RAYMOND JAMES PRESENTS

WORTHWHILE

Winter 2020-2021

A publication of thoughtful insight dedicated to the life well planned.

The world of Retirement

Cultural expectations around the globe p16

RAYMOND JAMES

It's here. The latest edition of Raymond James' award-winning WorthWhile magazine. With our compliments, of course.

The winter issue offers thoughtful insight into what retirement looks like in different countries and cultures, as well as the rules of rebalancing in a volatile market environment. Between the pages, you'll also find a look at gifts that give in more ways than one, as well as how millionaires save money.

We love sharing the award-winning publication with those who will appreciate the balance of sophisticated lifestyle and financial content. We hope you find this issue as interesting as we did. Lots to read and share! We look forward to hearing your thoughts on this or anything else you'd like to discuss. Please feel free to reach out any time. We always enjoy hearing from you.

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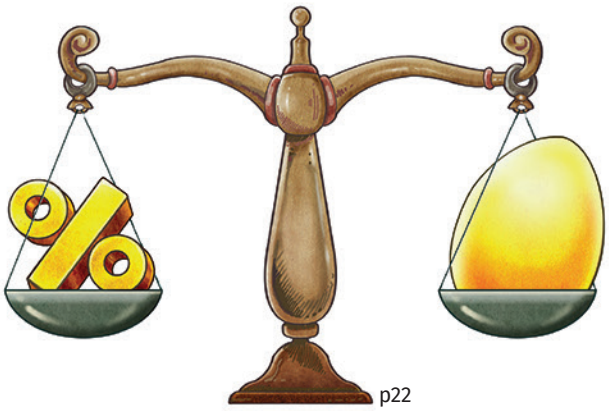
When volatility rears its head, take a step back and look at your financial plan with fresh eyes. Rethinking and rebalancing your portfolio does more than position you for the near future, it brings your goals into clearer focus. Here are five ways to get back in balance. p22



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Letter from the editor

Retirement around the world

In a year of little to no travel, we thought we'd take you on a trip of sorts, highlighting retirement in different countries. While it will in no way assuage your wanderlust, it might scratch an intellectual itch, knowing how other parts of the world view aging and government support. You may also find the Worth a Look section, well, worth a look. It features several gifts with a philanthropic spin on them. Insight takes a look at the surprising ways even the very wealthy save money, while Travel pops the cork on virtual wine tastings. The Good Life, inside the back cover, digs into gardening's potential to help you live a long and healthy life. We hope you find something to enjoy within these pages, and perhaps share with family and friends.

It is always wonderful to hear directly from our readers. Robert R. wrote to tell us that fall's Cover article, "Bungles, blunders and beneficiaries," proved timely as he and his family finalized their trust. "I particularly appreciated the 'Start talking' section since I felt this was appropriate but hadn't yet done it." He also found our article on recent phone scams valuable, since he had a similar experience to one of our examples. "I had put some items [online] and received a text response from a person who wanted to send me a six digit code to verify that I was legit. I suspected something was wrong so I didn't do it and then read … that sending back the code would have given the person 'keys' to my electronic identity. Wow. Now I know and will be much more skeptical of requests that seem a bit off."

Alfred B. wrote to offer another potential defense against online and phone scams. "Mother's maiden name"-type security questions are easy to remember, but also easy to mine the answers from public information or social media. He suggested, instead, answering the questions truthfully but layering a code of your own devising over it. Replacing Bs with 8s, for example. Experts recommend two-factor authentication and this could help add another layer of complexity.

Nick W. especially appreciated Raymond James Chief Economist Scott Brown's column on the pandemic economy, and Diane C. found a personal connection to last quarter's "For the love of libraries," which mentioned Andrew Carnegie's support of public libraries in the U.S. and their ongoing need for patronage. "I worked for 40 years in a library that he donated $50,000 to build in the early 1900s," she said. Thank you, all, for your continued conversation. We always welcome letters from readers, so please feel free to reach out.

We wish you and yours a healthy, happy and prosperous new year! Looking forward to spring!

Email us

WorthWhile wants to know what you think – about articles we've done, suggestions for subjects you'd like to see covered, or anything else on your mind. Please write us at **worthwhile@raymondjames.com**. Your email address will not be shared with anyone. We may condense or excerpt from letters depending on the space we have available.

The peri-pandemic economy

Life, as we now know it, will likely continue

by Scott J. Brown, Ph.D.
Chief Economist, Raymond James Financial

History experts have long known that a pandemic would eventually come. That is the way of the world. Plagues have been a recurring phenomenon for centuries, often altering the course of world events. However, the timing and severity of a pandemic is impossible to predict.

