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Life Income Gifts:
Charitable Gifts That Benefit You Now, Charity Later

Plus...

Education Tax Credits and Deductions

Tips and Reminders for Your 2013 Tax Return

Four Documents That Everyone Should Have

Three Great Things to Know About IRAs

As almost everyone knows, contributing to a traditional or Roth IRA is a great way to save for retirement, thanks to the tax benefits that IRAs offer. But do you also know...

1 **You can contribute to a traditional or Roth IRA even if you contribute to a retirement plan at work.** However, participating in a retirement plan at work may affect your ability to deduct contributions to a traditional IRA if your income is over certain levels. Participating in a retirement plan at work does not affect your ability to contribute to a Roth IRA. Keep in mind, though, that your income must be under certain levels to contribute to a Roth IRA.

2 **You and your non-working spouse can each contribute to IRAs.** Generally speaking, you cannot contribute to an IRA unless you receive taxable compensation, such as wages and self-employment income. However, a married couple who files a joint tax return can contribute to an IRA for each spouse—even if one spouse is not working—as long as the combined contributions do not exceed the taxable compensation reported on the joint return.

3 **You have until April 15, 2014 to make a contribution for 2013.** IRAs offer a wide window of opportunity—up until April 15—to make a contribution for 2013 and possibly snag a tax deduction that can reduce your 2013 taxes. The maximum contribution for 2013 is $5,500 for individuals under age 50; $6,500 for individuals age 50 or older. Additional limits may apply. ■

Please talk to your financial advisor about whether an IRA should be part of your wealth management strategy.

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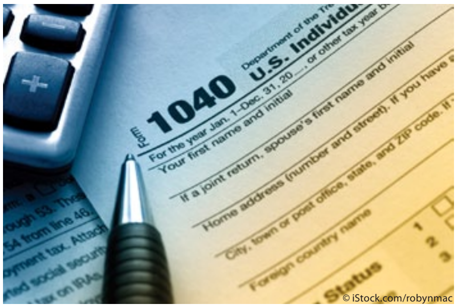

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TIPS AND REMINDERS FOR YOUR 2013 TAX RETURN

Haven't filed your 2013 individual tax return yet?
These tips and reminders for your federal taxes may help.

You have until April 15, 2014 to file your 2013 personal tax return or to request an extension. If you need extra time to complete your federal tax return, you can request an automatic 6-month extension. You will still have to pay your taxes by April 15, or you'll be stuck paying interest and penalties on the unpaid amount.

There is a far simpler method to calculate the home office deduction this year. If you use part of your home exclusively for business, all you have to do is multiply the square footage of your workspace (up to 300 square feet) by $5. Or you can use the traditional method to calculate the deduction if it results in a larger deduction.

There is a large tax credit (up to $7,500) available if you purchased a plug-in electric-drive vehicle in 2013. The credit amount varies by vehicle model.

You may be able to claim a tax credit for energy-efficient equipment installed in your home in 2013. You can generally claim 30% of the cost of alternative energy equipment (solar, wind, geothermal, or fuel cell) and a varying amount for windows, doors, roofs, insulation, water heaters, and heating and cooling equipment. The equipment must meet specific energy standards to qualify for a credit.

Child care expenses that you pay may make you eligible for a tax credit. If you paid someone to care for your young child (under age 13) so that you could work or look for work, you may be able to claim a tax credit for a percentage of the qualifying care costs that you paid. This credit can also generally be claimed if you paid for the care of your spouse or certain other individuals who are physically or mentally unable to care for themselves.

If you have a financial account or assets in a foreign country, you may be required to file certain IRS forms. Form 8938 should be submitted with your tax return if you have a financial interest in certain foreign financial assets and their aggregate value exceeds the reporting threshold for your filing status. To give you an example, an unmarried taxpayer living in the U.S. with a foreign financial account valued at more than $50,000 on the last day of the tax year or more than $75,000 at any time during the tax year must file Form 8938. A second form, known as the Report of Foreign Bank and Financial Accounts (FBAR), must also be filed by June 30th if you have a financial interest in or signature authority over a financial account in a foreign country and the combined value of your foreign accounts exceeded $10,000 at any time in 2013.

There's a new 3.8% surtax on net investment income this year for high-income taxpayers. It affects taxpayers with income from interest, dividends, capital gains, passive activities, and certain other sources whose modified adjusted gross income exceeds $200,000 (unmarried), $250,000 (married filing jointly), $125,000 (married filing separately), or $200,000 (head of household). The surtax does not apply to income from wages, self-employment, an active trade or business, interest on tax-exempt bonds, and distributions from IRAs and qualified retirement plans.

Take your first RMD by April 1, 2014 if you turned age 70½ in 2013. After age 70½, you generally must take a required minimum distribution (RMD) each year from your IRAs (traditional, SEP, and SIMPLE) and your employer-sponsored retirement plans. Normally, RMDs must be taken by December 31, but you get extra time with your first one.

If your name or marital status changed last year, let the Social Security Administration know before you file your taxes. When the name on your tax return does not match SSA records, the IRS flags it as an error, which can delay your refund. ■

Please contact your tax advisor for help preparing your tax returns and for more information on the items mentioned here.

How Can I Invest Internationally?

Investing internationally offers an opportunity to diversify your portfolio and tap into markets that are growing at a faster rate than the United States. Here are a few ways to go about it.

