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Financial and Legal Tips for Parents of Young Children

HOW TO CATCH UP ON RETIREMENT SAVINGS

SIMPLIFYING YOUR FINANCES

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3 THINGS TO KNOW ABOUT THE ONE-ROLLOVER-PER-YEAR LIMIT

1 **The one-rollover-per-year limit applies collectively to your IRA accounts.** Past editions of IRS Publication 590 stated that the limit applied separately to each IRA account. If you owned more than one IRA, you could generally roll over each account every 12 months. The IRS is revising their interpretation of the limit due to a recent U.S. Tax Court decision stating that the limit applies on an aggregate basis. So beginning as early as January 1, 2015, you may roll over only one IRA account in any 12-month period, regardless of how many IRA accounts you own.

2 **You can make as many trustee-to-trustee transfers between IRA accounts as you want.** The one-per-year limit applies only to IRA rollovers—those distributions from an IRA that you receive in your own name and deposit within sixty days in another IRA or even the same IRA. The limit does not apply to trustee-to-trustee transfers—those transfers that are made directly from one financial institution to another on your behalf.

3 **You can convert as many traditional IRAs to Roth IRAs as you want.** The one-rollover-per-year limit does not apply to conversions from a traditional IRA to a Roth IRA. ■

Please consult your tax and financial advisors.

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TIPS FOR SIMPLIFYING YOUR FINANCES

If you are awash in a sea of bills, uncashed checks, and financial statements, these tips may help you simplify your finances.

Consolidate your financial accounts. Do you have savings and checking accounts at different banks? Consolidating them at one financial institution can help simplify matters. Instead of multiple statements to review, there may be just one. And maintaining a higher balance at one institution may qualify you for better rates at that institution. Before you consolidate accounts, however, be sure to consider the FDIC insurance limits on money that you hold at one institution.

Consolidate your retirement accounts. If you have retirement accounts with former employers or IRAs with various financial institutions, consider consolidating them into one or two IRAs. Fewer accounts mean fewer statements to review and may make it easier for you to evaluate and manage your retirement savings. When moving money between IRAs, it is a good idea to use a trustee-to-trustee transfer rather than a rollover so that you avoid any chance of running afoul of the one-IRA-rollover-per-year limit.

Use direct deposit for your income. Arrange to have your salary, pensions, and Social Security benefits automatically deposited into your savings, checking, or investment account.

Deposit checks with your mobile device. Why drive to the bank when you can deposit a check with your smartphone or tablet? Many banks offer an app that allows you to snap a photo of the check with your mobile device and deposit it into your account.

Put saving on autopilot. Arrange to have part of each paycheck automatically deposited into your retirement, savings, and investment accounts. Not only will this save you the hassle of making the deposits yourself, it can help keep your savings program on track and limit the opportunity for you to spend the money on other things.

Pay your bills online or automatically. Want to reduce the time it takes you to pay your bills? Automate the process! Many financial institutions offer online bill-paying services that are as quick and easy as entering who to pay, the amount, and the date you want the bill paid. Your billers may also offer an online bill-pay option on their websites where you can review your bill and authorize an electronic payment from your bank account or credit card. For recurring bills, such as your phone bill, consider having the biller automatically charge your credit card or debit your bank account. Of course, regardless of the payment method you choose, you should still review your bills and bank statements for accuracy.

Go paperless with online bills and statements. Receiving your bills and statements electronically eliminates paper clutter and helps the environment.

Set up reminders for your recurring bills. A bill arrives, and you set it aside with every intention of paying it within the next few days. Those few days turn into weeks, and the next thing you know, you are receiving a late notice. If this sounds familiar, consider setting up reminders for your recurring bills in the calendar on your computer or mobile device. You may also want to arrange new due dates with your billers that fall closer together so that you only have to pay bills once or twice a month.

Limit your number of credit cards. Each credit card in your wallet equates to twelve statements per year. Have five credit cards? That is sixty statements a year that need to be reviewed. Ten cards? One hundred and twenty statements. You get the picture. By limiting your number of credit cards, you can reduce the time you spend reviewing statements. Be sure to consider, however, that closing credit card accounts may have a short-term negative impact on your credit score.

Please consult your financial advisor about ways to simplify your finances. ■

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What are the main types of bonds?

It is important to understand the different types of bonds when developing an investment strategy. Most bonds fall into one of the following four categories based on who is issuing them.