Needless to say, COVID-19 was a major factor in the U.S. economy in 2020. As state and local governments worked to contain the virus, social distancing guidelines led to a collapse of economic activity in March and April. More than 20 million jobs were shed in just two months. In May, June and July, the economy snapped back sharply, but the recovery was only partial, with about half of the lost jobs regained by August. Job losses were concentrated in consumer services, reflecting weakness in tourism, travel, restaurants and retail. These sectors are not expected to fully recover until the pandemic is well behind us. Many households have experienced severe hardship, and federal support in the late spring and summer was critical.

The sector shifts

White collar workers were more able to work from home. If you can work from home, you can live anywhere, and if you are going to spend more time at home, you probably want a bigger home, with a designated working space, in a better location. The pandemic has led to a strong housing market and low mortgage rates have helped.

Consumer spending on durable goods, such as motor vehicles and home furnishings, surged in the early part of the recovery. Sales at restaurants plunged during the lockdown, but sales at grocery stores ramped up and stayed higher as state economies reopened. This reversed a long trend of families increasingly taking more meals outside the home.

The distance between us

Businesses adapted to the pandemic, embracing procedures to prevent the spread of the virus – distancing guidelines, increased cleaning and so on. However, many businesses are now faced with excess office space, which should weigh against commercial real estate development.

Extreme social distancing in the spring of 2020 was meant to give the healthcare system time to prepare, preventing hospitals from being overrun with cases. That was mostly successful. However, the virus has not gone away. There is hope for a vaccine, but it would

almost certainly not be 100% effective, and many people may not want to take it. Regardless of state and local government directives, self-imposed social distancing can be expected to continue. COVID-19 cases are likely to cycle, rising as people relax their vigilance, falling as they increase their social distancing. We can expect to continue living under the pandemic through most, if not all, of 2021.

Eventually, the pandemic will be in the past, but it may take a lot longer than previously thought. The long-term unemployed should eventually transition to other types of jobs, but that's usually a painful process.

Some pandemic responses, such as working from home, will be long-lasting. Other changes will be more troublesome, especially education. Younger children are not experiencing the usual socialization. Lower income students will have a harder time getting to college. Such challenges may be overcome, but that will take leadership.

There is no assurance any of the trends mentioned above will continue in the future.

Raymond James Chief Economist Scott J. Brown, Ph.D., serves on the economic advisory committees of the American Bankers Association and the Bond Market Association. // In addition to providing insight to Raymond James advisors and their clients, he is a frequent commentator on CNBC and other media outlets.

Worth a Look

A compendium of fresh looks and new ideas

Jack didn't know beans

We're all thinking it: Even if his story checked out (Gold eggs? Really?), Jack got lucky. Instead, look to the Women's Bean Project for a more reliable Fabaceae-based ladder to self-sufficiency. This Colorado program provides wraparound care for chronically unemployed women so they may learn skills and address their barriers to success, while earning a wage learning and working to produce and package the organization's nutritious pantry staples, like their rich 10-bean soup. Buy a basketful at womensbeanproject.com.

A rug that can save lives

The 100% wool, handwoven "Harmony" rug by Oaxacan weaver Alfredo Ruiz combines traditional Zapotecan artistry with the life-saving causes of UNICEF, the United Nations Children's Fund. Using naturally dyed fibers, Ruiz and his small team craft rugs that will bring a delightful shock of color to any home and empower UNICEF to provide 2,041 doses of the polio vaccine to children in the developing world. Brighten your space, and your world, at market.unicefusa.org.

A different kind of stock

Don't let goats' undeserved reputation for gruffness keep them out of the running for greatest livestock of all time. Heifer International describes the hard-working ruminants as prolific milk producers, low-maintenance and friendly, capable of changing a family's stars by grazing in the weeds. If your livestock donation is inspired by a loved one, you can send them a tangible token of your gift: a colorful, handmade ceramic goat ornament sold through the charity's marketplace. Take stock at heifer.org.

Building from the grounds up

A coffee subscription from Aspire CoffeeWorks does two things: It'll help you maintain your preferred position between awake and wired, but even better, 100% of proceeds support Aspire, a Chicago-area charity for people with disabilities that includes a job skills program with Metropolis Coffee Company. And with blends named Everyday Inspiration and Enterprising Espresso, you can remove the "Hang in There, Baby" poster from your office wall and still maintain your motivation. Fix your midday slump at aspirecoffeeworks.com.

Pro-trust states

Four states get a lot of attention, but there are many honorable mentions

Disney got it right. It IS a small world after all. Which means you have your pick of where to establish a trust. While creators and beneficiaries can live anywhere, the trustee – whether friend, family or a corporation – generally must operate in the same state as the trust. Not a major hurdle to overcome.

Four states have laid solid groundwork for favorable trust legislation, namely Alaska, Delaware, Nevada and South Dakota. New Hampshire, Tennessee and Wyoming, among others, are striving to make a case as well. So who's the fairest of them all? Well, that depends on the features you value most.