AMERICAN DEPOSITARY RECEIPTS

Want to own a piece of Toyota (or other foreign-based company)? It's easier than you may think. Many foreign-based companies trade on U.S. exchanges. But instead of shares of stock being traded, it is typically American Depositary Receipts (ADRs). Each ADR represents ownership of a specific number of underlying shares in the foreign company. The benefits of ADRs are that they are quoted and traded in U.S. dollars, dividends are paid in U.S. dollars, and shareholder communications are in English.

STOCKS

You may be able to purchase shares on a foreign stock exchange through U.S. brokers associated with those exchanges.

MUTUAL FUNDS

If you prefer to leave the stock-picking to professionals, mutual funds may be the way to go. In addition to professional management, mutual funds generally offer a level of diversification within your international holdings not easily achieved when buying individual securities on your own.

ETFs

Exchange-traded funds (ETFs) that track foreign market indexes can be a good choice if you are looking for exposure to stock, bond, and real estate markets from around the world. ■

PLEASE NOTE:

Foreign investments involve special risks due to currency fluctuations, economic and political factors, government regulations, differences in accounting standards, and other factors. Investing in emerging markets involves greater risk than investing in more established markets.

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.

Investors cannot invest directly in an index.

Bonds are subject to interest rate risk. When interest rates rise, bond prices usually fall. The effect is usually more pronounced for longer-term securities. Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties.

Diversification 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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RETIREMENT PLANNING QUIZ

Retirement may be the largest financial goal of your life—but how much do you really know about saving and planning for retirement? Here's a chance to find out.

Of course, the real test comes during retirement when you learn how well your plans worked. Your financial advisor can help with the real test, by estimating how much you may need to save for retirement and by suggesting strategies designed to help you move toward your goal.

1. Is age 50 too late to begin saving for retirement?

A. Yes
B. No, it is never too late

2. Roth IRAs offer which tax benefit?

A. Qualified withdrawals are tax-free
B. Contributions are tax-deductible
C. Both of the above

3. You can generally begin contributing extra amounts, known as catch-up contributions, to your IRA and 401(k) at what age?

A. Age 45
B. Age 50
C. Age 55
D. Age 60

4. Withdrawals from an IRA or retirement plan prior to this age are generally subject to a 10% penalty, unless an exception applies:

A. Age 55
B. Age 59½
C. Age 62
D. Age 65

5. When leaving a job, the assets in your 401(k) can generally be:

A. Withdrawn as a lump sum
B. Left where they are
C. Transferred to an IRA
D. All of the above

6. Can you work while collecting Social Security retirement benefits?

A. Yes
B. No

7. Will the amount of your Social Security benefit payments increase if you wait longer to begin receiving them?

A. Yes, but only up until age 65
B. Yes, but only up until age 70
C. Yes, but only up until age 75
D. No

8. The average monthly Social Security benefit for a retired worker in June 2013 was:

A. $1,269
B. $2,269
C. $3,269
D. $4,269

9. The part of Medicare that is premium-free for people age 65 or older covers most:

A. Hospital expenses
B. Medical expenses, such as doctors' fees
C. Prescription drugs
D. All of the above

10. Long-term care in a nursing home is generally covered by:

A. Medicare
B. Health insurance
C. Disability insurance
D. None of the above

11. On average, how much do people age 65 or older pay out-of-pocket for health care each year?

A. $100
B. $1,100
C. $3,100
D. $5,100

12. Is it usually a good idea to pay off debt before you retire?

A. Yes
B. No

Answers: 1–B, 2–A, 3–B, 4–B, 5–D, 6–A, 7–B, 8–A, 9–A, 10–D, 11–D, 12–A.

Life Income Gifts:

Charitable Gifts That Benefit You Now, Charity Later

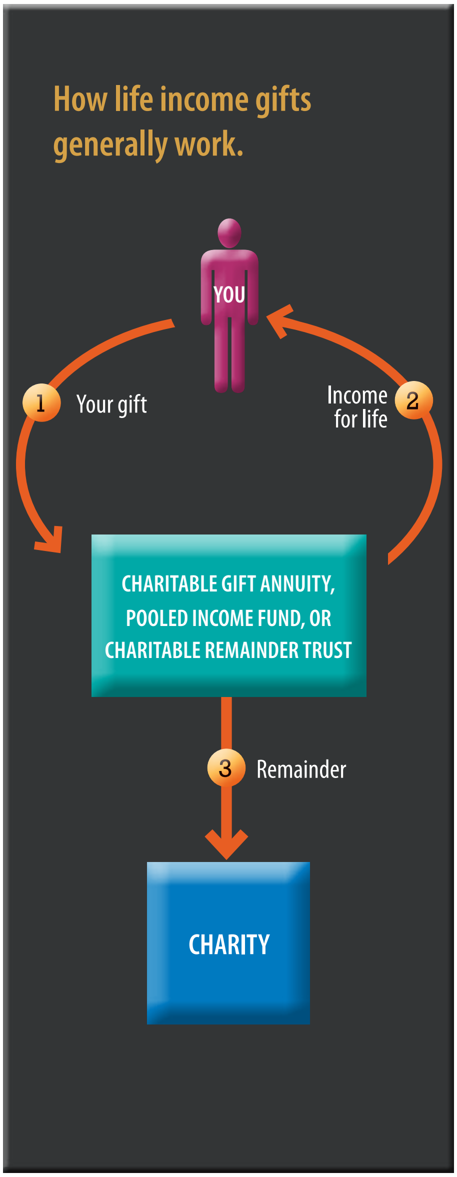
A life income gift can help you fulfill your charitable goals while providing an income stream for yourself or others.

HAVE YOU EVER WANTED TO MAKE a major gift to your church, alma mater, or favorite charity, but stopped yourself because it might leave you short of funds in retirement? A life income gift may enable you to make that gift during your lifetime without undermining your financial security. Here's the deal.