U.S. TREASURY SECURITIES

The U.S. Treasury issues bonds, notes, and bills backed by the full faith and credit of the U.S. government. As a result of the backing, Treasury securities have a very low risk of default and typically pay a lower rate of interest than other types of bonds. The interest payments are exempt from state and local taxes. *References to government backing refer to timely payment of principal and interest only. The backing does not eliminate market risk.*

U.S. AGENCY SECURITIES

U.S. agencies and government-sponsored enterprises (GSEs) also issue bonds and other securities to raise money. Bonds issued by federal agencies, such as the Government National Mortgage Association (Ginnie Mae), are typically backed by the full faith and credit of the U.S. government and therefore have a very low risk of default. Bonds issued by GSEs, such as the Federal National Mortgage Association (Fannie Mae), do not have the same backing and carry a greater degree of credit risk (the risk that the bond issuer will be unable to pay interest or repay principal to investors).

MUNICIPAL BONDS

State and local governments and agencies raise money for roads, schools, and other public projects by issuing what are known as municipal bonds. Most municipal bonds are tax-exempt, meaning that their interest payments are exempt from federal taxes and may be exempt from state and local taxes if the bonds were issued in your area. Municipal bonds generally pay a lower rate of interest than comparable taxable bonds, but their after-tax returns are generally greater for individuals in high tax brackets once the tax savings are factored in.

CORPORATE BONDS

In addition to selling shares of stock, some corporations also raise money by issuing bonds. Corporate bonds generally carry higher risk and therefore pay a higher rate of interest than government bonds to compensate investors for taking on the additional risk. It is a good idea to check a bond's credit rating with a rating agency before investing. Corporate bonds run the gamut from higher quality investment-grade bonds to lower quality high-yield or junk bonds. ■

PLEASE NOTE: Bonds are subject to interest rate risk. When interest rates rise, bond prices usually fall. The effect is usually more pronounced for longer-term securities. Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties. You may have a gain or loss if you sell a bond prior to its maturity date. A portion of a municipal bond's income may be subject to state tax, local tax, and the federal alternative minimum tax.

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

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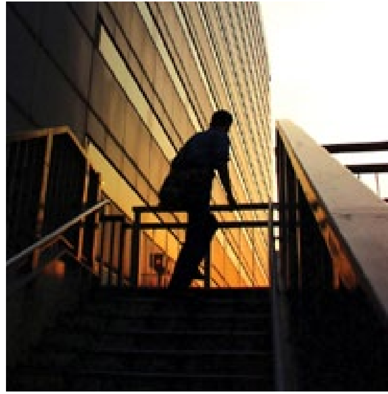
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THE SIMPLE IRA: A SIMPLE RETIREMENT PLAN FOR YOUR BUSINESS

THE NAME OF THIS RETIREMENT PLAN says it all: SIMPLE IRAs are IRA accounts that are simple for your company to set up and operate, as well as simple for you and your employees to use. If you own a business or are self-employed and do not have a retirement plan, you owe it to yourself to give this one a look. And do it soon because a SIMPLE IRA plan generally must be established by October 1 to be effective for the current year.

A SIMPLE IRA retirement plan enables you and your eligible employees to contribute to tax-deferred IRA accounts. All eligible employees (including you) may contribute as much as 100% of their compensation, up to $12,000 in 2014. (That limit is more than double the limit for an individual IRA that you or your employees might open on your own.) Plus, employees who are age 50 or older can make an additional catch-up contribution of up to $2,500 per year.

Contributions that you and your employees make to your IRAs are made with pre-tax income. For example, if you contribute $12,000 of your compensation to your IRA this year, you will not have to pay income tax on that $12,000 this year. Instead, income tax is deferred until the money is withdrawn from the account.

Income tax is also deferred on the earnings that accumulate in your IRA. They will not be subject to taxation until withdrawn from the account. Because your earnings are not taxed each year, as they would be in a regular brokerage or savings account, they compound faster in a tax-deferred account, such as a SIMPLE IRA.

Your company will also need to contribute annually. It can either match your employees' contributions (100% of the first 1–3% of compensation contributed) or contribute 2% of each eligible employee's compensation. The contributions are generally deductible as a business expense.

SIMPLE IRAs are designed specifically for small businesses that want an easy-to-administer retirement plan. Because SIMPLE IRAs do not require discrimination testing or filings, like some of the more complex retirement plans, they are ideal for businesses that want to keep administration to a minimum.

To use a SIMPLE IRA plan, you either must be self-employed or your business must have 100 or fewer employees and not maintain another retirement plan.

You can even use a SIMPLE IRA for your side business, as long as your compensation from the business is $5,000 or more per year. And you can continue to contribute to the retirement plan at your regular place of employment, although your total contributions may be limited.

Please consult your tax and financial advisors about establishing a retirement plan for your business. Your advisors can review your needs and help you select the retirement plan that best suits your business and personal goals. ■

PLEASE NOTE: Withdrawals from a SIMPLE IRA prior to age 59½ are subject to an additional 10% early withdrawal penalty unless an exception to the penalty applies. The penalty increases to 25% if the withdrawal is made within the first two years of plan participation.