For flexibility

More than half the states allow trusts to last either indefinitely or hundreds of years. Extending the lifetime of trusts helps insulate trust assets from creditors, as well as transfer (e.g., gift and estate) taxes. Since this is a very complicated area and there are still limits and legal challenges to the idea of a "forever" trust, talk to your advisor and trust attorney to better understand the potential risks.

PRO TIP

For even more flexibility, consider states that also have "decanting" statutes that allow a trustee to remove or modify trust provisions by "pouring" or distributing assets into a new trust.

For asset protection

A handful of states (19 at last count) have established asset protection trust statutes that may safeguard your property from liability, divorces, civil judgments and creditors. The laws vary, but it's worth considering one of these states when establishing your trust. You may not be surprised that the big four made the list, along with Connecticut, Indiana, Hawaii, Michigan, Mississippi, Missouri, New Hampshire, Ohio, Oklahoma, Rhode Island, Tennessee, Utah, Virginia, West Virginia and Wyoming.

To minimize taxes

Several states don't tax undistributed trust income: Alaska, Florida, New Hampshire, Nevada, South Dakota, Texas, Washington and Wyoming. (Tennessee is set to join this list in 2021 as its income tax is completely phased out.) However, other states offer more nuanced tax mitigation. The tax picture is based on a multitude of factors, so professional tax advice is the way to go here. States that tax trusts on factors other than the creator's legal domicile provide much more flexibility in changing the trust's residence for state income tax purposes. Keep in mind, too, that dynasty trusts can limit estate taxes as long as the assets remain in trust.

PRO TIP

Since the laws and rankings change often, consider giving your trustee the flexibility to change the trust *situs* (domicile) to a more state-tax friendly location at some point in the future.

Raymond James does not provide tax or legal services. Please discuss these matters with the appropriate professional.

Sources: retirementwatch.com; ultimateestateplanner.com; fdic.gov; The New York Times; oshins.com; Raymond James research

2020 state rankings*

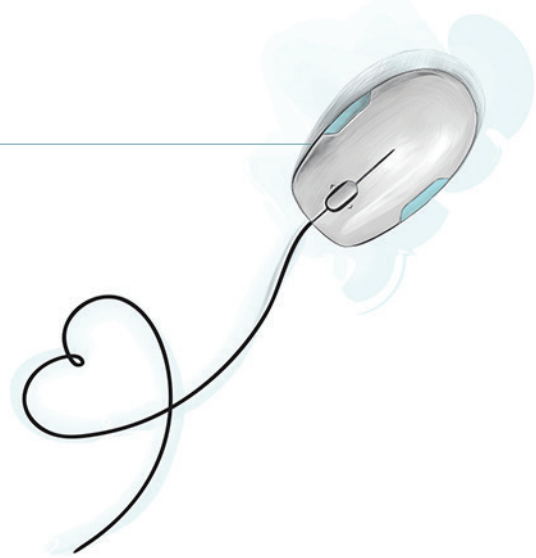
This chart, based on research from estate attorney Steven Oshins, provides a good summary of favorable trust legislation, but there's no substitute for professional advice as you navigate complicated waters.

Rank	Asset protection	Decanting	Dynasty trust
1	**Nevada**	**South Dakota**	**South Dakota**
2	**South Dakota**	**Nevada**	**Nevada**
3	Ohio	Delaware	Tennessee**
4	Missouri	Tennessee	**Alaska**
5	Connecticut	**New Hampshire**	**Wyoming**

Shaded states have no state income tax.

*As of September 2020. 11th Annual Domestic Asset Protection Trust State Rankings Chart; 8th Annual Dynasty Trust State Rankings Chart; 7th Annual Trust Decanting State Rankings Chart; 6th Annual Non-Grantor Trust State Income Tax Chart

**Effective 2021, Tennessee will not have a state income tax.



Doing good digitally

In 2020, technology has allowed volunteers to give back like never before

What if volunteering was as easy as ordering on Uber Eats?

That's the question that launched the app POINT, the brainchild of CEO Madison Mikhail Bush. "I was mad that it was easier for me to use my phone to order ramen in bed or book a room in Spain than it was for me to do something good in my local community," she told ThriveGlobal.

POINT embodies the spirit of innovation that is fueling the rise of virtual volunteering across the U.S. Nearly 60% of Americans say they want to volunteer now, compared with 36% who said they gave of their time in 2019, a September report from Points of Light showed, saying it is more important than ever because of the COVID-19 crisis. One organization benefitting from this is Amava, a platform that connects retirees with volunteer opportunities that has seen a 433% increase in virtual helpers this year.

