EYE ON MONEY

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FINANCIAL TIPS FOR YOUR 50s AND 60s

plus

529 PLANS ARE NOT JUST FOR COLLEGE ANYMORE

LOWER TAX RATES MAKE ROTH IRAs MORE ATTRACTIVE

HOW TO PREPARE FINANCIALLY FOR A HEALTH CRISIS

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FINANCIAL

FIVE THINGS ABOUT THE NEW ESTATE TAX EXEMPTION

1 **The Tax Cuts and Jobs Act of 2017 doubled the amount** you can exempt from the federal estate, gift, and generation-skipping transfer taxes.

2 **The new federal exemption amount is $11.18 million.**

3 **Married couples can use both spouses' exemptions** to jointly shelter $22.36 million from federal transfer taxes.

4 **The new federal exemption amount applies to** the estates of individuals dying and gifts made after December 31, 2017 and before January 1, 2026.

5 **Exemption amounts for state estate tax** may be far lower than the federal exemption amount so even if you do not owe the federal estate tax, your estate may owe state estate tax. (Not all states have estate taxes.) ■

Please consult your estate planning professional for advice.

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What to Consider When Choosing a Donor-Advised Fund Sponsor

Donor-advised funds are an easy, tax-smart way for charitably-inclined individuals to manage their giving.

They are sponsored by public charities, offer an immediate tax deduction for the cash and other assets you donate, and allow you to recommend grants over time to the charities you wish to support.

The first step in opening a donor-advised fund account is to choose a sponsoring organization—and there are hundreds of them.

Among your choices will be community foundations, universities, and the charitable arms of investment companies.

Here are six things to consider as you narrow down your choices. Please consult your financial advisor for specific advice.

What are my philanthropic goals?
Consider the types of charities you want to support when choosing a sponsoring organization. Many sponsoring organizations will generally approve grants that you recommend to IRS-designated 501(c)(3) public charities based in the United States. If you want to recommend grants to charities based outside of the United States, be aware that fewer organizations offer that option. So before choosing an organization, read over its grant guidelines to make certain the organization is a good fit for your philanthropic goals.

If you plan to focus your grant recommendations on your local area, you may want to see whether a local community foundation sponsors donor-advised funds. Community foundations tend to have in-depth knowledge of local needs and non-profits, which may be helpful to you in deciding which charities to support.

What are the sponsor's minimum contribution and grant amounts?
The minimum amounts required for your initial contribution, additional contributions, balances, and grants vary greatly among sponsoring organizations. For example, donor-advised fund accounts can be established at some organizations for $5,000 while other organizations may require an initial contribution of $25,000 or even $250,000.

What types of assets can I donate?
Sponsoring organizations generally welcome gifts of cash and publicly traded securities. Some organizations may also accept gifts of closely held stock, LLC and limited partnership interests, real estate, mineral rights, and other types of assets. Before choosing a sponsoring organization, confirm that they will accept the assets you are planning to donate.

What are the investment options?
The assets you contribute to your donor-advised fund account will be invested and have the potential to grow tax-free over time, perhaps increasing the amount available to support your charities.

Can I name a successor advisor?
If your goal is to establish a lasting charitable legacy that your family can continue after you are gone, find out whether the sponsoring organization will allow you to name successor advisors who can continue to recommend grants.

Am I required to donate a portion of my account to a specific recipient?
Some sponsoring organizations, such as universities, may require you to donate a percentage of your account to the organization sponsoring the account. The remainder can generally be used to support other charities of your choice. ■

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Asset Location: A Strategy for Boosting After-Tax Returns

Do you use both taxable accounts and retirement accounts? If you do, you may be able to improve the after-tax returns of your overall portfolio by holding your most tax-efficient investments in your taxable accounts and your least tax-efficient investments in your retirement accounts.

TAKE STOCK, FOR EXAMPLE. Stock has the potential to be tax-efficient. If you hold shares of stock in a taxable account for longer than one year, any increase in their price will be eligible for a long-term capital gains tax rate when you sell your shares. Long-term capital gains tax rates are currently 0%, 15%, or 20%. (A 3.8% surtax on net investment income may also apply.)

If you hold the stock in a tax-deferred retirement account instead, you'll avoid tax while the stock is in the account, but your withdrawals will be taxed as ordinary income—and the tax rates on ordinary income currently range up to 37%.

So holding stock in a taxable account has the potential to improve your after-tax returns over time, as long as you hold on to the stock for longer than one year so that you can take advantage of the long-term capital gains tax rates. Other relatively tax-efficient investments that are generally better suited for taxable accounts include tax-exempt municipal bonds and low-turnover stock funds that generate very few short-term capital gains.

What about less tax-efficient investments, such as taxable bonds and stocks you plan to hold for less than one year? The income from your taxable bonds and any short-term capital gains on the sale of your stock will be taxed as ordinary income if you hold them in a taxable account. They may be better off tax-wise in a tax-deferred retirement account where taxation can be postponed or in a Roth account where taxation can generally be avoided altogether.