Life income gifts are a type of planned giving arrangement that provides you with income for life and significant tax advantages in return for your charitable gift.

Three main vehicles are used to make life income gifts. They are the charitable gift annuity, the pooled income fund, and the charitable remainder trust. Each works in a similar fashion. You irrevocably transfer cash or appreciated assets, such as stock, to a life income gift vehicle. You then receive a stream of income for life or a specified number of years. If you prefer, you can name a different beneficiary, such as your spouse or other loved one, to receive the income. The assets remaining after the last beneficiary dies or the trust ends are used by the charitable organization.

In addition to receiving income for life, you also receive significant tax and financial benefits. First on the list of benefits: an income tax deduction. When you transfer assets to a life income gift vehicle, you can claim a charitable tax deduction for a portion of the fair market value of your gift, which may benefit your current tax picture. The exact amount of your deduction will depend on the amount of your contribution that is expected to eventually pass to the charity.



Funding a life income gift arrangement with highly appreciated assets, such as stock or other types of property, may also benefit your tax picture because you generally do not pay capital gains tax when the assets are transferred to it. This leaves your entire gift available to be reinvested, resulting in what may be a larger income than if you sold the assets yourself, paid the tax on them, and reinvested the remainder.

No capital gains tax on the transfer of appreciated assets may also benefit you if you want to diversify a concentrated equity position in, say, your employer's stock. If you sell long-term appreciated stock yourself, as much as 23.8% of the gain may go to federal taxes alone.

While there are similarities among life income gift arrangements, there are differences as well. Here's a look at the three main types of life income gifts.

Charitable Gift Annuity

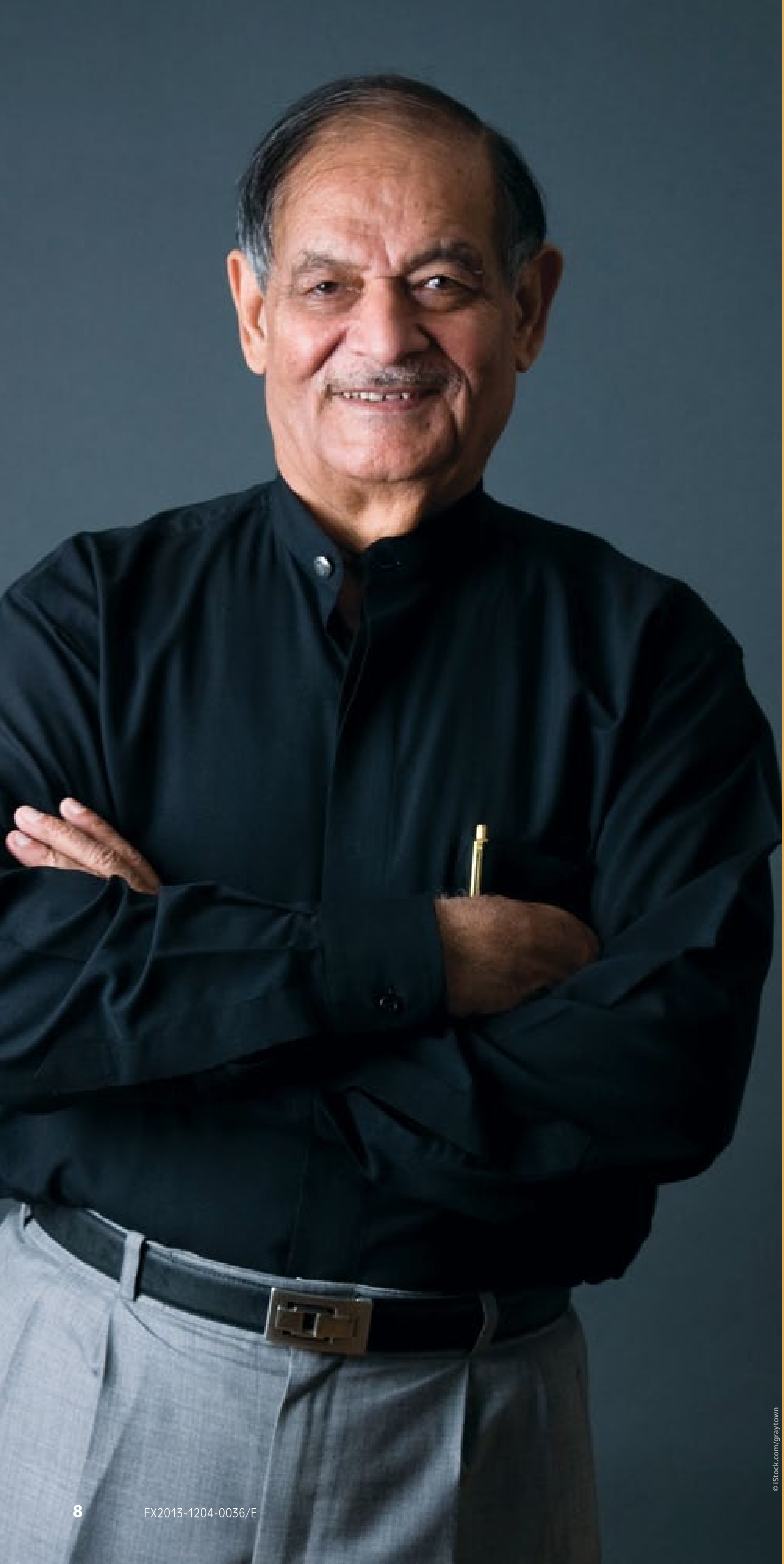
A charitable gift annuity is a contract between you and your chosen charity in which the charity promises to pay you, or up to two people you name, a fixed

When you make a life income gift, you receive...