Online tutor to StoriiTime helper

Volunteering at a distance is nothing new – Project Gutenberg, a crowdsourced effort to digitize literary works that began in the '70s, paved the way. But the practice has taken on novel forms as normal life has been upended. College students sidelined by campus closures are teaching kids through Outreach360. Isolated seniors are combatting loneliness by reading to children using StoriiTime. And those longing for purpose are signing up to help visually impaired people with tasks via the Be My Eyes app. "In times where we're confined to our homes, there is no better feeling than being able to connect with someone in a simple, goal-oriented way," said Be My Eyes CEO Christian Erfurt.

The ability to transcend barriers goes deeper than geography. For those with restricted mobility or special needs that make traditional volunteering difficult, these digital opportunities level the playing field. And for the millions of Americans unemployed or underemployed due to COVID-19, they provide a way to explore different industries and expand their networks.

Seeing connection in a new light

For nonprofits large and small, the crisis has kicked off a reimagining of how to engage others in making the world a better place. St. Jude's Research Hospital has enlisted college students as volunteer social media helpers, and Bread for the City in Washington, D.C., has been busy recruiting people to work remotely on pro bono legal work, behavioral health and more.

"A lot of people talk about 2020 as a year they rue, a year to get over," George Jones, Bread for the City's CEO, told the Chronicle of Philanthropy. "But in a lot of ways, we have seen some really amazing things happen."

Sources: Thrive Global; Points of Light; Amava; Outreach360; StoriiTime; Be My Eyes; Chronicle of Philanthropy; Independent Sector

Altruistic apps to try

Olio: Share surplus food and pantry supplies via contactless pickup.

Charity Miles: Log your run or walk for a cause, such as Feeding America or Habitat for Humanity.

DreamLab: Lend your smartphone's computing power to solve COVID-19 research problems.

7 Cups: Anxiety & Stress Chat: Become a volunteer listener after taking a free course.

Clean Swell: Record your beach cleanup and update the largest database of marine debris.

Zooniverse: Assist with research for scientific investigations.

Golden: Find personalized volunteer opportunities; filter to highlight virtual ones.

Freerice: Play quiz games to benefit the United Nation's World Food Programme.

Raymond James is not affiliated with the above resources.

$27.20 per hour

The value of volunteer time for 2019, a 7% increase from last year, according to a new report from Independent Sector and the Do Good Institute.

Keep calm and clear the clutter

Our homes are working overtime as we've all spent more time indoors – a place to work out, explore new hobbies and try distance learning. So it's no wonder that we've had it with the clutter tripping us during a yoga session or crowding the background of a Zoom call.

The truth is, most of us are drowning in stuff. Nearly 25% of people with two-car garages don't have room to park cars inside, according to a 2012 Department of Energy survey, and 9.5% of all U.S. households rent a self-storage unit, according to 2019 data from the Self Storage Association. And that was before adult children moved back home. In September, a Pew Research Center analysis showed the share of young adults now living with their parents (52%) surpassed the previous peak during the Great Depression.

Enter the rise of the organizing guru. From HGTV's "Hot Mess House" with Cassandra Aarssen to Netflix series "Tidying Up with Marie Kondo" and its new cousin, "Get Organized with The Home Edit," there are plenty of shows to inspire you to "let it go" in the name of downsizing, moving or simply making your space a more calming retreat. We've collected their savviest advice for you to unpack, from what to do with family heirlooms to how to sort.

Preserve the story

Your home's treasures are ready for their close-up. It's time to make a video inventory (also important for insurance reasons). But there's a twist. As you capture each object, tell the story as well: "This belonged to Great Aunt Mary and it survived a war." Share this video with children or loved ones you want to pass along heirlooms to, then give them a deadline, say a month, to decide what they want. What's left over you can sell without guilt, but do some homework first. A search of "sold" listings on eBay or Kovels can help you peg an item's value. You never know when you might come across an "Antiques Roadshow"-type gem.

Create a masterpiece

If you come across an item with sentimental value that otherwise is just taking up space, honor it with a photo shoot and let go of it. If you want to get fancy, still-life photographers like The Heirloomist turn mailed-in keepsakes into art that memorializes the story. "Clients have sent all kinds of objects to be shot: a violin, a dog collar, a Superman light fixture," The Heirloomist's Shana Novak told Oprah

Stuff the kids want to inherit

- Midcentury modern furniture
- Persian rugs
- Vintage Christmas decor
- Wedding rings, watches and sentimental jewelry
- Relics with a long family history

Squabble-proof your estate

Your stuff with sentimental value (grandpa's watch, granny's ring) can cause conflict if you haven't spelled out who gets what in the event of your passing. Blended families and ones with estranged siblings are especially at risk of squabbles, estate attorneys say. Here are some ideas on how to prevent a fuss:

- Give these items away while you're living.
- Send a list of mementos and their intended heirs to your estate's executor for safekeeping.
- Make a video inventory of the items and who they go to, and store the file with your will.
- Put the heir's name on a piece of tape and stick it to the bottom or back of an item.

magazine. "These items are heirlooms because someone says they are – and because they have stories to tell."