Keep in mind that asset location is only one factor to consider when investing. Your asset allocation—how you divide your portfolio among stocks, bonds, and cash—should generally be determined first. It is also generally a good idea to max out your tax-deferred and tax-free accounts. But once you have those things in place, you may want to consider spreading your assets among your various accounts in a tax-smart manner. ■

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

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

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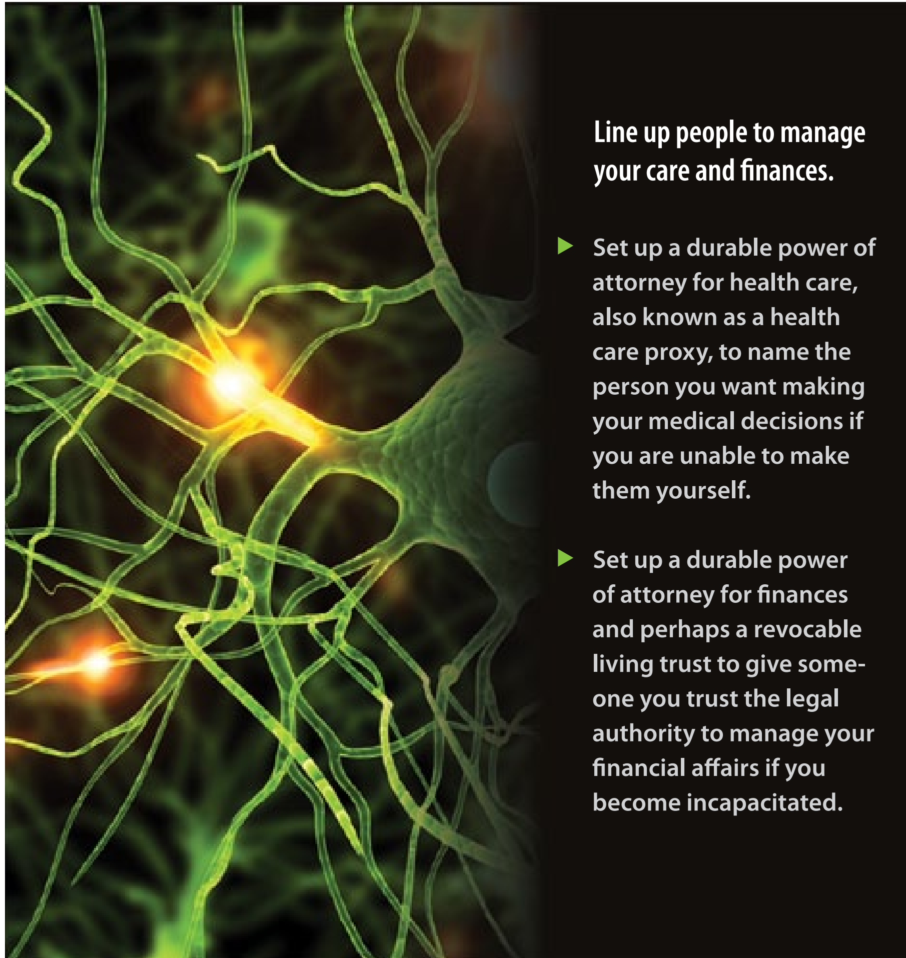
How to Prepare Financially for When Illness or Injury Strikes

Having the proper insurance, savings, and legal documents in place can help prevent a health crisis from turning into a financial crisis.



Line up people to manage your care and finances.

- Set up a durable power of attorney for health care, also known as a health care proxy, to name the person you want making your medical decisions if you are unable to make them yourself.
- Set up a durable power of attorney for finances and perhaps a revocable living trust to give someone you trust the legal authority to manage your financial affairs if you become incapacitated.

PLAN HOW TO PAY THE BILLS

HEALTH INSURANCE

A good health insurance plan from your employer, an insurance company, or an insurance marketplace (www.healthcare.gov) can help with your medical bills. If you are age 65 or older, you can generally get health coverage through Medicare.

LONG-TERM CARE INSURANCE

Regular health insurance and Medicare generally do not cover long-term care services, such as help with eating, bathing, or dressing. Unless you can afford to pay for these services on your own, consider purchasing long-term care insurance.

EMERGENCY FUND

Money from your emergency fund can help cover your living expenses while you are unable to work. A common rule of thumb is to set aside enough money to cover three to six months of living expenses.

DISABILITY INSURANCE

Disability insurance can also help cover your living expenses by replacing part of your income for a period of time when you are too ill or injured to work.

PLAN HOW TO KEEP YOUR BUSINESS OPEN

Can you afford to keep your business running without the revenue you personally generate?

If you can't, consider purchasing business overhead expense insurance to help cover your business's rent, utilities, and insurance, as well as your employees' salaries and benefits, if you become too ill or injured to work. And depending on the coverage you choose, this type of insurance can even help cover the salary of someone to replace you while you recuperate.

Please consult your financial advisor about what you can do to help protect yourself financially when illness strikes.