SIMPLE IRAs at a Glance

- ✓ A tax-deferred retirement plan for small businesses and self-employed individuals.
- ✓ Easy to set up and operate.
- ✓ Employees can contribute.
- ✓ Employer contributions are required and tax-deductible.
- ✓ Income tax is deferred on contributions and earnings until the money is withdrawn from the account.
- ✓ Generally must be established by October 1.

Financial and Legal Tips for Parents of Young Children

Tips to help you save for your children's education, claim child-related tax benefits, and financially protect your children in the event something happens to you.

Protect your children's financial stability with life insurance.
Because your children depend on you, it is important to put a safety net in place to help protect them financially in case you die while they are still young. A key component of this safety net is usually life insurance.

With life insurance, the proceeds from a policy can help your family pay their bills, the mortgage, and college tuition if something happens to you. Without it, your hopes and dreams for your children's future may never be realized if you die while they are still young enough to depend on you financially.

For many young families, term life insurance is a good choice, enabling them to purchase coverage for just those years in which they are raising children or paying a mortgage. And because term life insurance only provides coverage for a specified number of years (typically 10, 20, or 30 years) instead of the insured individual's whole life, it is generally the most affordable type of life insurance.

Ask your financial advisor about life insurance. Your advisor can help you determine the best type for your financial goals and circumstances, as well as estimate the amount of coverage you may need. And, if one parent stays home with the children, talk to your advisor about insuring the stay-at-home parent's life also. The child-care and domestic services that this person provides can be expensive to replace.

Strengthen your family's financial safety net with disability insurance.
If you are ever unable to work for a long period due to an illness or injury, the loss of your paycheck may devastate your family's finances. Disability insurance can help provide the financial stability your family needs by replacing a portion of your paycheck for a period of time if you become too ill or injured to work.

There are two types of disability insurance: short-term and long-term. The short-term variety, which many employers offer, replaces a portion of your income for the first three to six months of a disability. Long-term disability insurance, available from insurers and some employers, kicks in after that, replacing a portion of your income for up to a specified number of years or until you reach retirement age.

Talk to your financial advisor about long-term disability insurance and the role it can play in helping to ensure that your family has the funds it needs to pay the bills if you are ever unfit to work.

Name a guardian for your child.
To help ensure that your child will be well cared for even if something happens to you, it is important to name a guardian in your will who can raise your child if both you and the other parent die while the child is still a minor. It is also a good idea to name an alternate guardian in case your first choice predeceases you or is unable to act as guardian. If you do not name a guardian and both parents die, a court will decide who raises your child.

Arrange for the management of assets that your child may inherit from you.
In addition to naming a guardian for a minor child, it is important to determine how any money or property that your child inherits from you will be handled. Without a plan in place, a court will choose someone to manage the assets.

There are a few ways to make arrangements for the management of assets that you leave to your child. One way is to name a property guardian in your will who will manage the assets on your child's behalf while he or she is a minor. The property guardian can be the same person you named to be your child's personal guardian or someone else entirely.

Or you can make use of the Uniform Transfers to Minors Act (or the Uniform

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A CHECKLIST FOR PARENTS

NEWBORN

- Get a Social Security number for your child so that you can claim your child as a dependent on your tax return.
- Add your child to your health insurance policy.
- Name a guardian and an alternate guardian for your child in your will.
- Consider increasing the amount of your life insurance now that another person depends on you financially.

AGE 0–5

- Consider opening a 529 college savings account. It is never too early to start saving for college!

AGE 6–14

- Introduce the concept of saving by having your child set aside money for what he or she wants.
- Have your child open a savings account, either through school or your bank.
- Review your life insurance coverage. As your income grows so may the amount of life insurance needed to help maintain your family's financial stability.

AGE 15–18

- Discuss college and career choices with your child.
- Explore options for paying for college, such as savings, scholarships, grants, and loans.
- Review your financial situation to see if you are on track to pay for college.
- In January of your child's senior year, file the Free Application for Federal Student Aid to learn whether your child may be eligible for federal loans, grants, and work-study programs.

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* TAX BREAKS CAN HELP PAY FOR CHILD CARE SO YOU CAN WORK. WHICH ONE IS BETTER FOR YOU?

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

If your employer offers a flexible spending plan for dependent care, you may be able to set aside up to $5,000 of your pre-tax income to pay for your child care expenses. The income you set aside avoids not only income tax, but also Social Security and Medicare taxes (7.65%).