You could also repurpose vintage shirts or hankies by having them sewn into a quilt, or old costume jewelry into hair pins – whatever new form sparks joy.

Sort like a pro

Now that you've got a plan for your keepsakes, it's time to tackle the rest. If you're working room by room (you can also take it a counter or shelf at a time), take everything out of closets, drawers and containers so you can "macro" sort and put everything back in an organized way. "Perfection can be paralyzing," Aarssen says, so it's best to keep it simple with piles for keep, toss and give away. Once you've winnowed down your belongings, storing items in broad categories or "zones" that you intuitively understand will help keep your home neat, according to The Home Edit's blog.

Get a second opinion

If organizing on your own sounds too daunting, enlist a friend or family member to help you make decisions about what to let go. If you're downsizing and giving items to loved ones, it makes sense to involve them in decluttering, even if it's over video chat. You can also hire a senior move manager (find one at nasmm.org) or personal organizer (napo.net) if you require professional help.

Let things breathe

When you're putting the items you're keeping away, it can be tempting to cram your closets to the rafters. Organizers know that will only set you up for failure when it's difficult to find things. Instead, leave a bit of space between objects so your storage is both functional and beautiful.

Contain yourself

When you have too much stuff, buying more things is not the main solution. Resist the siren song of the shiny new drawer organizers and bins until you know what you are going to keep. You might find you have all the containers you need – or not. Rolling racks were the perfect solution for one oddly shaped closet on "Hot Mess House;" clear bins were the ticket for a highly visual "Get Organized with The Home Edit" client. There are many solutions out there. Search "storage container flow chart" to get ideas.

Feeling free

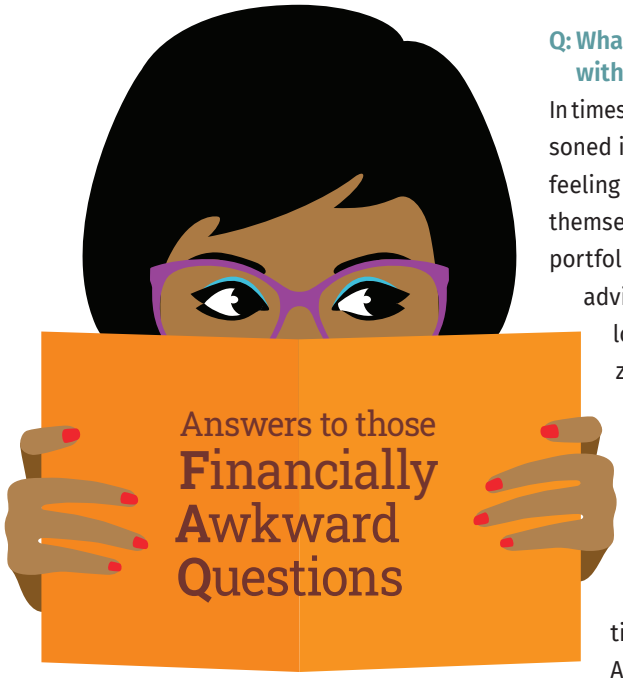
In the words of Thoreau, "The price of anything is the amount of life you exchange for it." If it feels like your objects own you, and not the other way around, try some of the tips above to free yourself. You might be surprised at how letting go of the past makes way for the future you've pictured for yourself.

Sources: Department of Energy; selfstorage.org; Pew Research Center; Oprah magazine; thehomeedit.com; apartmenttherapy.com; nextavenue.org; ThinkAdvisor, Wayforth.com, Reddit

You're tossing, they're taking

If you'd like the help of a local professional while downsizing, you can search appraisers.org for an appraiser, nasmm.org for a senior move manager or aselonline.com for an estate liquidator. If you'd like to DIY, here are some places that might help.

- Auction sites (MaxSold.com, ebth.com, eBay.com)
- Forums like Craigslist, Facebook Marketplace, Freecycle and Nextdoor
- Online thrift shops (poshmark.com, thredup.com, etsy.com, thrifted.com)
- Goodwill, Salvation Army, Habitat for Humanity ReStores



Answers to those Financially Awkward Questions

At a time when information is literally at our fingertips, a few keystrokes away from that wealth of knowledge known as the internet, we may feel like we should have all the answers or at least be able to find them quickly. But some questions need a little more expertise, a little more nuance, and we may just be too shy – or embarrassed – to ask them out loud. The smartest, most sophisticated and successful people will find themselves stumped from time to time, even about something as personal as finances. Of course, that's what an advisor is for, to quite literally answer those questions that you don't know the answer to – or don't want to know the answer to. Take a look at the financially awkward questions (or FAQs, if you will) that may crop up.

Q: What should I be doing with my money right now?