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Financial Tips for Your 50s and 60s

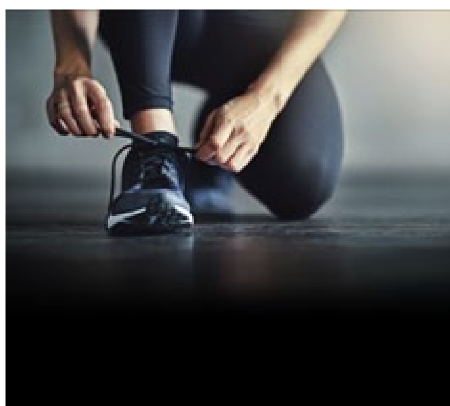
Your 50s and 60s are crucial years for building wealth and preparing for a financially secure retirement. These financial tips can help. As always, our best tip is to consult your financial advisor for advice on your specific situation.

Fine-tune your plans for retirement. With retirement just a decade or two away, it is time to focus on making your retirement dreams a reality. You can start by estimating how much income you may need in retirement and whether you are on track to reaching that income.

One rule of thumb is that retirees may need 70% to 90% of their pre-retirement gross income each year to maintain their current standard of living. These percentages assume that your expenses will decline in retirement because you'll no longer be paying Social Security tax on your income, contributing to your retirement savings, or paying expenses related to employment.

But these rule-of-thumb percentages do not apply to everyone. Some individuals will spend as much or more in retirement than they currently do. To get a better idea of how much income you may need in retirement, consider tracking your current spending for a few months and using those numbers to project how much you may spend on a monthly basis in retirement.

Then take a look at how much income you can expect from your various sources of retirement income. Check your Social Security Statement for an estimate of how much income you will receive each month in retirement benefits. If you have a traditional pension, find out how much income it may provide each month.



Take advantage of catch-up contributions to accelerate your retirement savings.

Beginning the year you reach age 50, you can generally contribute an extra amount each year, known as a catch-up contribution, to an IRA and most workplace retirement plans.

2018 CONTRIBUTION LIMITS

Traditional and Roth IRAs
$5,500 regular + $1,000 catch-up

401(k), 403(b), and most 457 plans
$18,500 regular + $6,000 catch-up

SIMPLE IRAs and SIMPLE 401(k)s
$12,500 regular + $3,000 catch-up

Will these two sources fully cover your retirement income needs? If they won't, you will need to rely on your savings and other assets to fill the gap. Are they up to the task?

Your financial advisor can help you estimate your retirement income needs and determine whether your sources of retirement income are likely to meet those needs. And if it looks like your savings are not where they need to be, your advisor can suggest strategies that can help you move toward your savings goal.

Do not underestimate how long your retirement savings may need to last. A 65-year-old man and woman are expected to live on average to age 84.3 or 86.6, respectively, according to data compiled by the Social Security Administration. But please do not allow these averages to fool you into thinking that's how long your retirement savings may need to last. Life expectancy averages are simply that: averages.

Many people will live well beyond the average life expectancy. In fact, about one in four 65-year-olds today will live past age 90, and one in ten will live past age 95, according to the Social Security Administration. Unless you have a medical reason to think otherwise, you should plan for the possibility that your retirement savings may need to last well into your 90s.

Take your retirement budget for a test drive.

After estimating how much income you may need in retirement, try living on that amount for a few months. Is it enough to cover your living expenses, such as housing, groceries, fuel, and insurance? Is it enough to cover the things you want to do, such as travel? If you find your retirement budget is not stretching as far as you hoped, now's the time to adjust your estimate of how much income you'll need in retirement so that you'll have the time to adjust your financial plan and ramp up your savings efforts if necessary.

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Stop contributing to your health savings account (HSA) six months prior to enrolling in Medicare or Social Security.

You cannot contribute to an HSA if you are covered by Medicare. And because Medicare coverage can be retroactive for up to six months, it is important to stop contributing six months before you enroll in Medicare or apply for Social Security, which triggers your Medicare enrollment. If you continue to contribute after you are covered by Medicare, you may have to pay a tax penalty.

Factor long-term care costs into your retirement planning.

One of the greatest risks to your finances in retirement may be the high cost of long-term care. That's the type of care you may need if you have a lengthy illness or disability and need help with the basic activities of daily living, such as eating, bathing, and dressing.

How expensive is long-term care? That depends on the setting where the care is provided (your home, day services center, nursing home, etc.) and your part of the country. To give you an example, the national median cost of long-term care in a private room at a nursing home is currently about $100,000 per year, according to Genworth's 2017 Cost of Care Survey.

Without substantial wealth or long-term care insurance, long-term care expenses have the potential to drain your retirement savings. To help avoid this possibility, be sure to factor long-term care costs into your retirement planning so that you have the resources in place if you ever need care.

Purchase long-term care insurance sooner rather than later.

Most people who purchase long-term care insurance do so in their 50s or 60s while they are still in good health. If you wait until your health declines, insurers may not sell you a policy. Plus, the annual premium is usually lower the younger you are when you purchase coverage.

Consider taking advantage of a health savings account's triple tax benefits.

If you are covered by a high-deductible health plan and are not enrolled in Medicare, consider saving for your medical expenses with a health savings account (HSA). These accounts offer three tax benefits—that's one more than retirement or education savings accounts generally offer.