This tax break tends to favor higher-income individuals. For example, while someone in the 15% tax bracket who spends $5,000 on dependent care might reduce their federal income taxes by $750 (15% of $5,000), the federal income tax reduction for someone in the 35% tax bracket might be $1,750 (35% of $5,000).

CHILD AND DEPENDENT CARE TAX CREDIT

You may be able to claim a tax credit for up to 35% of the first $3,000 of child care expenses you pay for one child, or $6,000 for two or more children. The exact percentage depends on your adjusted gross income (AGI). Taxpayers with AGIs of $15,000 or less use 35%. The percentage gradually decreases to 20% as AGI increases. Taxpayers with AGIs over $43,000 use 20%.

This tax credit tends to favor lower-income taxpayers. For example, someone who spends $5,000 on dependent care for two children and has an AGI under $15,000 might reduce their taxes by $1,750 (35% of $5,000) while the tax reduction for someone with an AGI over $43,000 might be $1,000 (20% of $5,000).

Gifts to Minors Act) and name a custodian in your will or living trust to manage the assets for your child's benefit until he or she reaches a set age, usually age 18 or 21. At that time, the child gains full control of the assets and can use them in any way he or she chooses.

If you prefer more control than the first two options offer, you can leave instructions in your will or living trust for a trust to be created for the benefit of your child. The trustee you name will be responsible for managing the trust according to your directions. The assets in the trust will be distributed to your child at the age you specify, enabling you to choose a more mature age than 18 or 21. You can even choose to have the assets distributed over time, say, at age 25, 30 and 35.

Planning how assets will be managed for your minor children is an important step in helping to ensure that your children are protected if something should happen to you while they are young. Please consult your estate planning advisor about the best way to go about it in your situation.

Claim child-related tax benefits.
Having a child whom you can claim as your dependent opens up an array of potential federal tax benefits that may help you defray part of the cost to raise your child. For example…

You may be able to slash as much as $3,950 per child off your taxable income by claiming an exemption for each of your dependent children on your federal tax return. If you are a high-income taxpayer, however, the value of your exemptions will be reduced or eliminated, depending on your adjusted gross income (AGI). For example, in 2014, exemption values begin to be reduced at AGIs of $305,050 and are completely eliminated at $427,550 for married couples who file joint tax returns.

You may be eligible to reduce your federal income tax by as much as $1,000 for each dependent under age 17 with the child tax credit. The value of the credit will be reduced or eliminated, however, if your income exceeds the applicable limit. The credit begins to phase-out at modified AGIs of $110,000 (married filing jointly), $55,000 (married filing separately), and $75,000 (all other taxpayers).

If you pay someone to care for a dependent under age 13 so you can work or look for work, you may be eligible to claim the child and dependent care tax credit for part of what you pay. Or you may find that using funds from a flexible spending account to pay for child care offers you a larger tax benefit. You cannot use the same expenses for both tax breaks so weigh your options carefully.

There are a few tax benefits for higher education, including tax-favored education savings plans and tax credits for college expenses that you pay. Coverdell education savings accounts and the tax credits are subject to income limits and can only be used if your income falls under the applicable limit. 529 college savings plans, however, do not have income limits and can be used even by high-income families who want to save for college without their investment earnings getting dinged by taxes every year.

Work closely with your tax advisor to ensure that you identify and claim the tax benefits available to you as a parent.

Keep an eye out for the kiddie tax.
If your child receives income from interest, dividends, or capital gains, keep an eye out for the kiddie tax. In 2014, this tax generally kicks in when your child's unearned income exceeds $2,000 and

WHERE TO SEARCH FOR FREE MONEY FOR COLLEGE

There are more than one million college scholarships just waiting to be claimed by the right applicant. As your child approaches senior year of high school, he or she should consider applying for some of them. Here are a few ideas of where to begin a scholarship search.

- Free scholarship search engines on the Internet.
- Your college's financial aid website or office.
- Businesses and organizations that you are associated with, such as your employer, religious group, and civic group.
- Organizations related to your child's field of study.
- Your high school guidance office.
- Your library's reference section.

* KEY DIFFERENCES BETWEEN TAX-FAVORED COLLEGE SAVINGS PLANS

	529 COLLEGE SAVINGS PLAN	COVERDELL EDUCATION SAVINGS ACCOUNT
Withdrawals are exempt from federal taxes if used for...	Qualified postsecondary education expenses, such as college tuition and generally room and board.	Qualified postsecondary education expenses, as well as grades K–12 expenses.
Are there income limits on who can contribute?	No. Even high-income individuals are eligible to contribute.	Yes. Your modified adjusted gross income must be under $110,000 (single) or $220,000 (married filing jointly) to contribute.
Is there a limit on how much can be contributed per student?	Yes. The limit varies by plan. Some plans allow overall contributions of up to $300,000 or more per student.	Yes. Contributions may not exceed $2,000 per student per year, regardless of how many accounts are opened. Depending on your income, the contribution limit may be lower.