In times of volatility, even the most seasoned investors may find themselves feeling a bit shaky, second-guessing themselves and their carefully chosen portfolio. It's human nature, and your advisor knows this. You know that long-term investing comes with zigs and zags in the markets, but it doesn't always feel good in the moment. Reach out. Your advisor knows you and has been through this before, knowing that the markets tend to find new equilibrium over time (even after an election). And he or she may have options to help you feel grounded once again. Perhaps it's updating your buy/sell parameters around your current comfort zone and risk tolerance, or adding to fundamentally sound positions when they're on "sale." If you're looking for asset preservation, it could be putting assets into a trust to help shield them from liability or strive for an inheritance for a future generation, or it could mean securing a prenuptial agreement, just in case. The point is if you don't raise the question, how will you find the answer that fits for you and your family without simply guessing? So many of us prefer to take action of some kind, and your advisor can help you find a practical path forward that doesn't jeopardize your carefully crafted financial plan.

You've likely already discussed the broader points with your advisor about how much to save for retirement and a down payment, your other goals, paying for college, etc., but this question feels a little more pointed. That's OK. It's his or her job to help you stay on course. Twenty years from now when the bumps in the road are well in the rearview mirror, you may wish you had invested more, not less. A long time horizon often results in higher performance – over time (natch). Short-term volatility will have been forgotten. Nobody – including the very best market prognosticators – knows what the markets will do today or tomorrow, but we think they'll likely be up decades from now. Patience is prudence.

Q: How can debt help?

Growing up, your parents may have considered debt another four-letter word. One that shouldn't escape your lips. But, when used wisely, debt or leverage can help build a path toward greater wealth. The key is using it as a tool rather than a crutch. "Good" debt builds your credit rating, offers liquidity for opportunities and emergencies and can help you grow your net worth, when used judiciously. Some loans, including lines of credit and mortgages, may offer advantageous interest rates, while allowing your investments to make uninterrupted progress toward your goals (e.g., Facebook founder Mark Zuckerberg has a mortgage, so does Beyoncé). "Bad" debt, of course, does the opposite, putting you in a precarious financial position, chasing things you don't need or can't afford. Whether good or bad, too much debt – and what's too much is different for everyone – can be problematic, so a discussion with your advisor is in order. He or she can stress-test your portfolio to help you determine how much leverage you really can take on without jeopardizing your financial health.

Obsessively watching the market wastes time and mental energy, and studies show it isn't likely to improve performance.

When managed correctly, debt can be a useful tool, especially in a low-interest rate environment. Choose an option suited for your particular needs and be sure it fits within the context of your overall financial plan for both short- and long-term time horizons.

Q: Am I really prepared?

Life has its way of surprising even the best planner. An emergency fund, a financial safety net of sorts, can help weather the unexpected. The general rule of thumb is to have enough money to cover six months or more of your living expenses in an account that's accessible enough when you need it, but not so accessible that you're tempted to "borrow" from it for everyday purchases. Your emergency resources don't have to be all cash. You can sock away a few hundred dollars each month into a savings account or certificate of deposit. You may consider filling in any gaps with a line of credit or high-limit credit card that you only use in emergencies. Credit cards are accepted almost everywhere, including abroad, and are a ready source of liquidity without having to carry cash with you. But use your card with caution; it may still pack a high-interest-rate punch if not paid off promptly.

Q: How do taxes work?

It's a topic you may not bring up at a dinner party, but in a meeting with your advisor, you should. Tax rules are complicated, even if you've been paying them for decades – heck, they're complicated for accountants. Not all income is treated the same, so as your life and finances get more complex, professional help may be in order. Here are some basics to have in your pocket.

There are five filing statuses, each with their own rules. The IRS has an interactive tax assistant (irs.gov/help/ita) that can help you determine the right one, which can and should change throughout your life.

1. Single (fairly self-explanatory)
2. Married filing jointly (allows you to take advantage of certain deductions only this status gets)
3. Head of household (you run the show, pay the majority of the bills and have a dependent)
4. Married filing separately (depending on your circumstances, may save you money as a couple, compared to filing jointly)
5. Qualifying widow(er) with dependent child (again, fairly self-explanatory)

Your status matters, of course, so you may want to do some back-of-the-envelope calculations before filing. An accountant is helpful here, but generally if you and your spouse make about the same, it's likely that filing jointly will create a higher tax liability, according to the Tax Policy Center. If your incomes are quite disparate, filing together tends to be beneficial.

On top of all this, calculating your after-tax investment income can be complicated as well. Discuss these concerns with professional advisors who can outline tax-efficient strategies and help you maximize the use of tax-deferred retirement accounts.