Benefit one: There's no income tax on the money you contribute to your account. Your contributions are either made from your pre-tax income or they are tax-deductible.

Benefit two: Interest and other earnings accumulate tax-free in an HSA.

Benefit three: Money can be withdrawn tax-free for qualified medical expenses.

For 2018, the maximum amount that can be contributed to an HSA is $3,450 for self-only coverage or $6,900 for family coverage. Individuals age 55 or older can contribute an additional $1,000.

Consider consolidating your old retirement accounts.
If you've changed jobs during your career and still have old 401(k), 403(b), or 457 accounts with your former employers, you may find it easier to manage your retirement savings if you consolidate them into fewer accounts. Fewer accounts mean fewer statements to review and may make it easier for you to gauge your progress to your savings goal.

Your consolidation options generally include transferring your savings to an IRA or to your current employer's retirement plan. Both options preserve the tax benefits associated with your savings, as does leaving the savings where they are. Your tax-deferred savings can continue to grow tax-deferred, your Roth savings can continue to grow tax-free.

Please seek advice from your financial advisor before transferring your old retirement accounts to an IRA or your current employer's retirement plan. The rules differ between IRAs and retirement plans, such as 401(k) plans. For example, although you can withdraw money at any time from an IRA, you may need to wait until age 59½ or until you leave your current employer to make withdrawals from your current employer's 401(k) plan. Your financial advisor can help you choose the best place for your savings based on your goals.

Avoid penalties on early withdrawals.
Withdrawals from an IRA or retirement plan before age 59½ are generally subject to a 10% federal tax penalty for an early distribution. Fortunately for people who plan to retire early, there are a few exceptions to the penalty that will allow you to withdraw money before age 59½ without being slapped with a penalty.

One exception that applies to 401(k) and 403(b) plans lets you make penalty-free withdrawals if you left service with the employer sponsoring the plan in or after the year you reached age 55 (age 50 for qualified public safety employees).

Another exception that applies to workplace retirement plans and IRAs lets you make penalty-free withdrawals before age 59½ as long as the withdrawals are part of a series of substantially equal periodic payments. Please check with your tax and financial advisors for more information on the rules regarding this exception, as well as for information on other exceptions that may apply to your situation.

Consider waiting until age 70 to begin Social Security.
Although you can begin receiving Social Security retirement benefits based on your own work record at age 62, waiting until up to age 70 to start can significantly increase the amount of your monthly benefit.

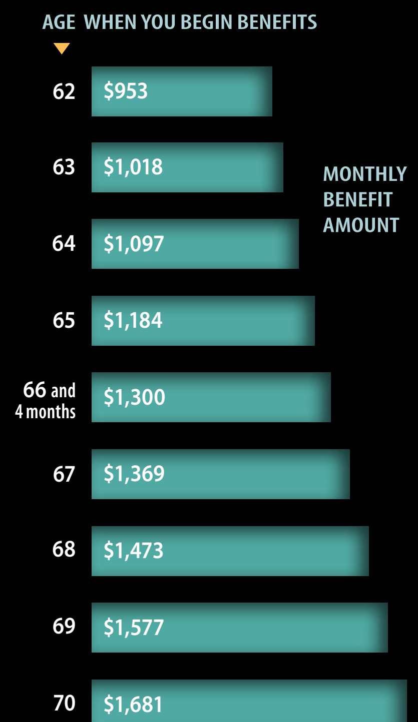
Of course, if you wait until age 70 to begin, you will have missed all of the benefit payments between age 62 and age 70. So is it better to receive lower payments for a longer time or higher payments for a shorter time? According to the Social Security Administration, by the time you reach the average life expectancy for someone your age, you will have received the same amount in lifetime benefits regardless of when you started. But if you live past that age, a delayed start will result in higher lifetime benefits for you.

To find out how much a delay may increase your monthly benefit, visit the Social Security Administration's website at www.ssa.gov and click on Retirement Estimator. Or you can review your Social Security Statement online at www.ssa.gov/myaccount.

When deciding when to start your benefits, be sure to consider how your start date may impact your spouse's benefits, particularly if you are the higher-earning spouse and your spouse receives benefits based on your work record. If your spouse survives you and is at least full retirement age, he or she will generally receive survivor benefits equal to 100% of your benefit amount. So delaying the start of your benefits will not only increase the amount of your monthly benefit, it may also increase your spouse's survivor benefit if he or she survives you.

The longer you wait to begin Social Security, the higher your monthly benefit.

The following example from the Social Security Administration assumes a monthly benefit of $1,300 at a full retirement age of 66 and 4 months.



Review your estate plan annually.

At least once a year, ask yourself:

- Have I changed my mind about how I want my estate distributed?
- Has there been a major change in my assets?
- Have I changed my mind about the people I named as guardian, executor, or trustee?
- Has there been a change in my marital status, my family (birth, death, or marriage), or my state of residence?
- Has there been a change in the federal or state laws regarding estates and taxes?

If you answered 'yes' to any of these questions or if it has been a few years since your estate planning documents were reviewed by a professional, please contact your estate planning professional for advice.