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.*

results in the amount over $2,000 being taxed at your highest tax rate rather than the child's tax rate.

Intended to discourage parents from shifting investments to their young children simply to take advantage of their lower tax rates, the kiddie tax applies to the unearned income (but not the wages) of children under age 18, as well as 18-year-olds and full-time students under age 24 whose earned income does not exceed one half of their own support.

The kiddie tax generally works like this: The first $1,000 of the child's unearned income is exempt from federal tax, the second $1,000 is taxed at the child's rate (which may be far lower than your rate), and the remainder is taxed at the parent's rate. (2014 thresholds have been used.)

If it looks like your child is on track to receive more than $2,000 in unearned income this year, consider limiting future gifts to investments that have the potential to appreciate in value over time, but that are not expected to generate much in the way of taxable earnings until they are sold. If your child waits until he or she is no longer subject to the kiddie tax to sell the investments, any appreciation will be taxed at your child's rate (perhaps 0%) rather than at your rate.

And rather than your child saving for college in a taxable account, consider using a 529 college savings plan where earnings can accumulate tax-free and be withdrawn free from federal tax (no kiddie tax!) if used to pay qualified college expenses.

Begin saving for college early.

Time is your ally when saving for college (or any goal, for that matter). That is because the sooner you begin to save or invest, the longer your earnings have to potentially compound—that is generate more earnings themselves—and the less money you may need to contribute to reach your savings goal.

Use tax-favored accounts when saving for college.

If you are saving for college in a taxable savings or brokerage account, you may be needlessly handing over as much as 43.4% of the interest you earn each year to Uncle Sam. (The actual percentage will depend on your tax bracket and the type of investment earning.)

Rather than giving Uncle Sam a share of your investment earnings each year, consider using a 529 college savings plan or a Coverdell education savings account to save for your child's education. Each type of account has the potential to save you a bundle in taxes—money that you can put to much better use building your child's college fund.

529 plans and Coverdell accounts allow investment earnings to accumulate tax-free and to be withdrawn free from federal tax as long as the funds are used for qualified education expenses, such as college tuition, fees, books, and generally room and board.

Your financial advisor can help you determine which type of account suits you better, as well as how much to save for your child's education.

Choose federal student loans before private student loans.

If you borrow money for your child's college education, you will generally have a choice of federal loans or private loans. In most cases, federal loans are the better choice because they typically offer lower interest rates and more favorable terms than private loans. For these reasons, it is a good idea to exhaust your federal loan options before turning to loans from banks and other sources. ■

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Please talk to your financial advisor about planning for your children's future. Your advisor can help you determine how to fund your children's education, manage their investments, protect them financially, and more.

How to Catch Up on Retirement Savings

Not on track with your retirement savings? These strategies can help.

WHETHER YOU ARE GETTING A LATE start on saving for retirement or your savings took a hit in a market downturn, there is plenty that can be done to catch up on your retirement savings. Several strategies are described here; your financial advisor can tell you more.

Cut spending so you can afford to save more. One of the most effective ways to catch up on retirement savings is to increase the amount you save or invest each month. And perhaps the simplest way to do this is to cut your spending so that more of your income can be directed to your retirement savings. Tracking your spending for a few months can help you identify expenses that can be trimmed.

Divert new income into your savings. When your income increases, perhaps from a pay raise or a performance bonus, save the increase rather than using it to expand your lifestyle. If you were living comfortably before, you may not even miss it.

The additional income that you divert to your savings has the potential to pay off handsomely over time. For example, an extra $10,000 that you invest every year from age 50 to 65 may grow to about $470,000 by age 80, assuming a 5% annual rate of return in a tax-deferred account. Of course, this is a hypothetical example and your return will depend on your actual rates of return, which may be higher or lower than used in this example. The point remains, however, that even relatively small amounts that you invest today have the potential to grow to much larger amounts over time.

Use tax-favored retirement plans. Tax-favored retirement plans, such as 401(k) plans and IRAs, can help you jump start your savings. How? Income you contribute to many of these plans is not taxed until you withdraw it from the plan. The tax deferral on the amount you contribute reduces your current income taxes, freeing up more of your income to be diverted into your retirement savings.

Plus, investment earnings are not taxed until withdrawn from the plan. As a result, savings may grow faster in a tax-favored plan than in a taxable account where earnings are taxed each year.