- An income for life for you, your beneficiary, or both of you. In many instances, the income is larger than what you previously received from your donated assets.

- A reduction in your current taxes and possibly your estate taxes.

- The satisfaction of supporting your favorite charity.



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A life income gift may be a good choice if you want to make a significant gift to charity and...

- You want to retain an income from the donated assets.
- You need more income from highly appreciated, low-yielding assets, such as stocks that have appreciated but do not pay dividends.
- You own a large amount of a single stock that you want to diversify out of without immediately paying tax on the capital gains.

income for life in return for your gift of cash, securities, or other assets. The promise of life-long income is backed by the charity's assets.

The advantage of a fixed income payment is that you know right from the start how much income to expect each period and that amount will never change regardless of what is going on in the markets.

The amount of your income payment will depend on several factors, including your age when the payments begin and whether the payments will last for one life or two. In general, your income payments will be higher the older you are when you begin receiving them.

Gift annuities are offered by many religious, educational, and charitable organizations for a minimum donation of, say, $5,000 or $10,000.

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

Pooled Income Fund

A pooled income fund is a trust created by a charitable organization in which your contribution is "pooled" for investment purposes with contributions from other donors. Each quarter, the fund pays you, or up to two beneficiaries, a proportional share of the fund's net income. The amount of income you receive each period will vary, depending on how the fund's investments have performed. Income payments will continue until the last beneficiary dies, at which time your share of the fund's principal is removed from the fund and can be used by the charity.

Many charitable organizations have one or more pooled income funds available to donors who want to support their organizations. An initial contribution of $5,000 or more is required to participate in a pooled income fund.

Charitable Remainder Trust

A charitable remainder trust is a private trust that you set up and fund to generate income for yourself or others with the remainder going to your favorite charities.

This type of life income gift offers far greater flexibility than charitable gift annuities and pooled income funds. With a charitable remainder trust, you choose an individual or organization to manage the trust. (This person or organization is known as the "trustee".) You can name more than two income beneficiaries. The income payments can last for life or for a period of years. You can select the rate used to calculate the income payments. (Most donors choose a rate in the five to seven percent range.) And you can choose more than one charitable organization to receive the remaining assets.

Depending on the type of charitable remainder trust you create, the income payments will be either fixed or variable. A charity remainder annuity trust pays beneficiaries a fixed amount each year based on the trust's initial value. A charity remainder unitrust generally pays beneficiaries a fixed percentage of the trust's assets as they are valued each year. As a result, a unitrust's payments will fluctuate based on how the trust's assets perform.

All this flexibility comes at a price. Because charitable remainder trusts are custom designed and individually managed, there are significant costs associated with setting them up and running them. A minimum contribution of $50,000 to $100,000 may be needed to justify the cost.

If you want to make a gift to charity while retaining an income for life from the gift, one of the arrangements described here may be right for you. But please remember that your gift is irrevocable, so it is a good idea to consult your tax and financial advisors before making a move. ■

Your tax and financial advisors can help you select the giving arrangement that best fits your philanthropic and financial goals.

Four Legal Documents That Everyone Should Have

These documents are designed to provide direction when you cannot.

AT THE VERY LEAST, EVERY ADULT should have four estate planning documents: a durable power of attorney for finances, a health care proxy, a living will, and a last will and testament. With them, you can help ensure that your directions are followed if you become incapacitated or die. Without them, the courts may need to appoint someone to handle your financial and medical affairs and the laws of your state may dictate how your estate is distributed—situations that most people would prefer to avoid.

If you do not already have these four essential documents, the time to put them in place is now because you never know when you may need them.

Creating the documents can be relatively simple and straightforward. To give you an idea of what's involved, here's an overview of the four documents.

Last will and testament. A will is a key part of every estate plan. In it, you name the beneficiaries that you want to receive your assets after your death. Your beneficiaries might include family, friends, and charities. You also name a guardian for your young children on the chance that you and the other parent die while the children are young. And you name someone to oversee the administration of your estate and see that it is distributed according to the terms of your will. This person is typically known as an executor or a personal representative.

A will is used to distribute assets that are not being transferred by other means. For example, the assets in your IRA will transfer to the beneficiary named on the account regardless of directions that you leave in your will. For another example, if you own property jointly with another person and both of you are titled as joint tenants with right of survivorship, your interest in the property automatically passes to the other owner after your death regardless of directions in your will.

As you create your will, keep in mind that you can change it in the future if you change your mind about any aspect of it. In fact, it is a good idea to review your will periodically to ensure that it reflects your current wishes.

Durable power of attorney for finances. The following three essential documents are designed to provide direction in the event you are ever mentally incapacitated and unable to manage your affairs or make decisions on your own.

The durable power of attorney for finances gives the person you choose the legal authority to manage all or part of your business and personal affairs if you become incapacitated. This person is known as your agent or attorney-in-fact.

If you become incapacitated, your agent can step in and pay your bills, deposit your income, file your tax returns, oversee your investments, and so on. You choose the activities that your agent will have the authority to oversee. Your estate planning professional can provide guidance in this area.

It is important to note that some financial institutions have their own power-of-attorney forms and may not readily honor one created elsewhere. It is a good idea to plan for this possibility with your estate planning professional.