Make Medicare decisions before age 65. If you are age 64, get moving! You have some health insurance decisions to make before you reach age 65—the age when most people become eligible for Medicare, the federal health insurance program.

Will you enroll in Medicare Part A (hospital insurance) and Part B (medical insurance), perhaps supplementing them with a Medigap policy and prescription drug coverage? Or will you choose a Medicare Advantage plan that combines Part A, Part B, and usually prescription drug coverage in one plan?

Generally speaking, you should sign up for Medicare three months before your 65th birthday.

If you are already receiving Social Security benefits, you generally will not need to sign up for Part A and Part B. They typically start automatically in the month you reach age 65.

If you are not yet receiving Social Security benefits, you can sign up for Medicare on the Social Security Administration's website (www.ssa.gov), by visiting your local Social Security office, or by calling Social Security at 1-800-772-1213.

If you or your spouse are still working and have group health insurance through an employer or union, find out from the benefits manager how your insurance works with Medicare. Depending on the plan, you may be able to delay the start of Medicare without penalty while you are covered by your current insurance.

Review your investment mix. Keep an eye on your investment mix as you edge closer to retirement. The mix of assets—stocks, bonds, and cash—that was appropriate for you in your 30s and 40s may not be appropriate for you in your 50s and 60s.

Investors generally take steps to reduce volatility in their portfolios as retirement approaches because less time remains for investments to potentially recover from downturns in the stock market. Reducing volatility typically involves reducing your stock allocation and increasing your bond and cash allocations.

But before you adjust your allocations, remember that risk and return go hand-in-hand. Shifting too much of your portfolio away from stocks, with their potential for higher long-term returns, may result in your savings falling short of your goal.

Touch base with your financial advisor as you approach retirement. Your advisor can recommend an investment mix that is appropriate for you now, in light of your ultimate savings goal and how much time remains before retirement.

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

Plan how to handle employer stock. If you have employer stock in a 401(k) or other qualified retirement plan and that stock has appreciated greatly in value, you may save a bundle in taxes if you move it to a taxable account rather than an IRA when you retire.

The stock's cost basis will immediately be taxed as ordinary income when it is moved to a taxable account, but the increase in the stock's value (known as its net unrealized appreciation, or NUA) will be taxed as a long-term capital gain when the stock is sold, which may significantly reduce the tax on its appreciation.

If you transfer the employer stock to a traditional IRA instead, you will not owe tax on it immediately, but the money you eventually withdraw from the IRA will be taxed as ordinary income. And once the stock is in an IRA, there is no turning back—you've missed your chance to use the NUA strategy.

Do not raid your retirement accounts before you retire.

Dipping into your IRAs and retirement accounts before you retire may reduce your nest egg more than you think. For instance, let's say you pull $10,000 out of your IRA at age 50. $10,000 is not a huge sum—now. But in another 30 years that $10,000 if left in the IRA may grow to about $57,000 if it earns 6% annually or about $100,000 if it earns 8% annually. So before you withdraw money ahead of retirement, be sure to consider how much the withdrawal may really cost you at age 80 or 90. (This is a hypothetical example. Your results will vary.)

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If you have employer stock, please check with your financial advisor about whether moving it to a taxable account makes sense in your situation.

Strike a balance between saving for retirement and paying for college.
Like many of us, you may have two major goals competing for your income in your 50s and 60s. Should you save for retirement? Pay for your children's college tuition? Do both?

If you can afford to do both, excellent! But if you are not on track for retirement, saving for retirement should generally take priority over paying for college. That's because students typically have several options to help pay for college, such as student loans, grants, scholarships, and work-study programs—options that you will not have for retirement.

For advice regarding your competing financial goals, please consult your financial advisor.

Review your disability insurance.
By the time you reach age 50, you may have a larger paycheck and a larger lifestyle to go with it. Disability insurance can help protect both by replacing part of your income if you ever become too ill or injured to work.

It's a good idea to review your disability insurance coverage with your financial advisor as your income increases to see whether your current coverage will replace an adequate part of your income.

If your insurance is through your employer, be aware that group disability insurance policies typically pay a percentage of base salary, but only up to a specified amount per month. If you earn a high salary or receive commissions or bonuses, a group policy by itself may not be enough. In that case, consider purchasing supplemental individual disability insurance to help bridge the gap between what your employer's policy will pay in benefits and what your expenses may be. ■

As you travel through life, please call on your financial advisor for advice on your specific situation.

529 Savings Plans Are Not Just for College Anymore

The Tax Cuts and Jobs Act of 2017 changed 529 college savings plans, and beginning in 2018 up to $10,000 per student per year can be withdrawn free from federal income tax for grades K–12 tuition at a public, private, or religious school. Here's what you need to know about this change and these popular savings plans.

529 EDUCATION SAVINGS PLANS ARE state-sponsored savings plans with tax advantages that make it easier to save for college—oops, for all levels of education.

Their main draw is that earnings on the investments in a 529 account grow tax-free and can be withdrawn free from federal tax and perhaps state tax also if used for qualified education expenses.