To catch up on retirement savings, you may need to save more each year than tax-favored retirement plans permit. (See the annual contribution limits below.) Once you have maxed out your retirement plan contributions, use regular investment and savings accounts to save the additional amount you may need to fund a financially secure retirement.

Begin making catch-up contributions at age 50. Once you reach age 50, you can generally contribute an extra amount each year, known as a catch-up contribution, to your IRA and most workplace retirement plans. For example, while someone under age 50 can contribute up to $17,500 per year to a 401(k) plan, someone age 50 or older can generally contribute up to an additional $5,500, for a maximum annual contribution of $23,000.

RETIREMENT PLAN	2014 ANNUAL CONTRIBUTION LIMITS		
	REGULAR CONTRIBUTIONS	CATCH-UP CONTRIBUTIONS IF AGE 50 OR OLDER	TOTAL CONTRIBUTIONS IF AGE 50 OR OLDER
Traditional and Roth IRA	$5,500	$1,000	$6,500
SIMPLE IRA and SIMPLE 401(k)	$12,000	$2,500	$14,500
401(k), 403(b), and most 457 plans	$17,500	$5,500	$23,000

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Get started today!

While it is never too late to start saving for retirement, the sooner you start the easier it may be, thanks to the power of compound earnings. If you have not started or are not on track, start today by identifying ways to increase the amount you save each month and then depositing that amount into an account with growth potential.

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Keep it simple.

Catching up on your retirement savings generally boils down to these two strategies:

1. **Save more.**
2. **Save longer.**

Increasing the amount you save each month and delaying your retirement for a few years can have a positive impact on your retirement nest egg.

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Grab the employer match. If your employer offers to match part of the money that you contribute to your workplace retirement plan, it is generally a good idea to take them up on their offer. The match is often 50 cents to a dollar for every dollar you contribute, up to a maximum percentage of your pay, such as 6%.

Downsize now. If you are considering moving to a smaller and less expensive home for retirement, why not make the move now? Living in a smaller home may save you a bundle on utilities, maintenance, repairs, property taxes, and mortgage payments—money that you can put to use bolstering your retirement savings.

Save the inheritance. While it may be tempting to quickly spend an inheritance, you may be better off investing it for your retirement so that the gift potentially benefits you for years to come.

If you inherit a retirement plan, consider stretching the distributions out over your lifetime rather than withdrawing the money in a lump sum. Until the money is distributed, it will continue to receive the same tax treatment enjoyed by the original account owner; earnings in a traditional account can continue to grow tax-deferred, and earnings in a Roth account can continue to grow tax-free.

Be wary of investing too conservatively. Most investors realize that investing involves risk, primarily the risk that an investment may not perform as well as expected, or may even decline in value. But what some investors fail to consider is that investing too conservatively also poses a risk—the risk that their savings will fall far short of their goal.

When investing, it is important to remember that risk and potential return often go hand-in-hand. In general, the greater the potential return, the greater the risk. If you are not on track with your retirement savings, you may need the potential for higher returns that investments such as stocks offer even though they have higher risk.

You can help manage that risk by balancing the stocks you own with other types of investments that have less risk. Your financial advisor can help you determine the mix of investments that is appropriate for your savings goal, your tolerance for risk, and the time remaining until you will need the money. This mix of investments is known as your asset allocation. (Please note: Asset allocation does not ensure a profit or protect against loss in declining markets.)

Work a few more years. If you are ready to retire, but your savings are not, delaying retirement for a few years can help increase the size of your nest egg.

The most obvious benefit of working a few extra years is that you can continue to contribute a portion of each paycheck to your retirement savings. There are other benefits as well.

Working longer leaves the full amount of your savings available for longer to potentially generate more earnings.

Working a few extra years also means that your savings will not have to stretch as far. Keep in mind that retirement may last 30 or more years. Shaving a few years off the front end increases the odds that your savings will last as long as you do.

Plus, continuing to work may make it possible for you to hold off beginning Social Security benefits, which will permanently increase your monthly benefit amount when you do begin.

And if you had planned to retire before age 65, the age when most people become eligible for Medicare, working a few extra years for an employer that provides health insurance may save you a considerable sum in health insurance premiums. ■

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Please consult your financial advisor about how to catch up on retirement savings. Your advisor can help you estimate how much you may need to save, as well as create a plan for moving toward that goal.

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KAMIKOCHI, JAPAN | River Deep, Mountain High

BY BRIAN JOHNSTON

TRAVEL FROM TOKYO TO KAMIKOCHI and it seems you're moving not just in space, but in time. You start off in Japan's capital, cluttered with skyscrapers and loud with the tinkle of pachinko parlors, and board the train in teeming Shinjuku Station.

