If you actively participate in rental real estate activities and your modified adjusted gross income (MAGI) is $100,000 or less, you can generally deduct up to $25,000 of rental losses from nonpassive income, such as your wages and investment income. The deduction limit is reduced if your MAGI exceeds $100,000 and is phased out altogether if it exceeds $150,000. (Different limits apply to married taxpayers who file separate tax returns.) ■

Please consult your tax advisor for advice regarding the tax treatment of your vacation home.

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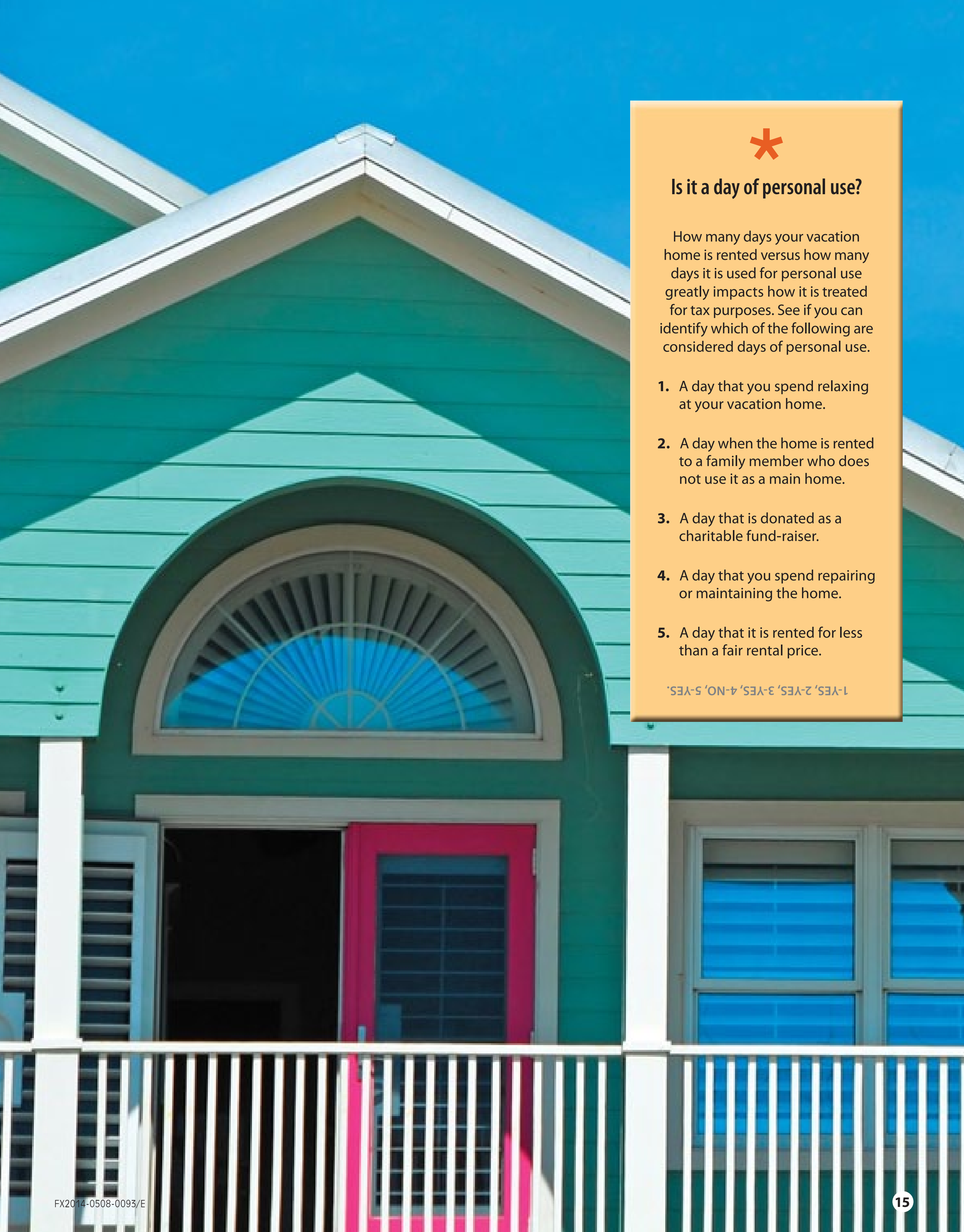

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Is it a day of personal use?

How many days your vacation home is rented versus how many days it is used for personal use greatly impacts how it is treated for tax purposes. See if you can identify which of the following are considered days of personal use.

1. A day that you spend relaxing at your vacation home.
2. A day when the home is rented to a family member who does not use it as a main home.
3. A day that is donated as a charitable fund-raiser.
4. A day that you spend repairing or maintaining the home.
5. A day that it is rented for less than a fair rental price.