Prior to 2018, qualified education expenses were limited to post-secondary education expenses, such as tuition, books, and fees for students attending college or vocational school.

The 2017 overhaul of the federal tax code added K-12 tuition to the list of qualified expenses. Specifically, up to $10,000 per student per year can be withdrawn free from federal tax for tuition expenses at a public, private, or religious elementary or secondary school, beginning in 2018.

There may be state tax consequences, however, for a K-12 withdrawal depending on where you live. The laws of your state determine the state tax treatment of your 529 account, and some states may need to change their laws before K-12 withdrawals can be treated as a qualified expense for state tax purposes. Please consult your tax advisor to learn whether there may be state tax consequences in your situation.

What else should you know about 529 plans in general?

You can open a 529 account for anyone—your child, grandchild, other relative, family friend—and the beneficiary can be any age.

There are no income caps on who can contribute so even high-income individuals can open and fund 529 accounts.

Multiple accounts can be opened for the same beneficiary.

You can choose nearly any state's 529 plan, regardless of where you live, where the beneficiary lives, or where the beneficiary will attend school.

Your state may offer a state tax deduction for contributions you make to its plan.

Many 529 plans allow more than $300,000 to be contributed per beneficiary.

And last, but not least, there is a unique gift tax feature that allows individuals to contribute up to five times the annual gift tax exclusion amount per beneficiary in a single year without triggering the federal gift tax—a handy option for wealthy families looking to reduce the size of their taxable estates. By the way, the annual gift tax exclusion for 2018 is $15,000 so you can generally contribute up to $75,000 per beneficiary in 2018 ($150,000 per beneficiary for married couples) without incurring the federal gift tax. ■

If you want to help a loved one save or pay for their education, please consult your financial advisor about whether a 529 plan is a good choice for you.

PLEASE NOTE: *For more complete information about a 529 education 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 education 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 education savings plan to learn more about the features, benefits, and limitations of that state's 529 education savings plan.*

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The New Tax Law Makes Roth IRAs More Attractive

If you've been thinking about contributing or converting to a Roth IRA, this may be the time to do it. The recent overhaul of the federal tax code lowered the income tax rates for individuals—and lower income tax rates can help minimize the tax cost of contributing or converting to a Roth IRA.

Although the Tax Cuts and Jobs Act of 2017 did not set out to make Roth IRAs more attractive, that's exactly what happened when the Act temporarily lowered the income tax rates for individuals. The lower tax rates are in effect through 2025, unless Congress acts to extend them. This gives you approximately a 7-year window of opportunity to contribute or convert to a Roth IRA at a lower tax cost.

Lower income tax rates are favorable for Roth IRAs because the money that you contribute or convert is taxed at ordinary income tax rates before it enters the Roth IRA. So lower tax rates generally mean you pay less tax on the money you contribute or convert.

Once the upfront tax is paid, you will generally not owe any additional income tax on the money in your Roth IRA. All future growth and withdrawals in retirement are income-tax-free, provided you follow the rules for Roth IRAs.

In contrast, the money in a traditional IRA or other tax-deferred retirement account will be taxed as ordinary income when it is withdrawn at whatever income tax rates are in place at that time.

So when deciding between contributing to a Roth IRA or a traditional IRA, or converting from a traditional IRA to a Roth IRA, you need to consider whether you'd prefer to pay the tax now on your retirement savings at the current low tax rates or when you make withdrawals in retirement when rates may be higher, lower, or the same as they are now.

Contributing to a Roth IRA

Contributing directly to a Roth IRA has its limits. First, you or your spouse must have taxable compensation, such as wages, to contribute. Second, contributions are limited to a maximum of $5,500 for 2018, or $6,500 for individuals age 50 or older. And third, your income must be below certain limits to contribute. If your modified adjusted gross income is in the phase-out range shown below, the maximum amount you can contribute will be reduced. If it is greater than the phase-out range, you cannot contribute any amount.

FILING STATUS	2018 PHASE-OUT RANGE
Single, head of household, or married filing separately and you did not live with your spouse during the year	$120,000–$135,000
Married filing jointly	$189,000–$199,000
Married filing separately and you lived with your spouse during the year	$0–$10,000

If you are eligible to contribute, a Roth IRA can be a good choice, particularly for individuals who have decades to let their savings compound tax-free before they will need their money or who expect to be in a higher tax bracket in retirement.

If you are not eligible to contribute because your income is too high, see whether your employer's retirement plan offers Roth accounts. If it does, you can contribute to one no matter how high your income.

Converting to a Roth IRA

There are no income limits on who can convert their existing retirement savings to a Roth IRA. So even if your income is high, you can transfer savings from a traditional, SEP, or SIMPLE IRA to a Roth IRA. You can also transfer savings from an old 401(k), 403(b), or governmental 457(b) plan to a Roth IRA, as long as you no longer work for that employer

When you convert to a Roth IRA, you must pay ordinary income tax on the converted amount that was not previously taxed. This typically includes any earnings your savings have generated and any pre-tax or deductible contributions you made. Ideally, the tax should be paid from funds outside of your retirement account so that the full amount you convert can remain in the Roth IRA where it can compound tax-free.