Health care proxy. A health care proxy, also known as a durable power of attorney for health care, is the legal document you use to name someone to make medical decisions on your behalf in the event you are unable to do so. This person can be whomever you choose, for example, your spouse, another family member, or a friend. Naming a health care proxy can help avoid conflict among your loved ones regarding your medical care.

Living will. Have you ever considered the type of care you want to receive if you are in an end-of-life or permanently unconscious situation? If so, conveying your choices regarding hydration, feeding, and resuscitation in a living will can help ensure that your wishes are carried out and remove the burden of making such tough decisions from your loved ones.

If you do not have these four essential documents in place, please consult an estate planning professional for help in creating them. ■

Additional legal arrangements that help meet a variety of estate planning goals.

Revocable living trust. A revocable living trust is a legal arrangement that directs how the assets you put in the trust are to be managed during your lifetime and distributed after your death. The primary advantage of using a trust is that it avoids probate, a real plus if you live in a state with high probate costs or if you simply want the details of your estate to remain private.

Other trusts. There are several types of trusts available, each designed to meet specific estate planning goals. Here are a few examples. A trust is often used to provide for a special needs individual without harming that individual's eligibility for government benefits. Trusts are also used to minimize estate taxes. And trusts are used when you want a trustee to manage the trust assets for the benefit of your heirs. Your estate planning professional can help you determine if a trust is a good choice for your goals.

Tax Credits and Deductions May Help Offset Your College Expenses

If you pay college tuition, you may be eligible for one of the federal tax credits or deductions described here.

DO YOU PAY COLLEGE TUITION FOR yourself, your spouse, or your dependents? If so, you may be able to trim thousands of dollars off your federal taxes by claiming a tax credit or deduction for the tuition you pay.

But before you can claim a credit or deduction, you must meet certain requirements. In general, you cannot claim an education credit or deduction if you are listed as a dependent on someone else's tax return, your filing status is married filing separately, or your income exceeds the limits for the specific credit or deduction.

Fortunately, the income limits are rather generous, enabling many low- and middle-income tuition payers to qualify for an education credit or deduction. To give you an example, individuals with modified adjusted gross incomes up to $80,000 ($160,000 if you are married and file a joint return) can claim up to the full $2,500 American opportunity tax credit for tuition paid for each eligible student. (The income limits for 2013 are shown on page 13.)

For tuition paid in 2013, there are two credits and one deduction available. You can choose only one for each student per year so it is important to choose the one that results in the largest tax reduction.

When choosing the credit or deduction, keep in mind that tax credits and deductions work differently. Tax credits directly reduce your income tax. Tax deductions reduce the income you are taxed on. Here's an example. A $1,000 tax credit will result in a $1,000 reduction in taxes, while a $1,000 tax deduction for someone in the 25% tax bracket will result in a $250 reduction in taxes.

For most taxpayers, the American opportunity tax credit offers the greatest potential reduction—up to $2,500 per student, provided the student is enrolled at least half-time in a degree program and does not have a felony drug conviction. The credit amount is based on 100% of the first $2,000 of eligible expenses paid plus 25% of the second $2,000. Eligible expenses include tuition, required fees, and course materials, but not room and board.

The credit has an added benefit: Up to 40% of it is generally refundable. This means that if the credit amount exceeds your taxes for the year, 40% of the excess (up to $1,000) will be refunded to you. No other education credit or deduction offers this benefit.

The American opportunity tax credit can be used for the first four years of a student's post-secondary education. Once the student is in year five, you'll need to use either the lifetime learning credit or the tuition and fees deduction. (The tuition and fees deduction expired at the end of 2013, but may yet be extended for 2014 and can still be used for 2013.)

The lifetime learning credit is available for all years of post-secondary education, including graduate school. There are no limits on how many years you can claim it. Plus, the student does not have to be enrolled in a degree program for you to claim it. Taking just a course or two to improve job skills is enough to qualify the student.

The lifetime learning credit is based on 20% of the first $10,000 of eligible expenses paid per year for all eligible students, up to a maximum credit of $2,000 per return.

If income limits prevent a parent from claiming a credit, consider having the student claim it. As long as the student's income is under the limits and no one else claims an exemption for the student on their tax return, the student can generally claim a credit for eligible expenses that the student, the parents, and other parties paid.

The rules for who can claim the tuition and fees deduction are slightly different. The deduction cannot be taken by anyone who can be claimed as a dependent by someone else even if that other person does not actually claim the exemption.

A student loan interest deduction is also available and may allow you to deduct up to $2,500 per year of the interest you pay, provided the student was enrolled at least half-time in a degree program and your income is under the limits.

If you, your spouse, or your dependent is in college, talk to your tax advisor about whether you can claim an education credit or deduction. Your advisor can help you determine your eligibility (all of the requirements are not covered here) and how much you can claim. ■

Compare education tax credits and deductions.