When 22% is not 22%

Here's another thing many people misunderstand. The U.S. has a progressive tax system, which means your taxable income (after deductions) isn't entirely taxed at the same rate. **Tax brackets** refer to the range of incomes taxed at specific rates, while your **marginal tax rate** is the highest tax bracket applicable to your income. Here's how it would break down if you're single with $80,000 in taxable income.

Taxable income over	Amount subject to tax	Tax rate	Tax at each rate
$0	$9,875	10%	$987.50
$9,876	$30,250	12%	$3,630
$40,126	$39,875	22%	$8,772.50
Total	$80,000	-	**$13,390**

While the marginal tax rate is 22%, you'd be effectively paying approximately 16.74% in federal income taxes.

Q: What's up with W-2s, W-4s and withholding?

The W-4 is how you claim allowances, although you might hear the word "exemptions" instead. They're similar ideas, but not exactly the same. Basically, your W-4 allowances tell the government how much to withhold from your paycheck to go toward your tax obligations. The more allowances, the more you keep in your regular paycheck. If you claim 0, your paychecks will be smaller and you'll likely get a refund after you file your taxes, but that means you gave the IRS an interest-free loan the rest of the year. To figure out your withholding, the IRS offers a handy calculator at irs.gov/individuals/irs-withholding-calculator.

There's been buzz about payroll taxes, which are withheld per the Federal Insurance Contributions Act (FICA). A little under 8% of wages under $137,700 go toward Social Security (6.2%) and Medicare (1.45%); your employer matches that amount. Every dollar earned above that threshold won't have Social Security taxes withheld but will still be subject to the Medicare tax. Those who make more than a certain amount ($200,000 for single filers; $250,000 for married filing jointly) pay an additional 0.9% in Medicare taxes. All this is reflected in your paycheck and at the end of the year in your W-2.

This year added a new little wrinkle. For the last four months, those payroll taxes may have been deferred, so your paychecks would have been about 8% plumper. If so, those taxes will need to be repaid starting in January, so be on the lookout for the shift.

If you're a sole proprietor (e.g., freelance, independent contractor and gig work), which a lot of retirees opt for, consider simulating withholding by channeling 25% to 30% of your income into a savings account so you can pay quarterly taxes and head off potential fines.

Q: Will they be OK after ...?

This is where the existential and financial entwine. Most of us put off talking about the "what ifs" and the afterlife, but, at some point, we'll have to face facts and do what we can to benefit those we love the most. Of course, taking care of ourselves physically and mentally tops the list, but you can also deploy insurance and estate planning to weave a safety net under you and your loved ones.

Disability insurance protects your ability to provide income if you can't work. Even if your employer offers some coverage, you may want to supplement it to bridge the gap between what's covered on that policy and your current lifestyle. If you're self-employed, a policy of your own is even more important (professional and alumni associations may offer group policies to buy into).

Everyone's got an opinion on life insurance, but like most other financial decisions, you have to consider a few factors before categorically deciding yes or no. Most likely you'll want enough coverage to pay down any debt, like mortgages or business loans, and to cover immediate needs until your family can access liquid assets. Some families use life insurance to even out an inheritance. Say your daughter has been training to take over your successful business, but your son has different passions to pursue. You may be able to use life insurance benefits to give him an equitable inheritance.

Term policies have set limits for how long you're covered, say until your youngest reaches financial independence, and is usually fairly affordable – although premiums rise with age. Whole life policies cover you for your entire life but may be more expensive. It also could build up cash value as you pay premiums, which gives you another cushion. Whole life may be a good choice if you want to leave a significant inheritance behind.

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You may have other questions on your mind. If so, talk it out with your advisor to get the answers you need to move forward.

These policies have exclusions and/or limitations. The cost and availability of life and disability insurance depend on factors such as age, health and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications. Guarantees are based on the claims paying ability of the insurance company.

Sources: humbledollar.com; credit.org; military.com; theluxestrategist.com; businessinsider.com; learnvest.com; nerdwallet.com; creditkarma.com; usnews.com; investopedia.com; smartasset.com

Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation. Past performance may not be indicative of future results. Raymond James does not provide tax or legal services. Please discuss these matters with the appropriate professional.

Money-saving millionaires

Being wealthy is not all designer clothing, luxury supercars and fine dining. Just ask Sarah Stanley Fallaw, co-author of "The Next Millionaire Next Door." She has studied hundreds of modern self-made millionaires and found a surprising fact: many have frugal tendencies.

Conscientiousness "is so critical in the creation and maintenance of wealth over time," she told Business Insider. "Many of the behavioral components that impact net worth … including frugality, planning and responsibility, tie into this personality characteristic."

Read on to discover the less-than-lavish lifestyle habits of the rich and famous.

A RESPONSIBLE RIDE

Driving a fancy sports car isn't necessarily a priority. Depreciation is one factor, unnecessary attention another. That's why Mark Zuckerberg drives an Acura TSX. It's "safe, comfortable and not ostentatious," he told CNBC. Many prefer a modest home, too, investing in real estate in other ways.