How much of your savings you convert is up to you. You may want to consider converting just enough each year to avoid being pushed into a higher tax bracket.

The new tax law did make a change to Roth IRA conversions that you should know about: Conversions made after 2017 cannot be undone. This means that if you convert your savings to a Roth IRA, you cannot change your mind and convert them back to a traditional IRA. ■

Because everyone's tax situation and retirement goals are unique, it is a good idea to seek advice from your tax and financial advisors about whether a Roth IRA may be a good choice for you.

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THE BENEFITS OF A
ROTH IRA

- Tax-free growth potential.
- Tax-free withdrawals in retirement.*
- Roth IRA account owners are not required to take minimum distributions at age 70½, so savings can be left in the account to compound tax-free for your lifetime, if you wish.
- An income-tax-free asset for your heirs.

* *Please consult your tax advisor to learn when withdrawals from your Roth IRA will be tax-free and penalty-free.*

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ROCKS OF AGES | Arches National Park

BY BRIAN JOHNSTON

Arches National Park is one of the great natural wonders of the American West.

THE NAMES APPEAR LIKE CLUES TO A strange riddle: Three Gossips, Eye of the Whale, Fiery Furnace, Queen Nefertiti. You can walk along Park Avenue, into the Cove of Caves, and through the Devil's Garden. You spot Penguins and a Parade of Elephants. The rock formations of southern Utah seem to inspire people to curious fantasies. Or maybe it's a dearth of imagination. The only way to describe these wonders is to search for improbable comparisons.

The most prosaic name hereabouts is that of the national park itself. Calling it Arches is blunt but accurate. It's the arches that stand out, many so spectacular they seem like giant modern sculptures. Just as you think you've seen the best, another around the next corner makes you exclaim anew. Around 2,000 rock arches have been cataloged, some the size of fairy's doorways, others with spans like bridges. There are more arches here than anywhere else on Earth, and you'll be thankful for the invention of digital photography. In the old days, you'd run through a fortune in film.

Arches National Park has plenty going for it. It's one of the American West's most scenic and yet least daunting national parks: reasonably small, visitor friendly, and with a good network of well-marked trails. Though not as immediately spectacular as Grand Canyon or Monument Valley, this maze of striking red rocks is bewitching. Start hiking and you're soon in a magical land of sandstone towers, red turrets, and teetering rocks as unreal as any backdrop to a sci-fi movie.

All this makes it very popular. Arches National Park receives 1.5 million visitors annually so expect a fair bit of traffic unless you're here in the winter offseason, and be sure to plan ahead. If you want to escape the crowds, there are a few options. Firstly, visit as early in the day as you can—which will help beat the heat too—as visitor numbers increase after mid-morning (and also diminish substantially after sunset). Specialist companies will take you off-road driving to more remote parts of the park. You can also horseback ride and camp overnight. Rock climbing and canyoneering are

Partition Arch (left) is one of more than 2,000 natural stone arches in Arches National Park. Some arches can be viewed from your vehicle as you drive the park's 43-mile loop road (below) while others can be accessed only on foot.

popular as well, but you'll need to ask rangers about current regulations, and you should be experienced.

Moab in southern Utah is the gateway town for the park. It was once just a uranium-mining town until it was reborn as a center of adventure sports, such as mountain biking and white-water rafting. It has a pleasant main street, cellar doors, and even a nightlife. Take the Moab Skyway chairlift above the town for a great view across the Colorado River to Arches National Park.

The landscape's arches were formed by millions of years of rain, snow, and temperature fluctuations. The rock has a smooth, almost plasticine quality, as if it's being molded before your eyes. Some arches are just shadowy outlines on cliffs, waiting to emerge. Some are in their prime: huge windows that frame mountains and valleys behind. Others are so slender they might collapse at any moment.

Only a thin ribbon of winding asphalt reminds you of the human world. Those pressed for time can drive an 18-mile scenic section. The whole road system is only 43 miles, a loop with two short spurs all entirely upgraded last year, which winds past towering cliffs and a dozen impressive arches that you can admire from behind the windshield. A highlight is Park Avenue, where soaring red pillars look like a series of skyscrapers, and Balanced Rock, a massive boulder teetering seemingly precariously atop a needle of rock.

Really, though, you'd want to at least wander some of the short tracks that lead to scenic viewpoints. One of the easiest leads to Sand Dune Arch whose erosion has deposited heaps of golden sand. In the grassland beyond you might spot mule deer, foxes, and rabbits. Another area well worth exploring is known as the Windows, where short, easy trails meander through a particularly good concentration of arches including Double Arch, which looks like a pair of old-fashioned spectacles.

The other must-see is Delicate Arch. The road there isn't especially scenic,

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so take to your feet. The arch is reached along an hour-long and somewhat challenging trail with occasional steep drops, slippery rock surfaces, and little shade. Your reward, however, is the iconic formation that appears on Utah license plates, high as a four-story building. It sits on the rim of a giant sandstone sinkhole against a backdrop of distant snowy mountains. Try and time your arrival for sunset, when Delicate Arch glows a marvelously deep red.