	American Opportunity Tax Credit	Lifetime Learning Credit	Tuition and Fees Deduction	Student Loan Interest Deduction
	Generally offers the largest tax break, but may only be used for the first four years of higher education.	Ideal if the student is in year five or greater or is just taking one or two courses to improve his or her job skills.	A good choice if you do not qualify for the credits or if it results in a larger tax reduction.	The interest you pay on your student loans may reduce your taxable income for the year.
Maximum benefit	The maximum credit is $2,500 per student per year. The credit amount is based on 100% of the first $2,000 of eligible expenses plus 25% of the second $2,000 of expenses for each eligible student.	The maximum credit is $2,000 per return. The credit amount is based on 20% of the first $10,000 of eligible expenses you paid for all eligible students.	You can deduct up to $4,000, $2,000, or $0 per year, depending on your MAGI. This deduction is set to expire after 2013.	You can deduct up to $2,500 per year of the interest that you pay on a student loan.
Number of years the benefit is available	Can only be claimed for the student's first four years of post-secondary education.	There is no limit on the number of years that this credit can be claimed.	There is no limit on the number of years that this deduction can be claimed.	This deduction is available for the entire period of the student loan.
Eligible students	The student must be enrolled at least half-time in a degree program and not have a felony drug conviction.	The student must be enrolled in at least one post-secondary course that either leads to a degree or improves job skills.	The student must be enrolled in one or more courses at an eligible post-secondary institution.	The student must have been enrolled at least half-time in a degree program.
2013 income limits *NOTE: Married taxpayers who file separate tax returns are not eligible for these credits or deductions.*	The amount of your credit will be reduced if your modified adjusted gross income (MAGI) exceeds $80,000 ($160,000 if married filing jointly). You cannot claim the credit if your MAGI is $90,000 or more ($180,000 or more if married filing jointly).	The amount of your credit will be reduced if your MAGI exceeds $53,000 ($107,000 if married filing jointly). You cannot claim the credit if your MAGI is $63,000 or more ($127,000 or more if married filing jointly).	The maximum deduction is $4,000 per year if your MAGI is $65,000 or less ($130,000 or less if married filing jointly). The maximum deduction is $2,000 per year if your MAGI is between $65,000 and $80,000 ($130,000 and $160,000 if married filing jointly). You cannot claim the deduction if your MAGI exceeds $80,000 ($160,000 if married filing jointly).	The amount of your deduction will be reduced if your modified adjusted gross income (MAGI) exceeds $60,000 ($125,000 if married filing jointly). You cannot claim the deduction if your MAGI is $75,000 or more ($155,000 or more if married filing jointly).
Refundable	Yes. If your credit exceeds your tax, 40% of the excess (up to $1,000) can generally be refunded to you.	No.	No.	No.

Limit Your Health Care Costs in Retirement with Insurance

HEALTH INSURANCE CHANGES FOR most people at age 65—the age when they become eligible for Medicare. The decisions you make regarding your coverage at age 65 can have a lasting impact on your out-of-pocket health care costs during retirement. Here's an overview of your basic Medicare choices and their potential impact on your wallet.

ORIGINAL MEDICARE. Original Medicare has two parts. Part A is hospital insurance and helps pay for inpatient care in a hospital or skilled nursing facility. Part B is medical insurance and helps pay for doctors' services, outpatient care, and other medical services.

If you or your spouse paid Medicare taxes while working, you generally will not have to pay a monthly premium for Part A. However, you will pay a monthly premium for Part B if you decide to keep it. The premium amount depends on your annual income from two years ago. The monthly premium for 2014 ranges from $105 for single individuals with a modified adjusted gross income (MAGI) of $85,000 or less ($170,000 or less for joint filers) to $336 for single individuals with a MAGI above $214,000 (above $428,000 for joint filers).

As you approach age 65, it is a good idea to evaluate your Medicare options and make decisions about your coverage. If you wait until after age 65 to begin Part B, your monthly premium will increase 10% for every full 12-month period that you wait, unless you or your spouse are still working and you are covered by a group health plan based on that work. If that is the case, you have up to eight months after the employment ends or the group health plan insurance based on that employment ends, whichever happens first, to start Part B without penalty.

MEDIGAP INSURANCE. Even with Original Medicare coverage, you may still pay a considerable amount out of your pocket each year on deductibles, copayments, and coinsurance. For example, an inpatient stay at a hospital has a $1,216 deductible for each benefit period in 2014. And if you are stuck in the hospital for a long time, the coinsurance for days 61–90 of your stay may cost you $304 per day in 2014.

To help protect yourself from large out-of-pocket expenses, consider purchasing Medicare supplement (Medigap) insurance from a private company to help pay some of the costs not covered by Part A and Part B.

There are ten standard Medigap plans, typically labeled A through N. Pricing varies among companies for the same coverage so it pays to shop around.

PRESCRIPTION DRUG COVERAGE. It should not come as a surprise that prescription drugs can be very expensive. What may be a surprise is that Original Medicare does not cover the cost of prescription drugs nor do Medigap policies sold in recent years. If you want prescription drug coverage, you will generally have to purchase a Medicare Prescription Drug Plan or sign up for a Medicare Advantage Plan that offers prescription drug coverage.

If you decide to purchase a Medicare Prescription Drug Plan, known as Part D, it is a good idea to enroll when you are first eligible. If you enroll later and do not have creditable prescription drug coverage from another source during that period, a late enrollment penalty will generally be added to your monthly premium for as long as you have Part D coverage.

MEDICARE ADVANTAGE PLANS. If you prefer to get your Medicare coverage from one source, consider enrolling in a Medicare Advantage Plan. These plans are offered by private companies that have contracted with Medicare to provide Part A and Part B benefits. Many of them also provide coverage for prescription drugs, vision care, dental care, and medical emergencies that occur outside of the United States. Depending on the plan you choose, you may be limited to in-network doctors and providers for non-urgent care.

There are differences among Medicare Advantage Plans so it is important to shop around for the plan in your area that offers the coverage, features, and pricing that suits you best.