1-YES, 2-YES, 3-YES, 4-NO, 5-YES.

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ILE-DE-FRANCE | French Connection

BY BRIAN JOHNSTON

CHANCES ARE YOU'VE NEVER HEARD of the Ile-de-France, a relatively small region surrounding Paris that the French refer to as an *île* (or island) because it's encircled by the Seine, Oise, and Marne rivers. But while you mightn't know the name, you'll certainly know its historic and cultural icons. Palaces and cathedrals are everywhere and even the smallest towns and villages have some connection with French history and legend. Think of a famous French battle and chances are it took place somewhere in the Ile-de-France. Search the canvasses of France's greatest painters and you'll find its landscapes amply represented. These days, the Ile-de-France provides a great escape from Paris, with some of France's best sights within 25 miles of the city.

The Ile-de-France was always a place favored by French monarchs: close enough to the business of the capital, far enough for relaxation. For centuries Fontainebleau was a royal hunting ground, and today wild boar and deer still live in its vast pine and oak forests on the outskirts of Paris. This is a favorite destination for cycling, horse-riding, walking, picnicking Parisians. Plenty of artists have also been attracted to Fontainebleau through the ages. The village of Barbizon is associated with Impressionist painters, such as Corot and Millet. You can visit a small museum and Millet's original studio before browsing the galleries and souvenir shops.

The hunting lodge maintained by the French kings at Fontainebleau was eventually transformed when François I turned it into a Renaissance palace. You'll find Fontainebleau associated with the usual mix of royal intrigue, baptisms, imprisonment, and murder. It also makes for an interesting lesson in French architecture through the ages. Napoleon I in particular busied himself with extensions and renovations, including a magnificent throne room. This was also the palace from which he signed his abdication and gave an emotional adieu on the sweeping staircase before sailing off to exile. His

The gardens at Claude Monet's home in Giverny (left) inspired many of his paintings. The gardens have a more formal feel at Vaux le Vicomte (below), a 17th-century baroque chateau about an hour's drive from Paris.

imperial uniform and a lock of his hair are on display, as well as the bed in which he took his last imperial snooze.

There are dozens of chateaux around Paris, but another particularly worth visiting is at Vaux le Vicomte. The architecture here is truly stunning, and you can tour the chateau on summer evenings when it is lit by candles to spectacular effect. Even better are the gardens, with their French formality, ornamental canals, and dancing fountains. The place was built for Nicholas Fouquet, France's finance minister, and unveiled in 1661, but Fouquet didn't enjoy his creation for long: the young King Louis XIV, piqued at having his glory overshadowed, had Fouquet imprisoned.

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If Vaux-le-Vicomte is a monument to materialism, then Chartres Cathedral is undoubtedly one of the greatest monuments to spirituality ever built in Europe. The small town of Chartres lies in a sea of golden wheat fields and is a delightful tumble of medieval streets and gabled houses above the River Eure. This might be an attraction in itself if it wasn't for the great cathedral that overshadows it. It was constructed in the twelfth century in just 25 years, a record for a time when projects often dragged on for centuries. This gives Chartres a remarkable and pleasing unity that highlights the Gothic style.

It's worth taking a guided tour of Chartres because, like all medieval cathedrals, it's a giant storybook in stone, recounting Biblical tales and outlining medieval beliefs and philosophy. Ten thousand carved figures of saints, martyrs, Zodiac animals, and angels animate the interior. The highlight is the glowing color of the famous stained glass windows. Bring binoculars if you have them, because the detail is just as amazing as the overall effect. Sitting in Chartres Cathedral surrounded by color and quiet, especially after the bustle of Paris, really is like a little taste of heaven here on Earth.

Kings and clerics certainly put their mark on the Ile-de-France, but it was painters that transformed the way we see it. If you think there's something vaguely familiar about the landscapes, it's because you've doubtless seen them time and again in Impressionist paintings. Monet, Pisarro, Sisley, Cézanne, van Gogh, and others daubed the lines of poplar trees, the golden haze over wheat fields, and the grey church steeples that you'll see while heading back to Paris from Chartres. Monet too found inspiration in the countryside surrounding the capital. Then he started planting his own garden, created a lily pond and the rest, as they say, is history.

Today you can still visit Monet's house and garden at Giverny, technically just outside the Ile de France in Normandy. Monet is buried in the family vault beside the village church and you might also want to pop into the American Museum, which displays works by American painters influenced by the Impressionists. But it's the Monet residence that commands attention. Monet lived here for nearly half a century until his death in 1926. The pink house with its green shutters seems very homely after grandiose French palaces, with a bright yellow dining room and a cozy blue-tiled kitchen. The Japanese prints that so influenced the painter's style hang on the walls along with reproductions of his famous paintings.