If you just do the drive and the highlights, though, you'll be missing out on the true experience. Arches National Park is worth at least a couple of days, starting with a stop at the visitor center for information on how these formations came about and a detailed map of trails. You'll also learn about the landscape's extraordinary living soil. Visitors are asked not to step off marked trails to avoid damaging the cyanobacteria that creates this delicate soil on which wildflowers bloom in summer. It is easily disturbed: the earth is so dry here that footprints can still be visible years later.

Those with time should visit Wolfe Ranch, a rather grandiose name for what's really just a wooden hut. Rather improbably, John Wesley Wolfe moved here with his family in 1898. It took him until 1910 to realize that the stony (if scenic) desert wasn't ideal for farming. How they survived 12 years is testament to the spirit, if not the common sense, of some settlers in the American West.

From Wolfe Ranch a trail leads up to Delicate Arch, but another less frequented one takes you into Fiery Furnace. The name refers to the rock colors; the narrow canyon is often quite cool. The path is strenuous and the canyon labyrinthine, so you must either obtain a permit or join a ranger-led walk which, in the high season, will have to be booked months in advance. Splendid red rock formations are the reward, looming on every side like the towers of a Gothic cathedral.

Where the national park road ends, you'll find Devil's Garden and Landscape Arch, at 306 feet one of the world's longest natural stone arches. A six-mile walk leads to this and more arches set in wonderful scenery. The landscape has a worn-down austerity, reduced just to rock and heat. At times, though, it seems to erupt in an exuberance of odd gargoyle-like shapes and towering rock skyscrapers in red and orange, lurid against a brilliant blue sky.

Finally, don't overlook a night visit either. The park remains open 24 hours and claims some of the darkest skies in America. Rangers host stargazing programs, and the lack of light interference provides for a stunning spread of the Milky Way, with some 2,500 stars visible to the naked eye. Arches glimmer in the moonlight, surreal and utterly magical, and you might believe you've spotted Queen Nefertiti or a Parade of Elephants after all. ■

FYI

Dark Skies

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DARK SKY RESERVE

Central Idaho Some of the darkest skies and best star-gazing in the world can be found in Idaho's Sawtooth Mountains (shown above) where a 1,400-square-mile area was recently designated as our nation's first dark sky reserve. Stretching from Ketchum/Sun Valley to Stanley and including the Sawtooth National Recreation Area, the reserve offers visitors an exceptional view of the night sky with stars undimmed by urban light pollution.

DARK SKY PARKS

Texas, Arizona, Florida, Wisconsin, and Other States More than forty state parks and national parks in the United States have received a dark-sky designation from the International Dark-Sky Association and are ideal locations to see stars and planets in amazing numbers and brilliance. Dark sky parks include Big Bend National Park in Texas, Grand Canyon National Park in Arizona, Kissimmee Prairie Preserve State Park in Florida, Newport State Park in Wisconsin, and Cherry Springs State Park in Pennsylvania.

DARK SKY FESTIVAL

Jasper National Park, Alberta, Canada Although Jasper National Park is a great spot for star-gazing any time of the year, you may want to swing by October 12–21, 2018 for the Jasper Dark Sky Festival. Highlights of this year's festival include talks by former astronauts, including Scott and Mark Kelly, and a symphony performance outdoors under the stars.

ACADIA NIGHT SKY FESTIVAL

Bar Harbor, Maine This festival runs September 5–9, 2018 and will feature workshops, speakers, and a star party on the top of Cadillac Mountain where volunteer astronomers will point out constellations in some of the darkest skies east of the Mississippi. ■

QUIZ

WHERE IN SOUTH AMERICA ARE YOU?

1. If you are admiring views of Rio de Janeiro as a cable car whisks you up Sugarloaf Mountain (photo 1), you are in:

A. Argentina
B. Brazil

2. If you are strolling through Cartagena's charming alleys (photo 2) under balconies festooned in bougainvillea, you are in:

A. Venezuela
B. Colombia

3. If you are paddling through the vast Pantanal wetlands (photo 3) in hopes of spotting a jaguar, you are in:

A. Brazil, Bolivia, or Paraguay
B. Guyana, Suriname, or French Guiana

4. If your crampons are biting into the Perito Moreno Glacier in the Los Glaciares National Park, you are in:

A. Argentina
B. Suriname

5. If you are ensconced under an umbrella on Ipanema Beach, you are in:

A. Venezuela
B. Brazil

6. If you are watching giant tortoises lumber by in their natural habitat, you are in:

A. Bolivia
B. The Galapagos Islands

7. If you are on a ferry crossing Lake Todos los Santos as part of an Andean Lakes Crossing, you are in:

A. Chile
B. Paraguay

8. If you are stepping onto the floor of a tango salon in Buenos Aires, you are in:

A. Argentina
B. Uruguay

9. If you are lounging on the deck of a riverboat as it glides through the rainforest on the Napo River, you are in:

A. Ecuador
B. Bolivia

10. If you are touring the Mendoza wine region, perhaps sampling a Malbec along the way, you are in:

A. Colombia
B. Argentina

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

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