Please be sure to factor the cost of health care into your retirement planning. Your financial advisor can help you estimate how much you may need to save for retirement and create a financial plan aimed at reaching that goal. ■


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The ABCs and Ds of Medicare

Part A	Part B	Part C	Part D
HOSPITAL INSURANCE	**MEDICAL INSURANCE**	**MEDICARE ADVANTAGE PLANS**	**PRESCRIPTION DRUG COVERAGE**
Helps pay for inpatient care in a hospital or skilled nursing facility.	Helps pay for doctor services and outpatient care.	Provides Part A and Part B benefits. May also include coverage for prescription drugs and other services.	Helps pay for prescription drugs.
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DOURO RIVER | Ports of Call

BY BRIAN JOHNSTON

THOSE ANCIENT ROMANS KNEW A thing or two about a good location. Two thousand years ago they tramped about the western edge of Europe, found a likely looking spot, and founded Porto, Portugal by knocking up a little town and planting some grape vines by the Douro River. The town would eventually give its name to the type of wine produced here—and to a new country.

By the Middle Ages, Portuguese trade had created the jaunty old town you see today, clinging to the slopes of a rocky gorge as if about to slide into the river in a tumble of churches and guildhalls. Then those baroque-era, renovation-rescue busybodies came along with their fairy-floss towers, art treasures, and taste for pink excess. They crammed Porto's churches with gold looted from the Americas and the dusty bones of city notables.

Today, Porto's old town has a shabby elegance, but a new energy is rippling through the Douro Valley that it commands. Until recently, this was a lost corner of northeast Portugal known only to a few British tourists, here to sit in the sun as they drank port, a fortified wine most people associated with post-prandial gentlemen in stuffy Victorian parlors.

Now a new generation of wine makers is fashioning new ports like the lighter, fruitier pink variety, and moving into interesting table wines using indigenous grape varieties. International wine critics are paying attention. So are discerning travelers. The oldest demarcated wine region in the world (officially established in 1756) now features hip architect-designed cellar doors and Michelin-starred restaurants, yet so far has none of the crowds of Europe's better-known wine regions.

What better place for a river cruise? The Douro might be a compact river but it packs a considerable historical and scenic punch that will especially appeal to repeat cruisers looking for an alternative European destination. Several companies operate on the river, often cobbling on a land-based tour extension to destinations such as Lisbon.

Terraced hillsides (left), planted with grape vines and olive trees, rise precipitously above Portugal's Douro River. The Plaza Mayor (below), is a popular gathering area in the heart of Salamanca and is widely regarded as one of the most beautiful squares in Spain.

Vila Nova de Gaia on the opposite bank to Porto proper is the river-cruise terminal. It's the perfect place to begin a trip, since this has been the Douro's port for centuries: the place where grapes are brought down the valley and stored in the caves that riddle the hillside here, before being transformed into port. Before you hop on board, visit one of Vila Nova de Gaia's cellar doors. They aren't hard to miss: the names of famous port producers such as Porto Ramos, Croft, and Sandeman are emblazoned in white across their red-tiled roofs. If you don't know much about port, you can lurk among the giant vats and familiarize yourself with the subtleties of vintage, ruby, and tawny varieties.


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In the old days, wine traders travelled on the wooden sailboats called rabelos that you can still see lined up on the waterfront. They're a tourist whimsy these days. Locks and dams have tamed the once turbulent river, making it slow as a transport route, and grapes are now rather unromantically trucked into town. Never mind: the slow pace is just the thing as you depart on your cruise ship, admiring the passing landscape and the captain's tricky negotiations in and out of locks.

At Régua, wine country begins. Locals rather poetically claim the best wine is produced from vines that can 'hear' the river flowing. From here for 30 miles upstream, hillsides rise precipitously from the water's edge, terraced by a thousand years of diligent farmers and planted with vines and silvery olive trees.

A ride up the hillside from Vila Real on a shore excursion showcases the scenery around hairpin bends. Mateus, one of Portugal's best-known wine labels, has vineyards here. Winemaking was good business in the old days: the estate boasts a bijou baroque palace surrounded by cypress-dotted gardens. You can almost lean over the balustrades and pluck Tinta Roriz grapes from the vines.

Next day, the ship might dock at Vega de Teron. The Douro soon reduces to an unnavigable ribbon of a river that forms the border between Portugal and Spain. You've come just 125 miles since Porto and will now have to retrace your route back downstream. Given the scenery, that should be no complaint, and stops are made at alternative destinations on the way back. But first, a daylong trip across the border to Salamanca usually awaits on most cruise itineraries.

Salamanca is the quintessential Spanish town: regal, flamboyant, rich with a strangely melancholy sense of history and former glories, coupled with the attractive energies of modern Spanish life. A university founded in 1218, shuttered nunneries, Gothic gargoyles, and saints weeping in gloomy churches supply the history. Modern life comes in the guise of 30,000 university students browsing the bookshops and busking on street corners, housewives prodding eggplants at street stalls, and chattering, tapas-eating crowds in the town's bars. It all comes together in the glorious Plaza Mayor, glowing with yellow sandstone and lined by arcaded shops. You could spend most of the day just lazing at one of the cafés and watching the passing parade.

This is a treat you'll only have once, but fortunately the upper Douro gets an encore as you sail back towards Porto. This is more fjord than valley, with plunging granite cliffs where fish eagles drift on rising air. By lunchtime, vineyards have returned. Ferradosa is just the place to walk off dessert among the vineyards of a local quinta or farmhouse, where another bit of wine tasting is a fine salute to the glorious scenery.

If you tie up in Pinhão for the evening, stroll up to the train station, which is notable for its traditional blue-and-white azulejos tiles showing wine harvest scenes. The next day, you can ascend the hills to Lamego, where bishops ruled the roost in the bad old days, spending alms on castles and campaniles. Gargoyles leer at passers-by and pigeons bathe in ornate public fountains. Sunlight splashes across old walls like the sparkling Raposeira wine for which Lamego is famous.