The Azusa limited express wafts you past concrete suburbs decked in the weekly washing, but before long, you're into a countryside of wasabi fields, where tractors snort and willow trees whisper.

By the time you slide into Matsumoto, you're in a country town known for its grilled eel and buckwheat noodles. Century-old houses huddle around a grand samurai castle whose impressive keep stands against a backdrop of the Japanese Alps. This is a tranquil place: the castle has a moon-viewing pavilion with sliding doors that open up the walls in three directions for contemplation of the views.

It's well worth stopping off in this fine town before changing to a cog railway, then a mountain road that twists through tunnels chiseled from the rocks. (Private cars are banned from the valley, so every visitor arrives by bus.) Finally, you arrive at Kamikochi, a little bus station and huddle of accommodations at 4,920 feet above sea level in the Azusa Valley. From breakfast in the urban jungle, the whole journey takes about four hours: just in time for lunch by a mountain river.

All around Kamikochi, as if you've gone back to the beginning of time, is a landscape unscarred by telegraph wires and train lines. The only sounds are a bubbling river and chirping birds. The valley opens onto buttercup-studded marshes, meadows, and stands of larch trees that turn fiery in fall. All around, mountain peaks rear against a blue sky unstained by exhaust fumes or factories.

Kamikochi is a popular alpine resort that attracts both day hikers and serious mountaineers to its glorious scenery. The scenic spots of the lower valley can get crowded on weekends and during holiday periods. Even the ascent of Mt Yariga has been nicknamed the 'Ginza traverse' because it sometimes appears as busy as Tokyo's shopping district. Aim to stay a couple of nights if you can. In the early morning and evening, day-trippers gone,

The view from Kappa Bridge in Kamikochi National Park (left) encompasses snow-dusted peaks that tower nearly 10,000 feet high. Japanese macaques, commonly known as snow monkeys, live in the park (below).

the valley is wonderfully tranquil, and your only encounter might be with monkeys.

When you first arrive, stop off at the helpful information office right at the bus station, where a copy of the *Kamikochi Pocket Guide* is a must, since it marks all the main walking trails. You can also inspect some charming photos of Kamikochi in the old days, and information boards on the region's flora and wildlife. A couple of restaurants here are the best bet for eating. If you're a day-tripper basing yourself in Matsumoto, you'd be better off carrying your lunch from town, where food halls have excellent offerings. Don't expect Kamikochi to be like one of Japan's many ski resorts. There's little development, and accommodations should be booked in advance, as it fills up quickly.

Such alpine tourism is a relatively modern pastime. In the old days, only the odd Shinto or Buddhist monk ever ventured into the mountains. It was the Europeans who introduced mountaineering to Japan in the nineteenth century. Kamikochi was first visited in 1880 by Walter Weston, a Derbyshire missionary whose 1888 book, *Climbing and Exploring in the Japan Alps*, put the region on the map.

By the early twentieth century, imperial princes and prime ministers were making the trek into the valley to admire the scenery. Kamikochi was designated a national park in 1934. Today, there's a festival in Walter Weston's name in early June to mark the opening of the climbing season. A monument to the Englishman beside the river is a popular spot for photos.

Of course, the surrounding scenery is the main reason for anyone to visit.

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Kamikochi's biggest attraction lies off the road in the lower valley: Taisho Lake, famed for its reflections of the peaks beyond. The glass-smooth waters of the lake are pierced with dead trees that have been there since a volcanic eruption in 1915 blocked the Azusa River to form the lake. You can rent a rusty old rowboat and row away from the crowds that gather on the lakeshore to coo at the scenery.

There's a very pretty hike from here on up the valley, following a boardwalk across marshes and through wonderful Japanese azalea that blooms in early summer. Occasionally, the path runs along the pebbly beaches of the riverbank, where there are some quite lovely views towards the mountains. A little further north is the Kamikochi bus station, where the road ends.

You can access the valley beyond—as well as the few hotels—only on foot. In the immediate area, walking tracks line both riverbanks between the Tashiro and Kappa bridges. If you're staying in the valley, it's worth re-walking this charming loop between the bridges at various times of the day, as it only takes about an hour. Kappa Bridge, a wooden suspension bridge for pedestrians only, is Kamikochi's symbol. It has splendid views upriver towards the snow-dusted summits of three mountains, all of which tower nearly 10,000 feet high.

After dinner at your traditional inn, there's nothing more delightful than clumping across the bridge in your guest clogs and yukata (thin cotton dressing gown) to admire the scenery before sunset. During the daytime, Kappa Bridge is livelier, with day-trippers picnicking on the riverbanks and kids squealing as they dip their toes into the frigid waters of the river.