The Monet house is pleasant but the gardens are the real draw-card. "All my money goes into my garden," Monet once commented. "But I am in raptures." Disliking rigidly organized gardens, the painter arranged flowers by color and then let them grow naturally, resulting in a more English than French style. The gardens are full of flowers, particularly in late spring; the rhododendrons and wisteria are in full bloom in May and June. The gardens nearest the house, known as the Clos Normand, are full of blossoming ornamental fruit trees, banks of annuals, and climbing roses, which ramble over the iron archways of the central avenue. In with the cultivated varieties, Monet mixed more natural daisies and poppies, all of which are maintained today in the way he envisaged.

The second part of the garden, known as the Water Garden, lies across the road from the house. Monet developed this field some ten years after moving to Giverny, and it was to become his greatest inspiration. At the center lies a series of ponds shaded by weeping willows and surrounded by azalea and bamboo. Inspiration came from the Japanese prints that Monet so admired, and the central feature is the Japanese bridge over the lily pond which Monet was to paint again and again and make so famous, in just another example of how this small French region resonates with cultural icons. ■

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Neighborhood Garden Tours

Camden House and Garden Tour *July 17, 2014* **Camden, ME**

A group of beautiful homes and gardens in the Camden and Rockport area of Maine will be open to the public on July 17th as part of the 67th Annual Camden House and Garden Tour. The tour is presented by the Camden Garden Club.

Garden Walk Buffalo *July 26–27, 2014* **Buffalo, NY**

Garden Walk Buffalo just may be the largest garden tour in America. Held annually on the last weekend of July, the free, self-guided tour includes more than 380 urban gardens in Buffalo's historic neighborhoods. Gardens run the gamut from flower gardens to vegetable gardens, water gardens to rock gardens, cottage gardens to mansion gardens, and most every combination in between.

GardenWalk Cleveland *July 12-13, 2014* **Cleveland, OH**

Inspired by Garden Walk Buffalo, a few intrepid Cleveland citizens began their own Garden Walk in 2011. In just three short years, GardenWalk Cleveland has grown to include more than 200 private gardens, community vegetable gardens, urban farms, vineyards, and orchards in neighborhoods throughout Cleveland. The tour is free and self-guided.

Sheffield Garden Walk & Music Festival *July 19–20, 2014* **Chicago, IL**

In its 46th year, this granddaddy of a garden tour is held in Chicago's historic Sheffield neighborhood. Self-guided tours of more than 80 gardens top the slate for 2014, which also includes architectural tours of the neighborhood, live entertainment by Chicago's finest bands, food and drink, and activities for the children.

Nantucket House and Garden Tour *August 6, 2014* **Nantucket, MA**

A ticket to the 60th Annual House and Garden Tour gains you access to some of the island's most beautiful homes and gardens for the afternoon of August 6th. Presented by the Nantucket Garden Club, the tour serves as a fundraiser for community conservation projects, scholarships, and educational programs. ■

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QUIZ

NAME THAT SCI-FI FLICK

1. Awoken from stasis to investigate a signal from a nearby planetoid, Ripley and the crew of the Nostromo find more than they bargained for in this Ridley Scott classic:

A. Alien
B. Blade Runner

2. A computer hacker known as Neo learns from Morpheus and the rebels that reality is not what it appears to be in:

A. War of the Worlds
B. The Matrix

3. During a spacewalk to service the Hubble Space Telescope, a passing debris field sends Dr. Ryan Stone and astronaut Matt Kowalski tumbling through space in this 2013 film:

A. Apollo 13
B. Gravity

4. The expansion of a mining operation on the moon Pandora threatens the existence of the native Na'vi people in this James Cameron film:

A. Avatar
B. The Abyss

5. Luke Skywalker joins the Rebel Alliance and destroys the Death Star in:

A. Solaris
B. Star Wars Episode IV: A New Hope

6. An alien stranded on Earth is befriended by a 10-year-old boy who helps him escape capture by government agents in this Steven Spielberg classic:

A. E.T. the Extra-Terrestrial
B. Close Encounters of the Third Kind

7. A cyborg is sent back in time to assassinate Sarah Connor, whose unborn son will one day lead the resistance in the war against the machines in:

A. I, Robot
B. The Terminator

8. The USS Enterprise boldly goes where no man has gone before in this television and movie franchise:

A. Star Trek
B. Star Wars

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

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WEALTH MANAGEMENT & FINANCIAL PLANNING

333 Elm Street, Suite 210
Dedham, MA 02026

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Barbara Shapiro, CFP, CDFA, CFS & Herb Shapiro

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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.

Tel: 781-251-2655 • Fax: 781-251-2656 • Location: 333 Elm Street, Suite 210, Dedham, MA 02026
E-Mail: bshapiro@hms-financial.com

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