This is an important pilgrimage site too: old ladies in shawls send whispers around the Sanctuary of Our Lady of Remedies, having hobbled up 700 steps from the town in an agony of staid black stockings and arthritis. If you aren't feeling pious, you can satisfy the flesh at a local bakery, with its temptations of marzipan and almond biscuits and custard tarts hot from the oven.

By evening you're back in Porto, bridges draped in lights, church spires illuminated in gold like medieval drawings in a book of prayers. An evening of fado is a splendid goodbye. This soulful singing is the quintessential sound of traditional Portugal. The music is lilting and lamenting, lyrics telling stories of the lonely and broken-hearted, the poor and oppressed. A rather melancholy end to a lovely river trip, perhaps, but a haunting reminder of 2,000 years of sweat and toil and tears that have created this place of such historic beauty. ■

What's On At The Art Museums

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Atlanta, GA

Wynn Bullock: Revelations *High Museum of Art · Opens June 2014*

This retrospective traces the evolution of one of the most significant mid-20th century photographers, Wynn Bullock (1902–1975), from his experimental work of the 1940s, through the mysterious black-and-white imagery of the 1950s and the color light abstractions of the 1960s, to his late metaphysical photographs of the 1970s.

Bentonville, AR

The William S. Paley Collection: A Taste for Modernism
Crystal Bridges Museum of American Art · March 15–July 7, 2014

Particularly strong in French Post-Impressionism and Modernism, this exhibition from the Museum of Modern Art in New York includes multiple works by Cezanne, Matisse, and Picasso, as well as significant works by Degas, Toulouse-Lautrec, Gauguin, Derain, and Rouault.

Indianapolis, IN

Face to Face: The Neo-Impressionist Portrait, 1886–1904
Indianapolis Museum of Art · June 15–September 7, 2014

Devoted solely to portraits of the Neo-Impressionist movement, this exhibition will feature more than 30 paintings and 20 works on paper by artists such as Vincent van Gogh, Paul Signac, Henri-Edmond Cross, and Maximilien Luce.

New York, NY

Charles James: Beyond Fashion *The Metropolitan Museum of Art · May 8–August 10, 2014*

The inaugural exhibition of the newly renovated Costume Institute will focus on the work of 20th-century Anglo-American couturier Charles James (1906–1978) and his revolutionary ball gowns and innovative tailoring that continue to influence designers today.

Norfolk, VA

Chrysler Museum of Art reopens *April 12, 2014*

The Chrysler Museum of Art's newly renovated and expanded main building will open in April 2014. The debut exhibits will include massive cast-glass sculptures by Libensky and Brychtova and favorite works selected by popular vote from the Museum's collection.

San Francisco, CA

Modern Nature: Georgia O'Keeffe and Lake George
The de Young Museum · Through May 11, 2014

This exhibition examines the body of work created by Georgia O'Keeffe during her time (1918 until the early 1930s) in Lake George, NY at Alfred Stieglitz's family property. Subjects of the 55 works to be displayed include magnified botanical compositions, abstracted barns and buildings, and panoramic views of the lake and surrounding mountains. ■

QUIZ

Fictional Detectives

1. The *NCIS* team is headed by:

A. Special Agent Gibbs
B. Inspector Clouseau

2. This TV series' main character, Jessica Fletcher, resides in Cabot Cove, Maine, a small town with a surprising number of murders:

A. *Murder, She Wrote*
B. *Police Woman*

3. "Who loves ya, baby" is the catch-phrase of this Tootsie-Roll-Pop-loving NYC policeman:

A. John Munch
B. Theo Kojak

4. Beloved by generations of young readers, this amateur sleuth began solving mysteries as a teenager, at times with her good friends, Bess and George:

A. Nancy Drew
B. Trixie Belden

5. Deputy Chief Brenda Leigh Johnson always gets her man in:

A. *Major Crimes*
B. *The Closer*

6. This private detective was the main character in *The Maltese Falcon*:

A. Sam Spade
B. Charlie Chan

7. Sonny Crockett and Rico Tubbs are Metro-Dade cops in this stylish 1980s television series and 2006 movie:

A. *Miami Vice*
B. *CSI: Miami*

8. OCD and a plethora of phobias don't hold back this former San Francisco police detective from solving crimes:

A. Joe Friday
B. Adrian Monk

9. D.B. Russell replaced Catherine Willows as night shift supervisor on this long-running TV crime drama:

A. *CSI: Crime Scene Investigation*
B. *CSI: Miami*

10. Dr. Temperance Brennan, a forensic anthropologist, and FBI Special Agent Seeley Booth are the main characters in this TV series:

A. *Body of Proof*
B. *Bones*

11. Outcry from the fans contributed to the return of this 1980s police drama about two female detectives after it had been cancelled:

A. *Cagney & Lacey*
B. *Rizzoli & Isles*

12. Andy Sipowicz, Bobby Simone, and Danny Sorenson are just a few of the detectives in this police drama that ran from 1993 to 2005:

A. *Hill Street Blues*
B. *NYPD Blue*

13. This amateur detective appears in twelve Agatha Christie crime novels:

A. Ellery Queen
B. Miss Marple

ANSWERS: 1–A, 2–A, 3–B, 4–A, 5–B, 6–A, 7–A, 8–B, 9–A, 10–B, 11–A, 12–B, 13–B.

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Herb Shapiro, President and founder, brings more than 33 years 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, Vice-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, is a member of the Boston Jewish Community Women's Fund, and the Treasurer of the Massachusetts Council of Economic Education.

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