A popular walk up the valley, through forests of larch and birch, brings you in an hour to Myojin Pond, where mallards quack and a tiny Shinto shrine celebrates the nature that is all around. Keep your eyes peeled for squirrels, woodpeckers, and wagtails. There are also nearly sixty species of butterfly in the valley.

The pond's crystal-clear waters bubble up from underground and reflect the summit of Mt Myojin like a perfect vision of a Zen garden, bamboo leaves and all. This is the spot to stop for lunch, since a little riverside inn here serves skewered river trout roasted over charcoal that is absolutely delicious.

Continue upwards from here and the number of hikers gets noticeably fewer. Another hour takes you to Tokusawa, which was once horse- and cattle-grazing country. Now only hikers remain, rambling among elm and katsura trees, which have beautiful pale green, heart-shaped leaves that turn to bronze in fall. If you make it all the way to Shinmura suspension bridge—named for a famous Japanese mountaineer—the round trip will take you about six hours, with plenty of sights for sore eyes. You'll have sore feet too, but one thing is certain: your spirit will rejoice. ■

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ON THE WATER

Summer may be winding down, but regattas are still going strong with a variety of rowing, Tall Ship, gondola, sailing, and dragon boat competitions still to come in 2014.

The Head of The Charles Regatta
Boston, MA · October 18–19, 2014

Since 1965, rowers from around the world have gathered on the Charles River in Boston each October to compete for the coveted title, *Head of The Charles*. This year's competition marks the event's 50th anniversary and is expected to draw more than 9,000 athletes to compete in 61 different race events. Up to 400,000 spectators are expected to line the banks of the Charles River to cheer on their favorite rowers.

Royal Greenwich Tall Ships Festival
London, England · September 5–9, 2014

After racing from Falmouth to the Isle of Wight, 50 or so Tall Ships will sail up the River Thames to London, where they will gather in Greenwich for London's largest gathering of Tall Ships in more than 25 years. Visitors can board the ships moored along the Greenwich waterfront, as well as partake of the music, cultural performances, and fireworks that round out this five-day event.

Regata Storica
Venice, Italy · September 7, 2014

Picture it: Scores of 16th-century-style boats parading up Venice's Grand Canal with gondoliers clothed in colorful period costumes. It is the start of the Regata Storica, an annual regatta that has graced Venice's lagoons for hundreds of years. Following the parade, Venetian watercraft—gondolas, pupparins, and others—race on the Grand Canal to the cheers of the throngs who line the course.

J/24 World Championship
Newport, RI · September 22–26, 2014

The world's best sailors will compete in J/24 keelboats for the title of world champion for five days this September in the waters off Newport, Rhode Island.

International Masters Regatta
San Diego, CA · October 24-26, 2014

The International Masters Regatta brings together the best master sailors from around the world for a three-day competition of J/105 sailboats. This year's event will be hosted by the San Diego Yacht Club and take place on the bay along San Diego's waterfront.

Dragon Boat Festivals

Dubuque, IA	**September 6–7, 2014**
Portland, OR	**September 6–7, 2014**
San Francisco, CA	**September 20–21, 2014**
Philadelphia, PA	**October 4, 2014**
San Diego, CA	**October 11–12, 2014**
Orlando, FL	**October 17–18, 2014**
Sugar Land, TX	**October 18–19, 2014**
Los Angeles, CA	**October 18, 2014**
Sarasota, FL	**October 24–26, 2014**

Dragon boats—long, canoe-like boats crewed by 20 or so paddlers, a drummer, and a steersman—will race against each other at various festivals across the country this autumn. ■

QUIZ

Where in the world are you?

1. If you are perched on a camel, watching the sun sink over the Erg Chebbi dunes (shown here), you are in:
   A. Morocco
   B. Mexico

2. If you are lounging in the shade of a banyan tree on the North Malé Atoll, you are in the:
   A. Galapagos
   B. Maldives

3. If you are exploring the ancient Mayan ruins of Tikal, you are in:
   A. Thailand
   B. Guatemala

4. If you are on a Zodiac watching countless seabirds soar above the Pribilof Islands, you are off the coast of:
   A. Antarctica
   B. Alaska

5. If you are wandering through 3 millennia of history in Nessebar, a museum city on the Black Sea, you are in:
   A. Bulgaria
   B. Ukraine

6. If you are being propelled down the Zambezi River in a mokoros, you are in:
   A. Asia
   B. Africa

7. If you are driving the Ring of Kerry from Killarney to Kenmare to Killorglin, you are in:
   A. Ireland
   B. Scotland

8. If you are gazing at the prehistoric Atacama Giant, a 390 ft. geoglyph drawn on the surface of the Atacama Desert, you are in:
   A. Egypt
   B. Chile

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

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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.

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