SOMETHING BORROWED

Subscription-based services like Rent the Runway allow women to borrow high-end looks, saving money and time. Wealthy men do it too. "For events, I've borrowed fancy clothes," British-American fashion designer Tan France told Refinery29.

CLEVER USE OF LEVERAGE

Borrowing money to increase returns (known by the fancier term leverage) can help make money work harder. Think mortgages for income property or margin accounts to fund a business investment. In millionaires' minds, opportunity is always on the horizon.

THRILL OF THE (BARGAIN) HUNT

Melinda Gates has taken her teen shopping at Nordstrom Rack. Justin Timberlake, Adele and Jennifer Garner have been spotted at Target. Bruce Willis likes buying in bulk. "I am a huge fan of Costco," he told You magazine. "I like that big cart."

HOME HAIRCUTS AND COOKING

Fancy salons and private chefs aren't for every millionaire. For example, Laila Ali would rather wield the shears than spend hours in a salon, she told Kiplinger. DIY is more about well-being for Danica Patrick, who cooks her meals on the road. "The food I make is much healthier."

Sources: Business Insider; CNBC; Oprah's SuperSoul Conversations; globestats.com; You magazine; Kiplinger; Refinery29

Hardly universal, retirement is colored by cultural expectations worldwide

In Greece, old man is an honorific. A sign of respect, equating age with wisdom and a closeness to God, according to Arianna Huffington's book "On Becoming Fearless." Less so in the States, perhaps. The Greeks aren't the only ones to venerate age, of course. Many Asian and Native American/First Nation cultures do the same. Koreans, for example, celebrate 60 with the hwangap, an acknowledgement of the fortunes of life (made possible in part thanks to advances in modern medicine), and 70th birthdays with the kohCui, another large celebration of the "old and rare." Generally speaking, these countries and cultures have a history of communal aging, where the extended family cares for its elder members, while Americans tend to favor a more independent lifestyle as they grow older.

Living with an extended circle of relatives is the most common household arrangement for older people around the world, according to a recent Pew Research Center study. But in the United States, older people are far less likely to live this way – and far more likely to live alone or with only a spouse or partner. However, Americans are starting to see a shift, where "The Golden Girls"-style living, with roommates or neighbors for support, cocktail hours and copious amounts of cheesecake (OK, maybe not), is taking hold. We've also seen the rise of multigenerational homes a la "Downton Abbey," where families share large spaces to facilitate community and caregiving. Loneliness is a health risk factor, and communal living – with a built-in support system – may help combat it.

Specialized websites have even cropped up to help facilitate this arrangement (e.g., Roommates4Boomers, Golden Girls Network, SpareRoom). And shared expenses make your retirement income stretch further. A private room in a nursing home in the U.S. is $8,365 a month, according to Genworth Financial. If you're otherwise healthy, roommates might be the way to go, but work out the financial arrangements first and have a process for conflict resolution. Of course, like with all living arrangements, you'll also need to do your due-diligence first; safety is a priority.

According to RISE, 48% of Americans with an employer-sponsored retirement plan at work were unsure how much of their current income would be replaced by their retirement plan.

Of course, it's not just living arrangements that define our so-called golden years – in the United States and around the world. There are many similarities – differences, too – when it comes to defining "retirement." It turns out, there's no one global definition. Growing older affects housing, families, communities, economies and industries, but there's a cultural overlay that affects how it all plays out. It's not quite universal, although the Western idea of a life of leisure after 65 or so tends to be common in industrialized countries. A privilege earned from a lifetime of labor, financially supported, in part, by the government without the stigma of dependency. In economies that value productivity and efficiency, it's also a way to help younger workers enter the workforce.

One study published by the National Institutes of Health (NIH) by Mark Luborsky and Ian Leblanc found that there are wildly varied views on retirement and late-life roles around the world. But most generally view this second chapter of our lives as a legitimate way to abstain from work without scorn or negative judgment – while accommodating the changes that come with aging and eventually redefining our role in society. What that actually looks like depends on the culture. For example, one community in Africa considers a person socially irrelevant once their eldest child is married; as they age, they relinquish their roles and physically move to the outskirts of the village. Americans generally view this life stage as a new, freer chapter, while Thai tradition looks at aging as preparation for another, more transcendental, life. Death doesn't draw a line, and ancestors are still considered active members of society.

Many other cultures expect elders to be intricately entwined into the collective and active participants in communal life. Ceasing productive activity altogether, for them, runs counter to central cultural values. In extremely remote regions of the Andes, for example, healthy people of any age continue to work as long as they're able; the type of work may become less arduous, but the expectation is that everyone assures their own household needs are met. For the Hopi, the elderly assume greater importance in ritual affairs and take on different household and agricultural tasks.

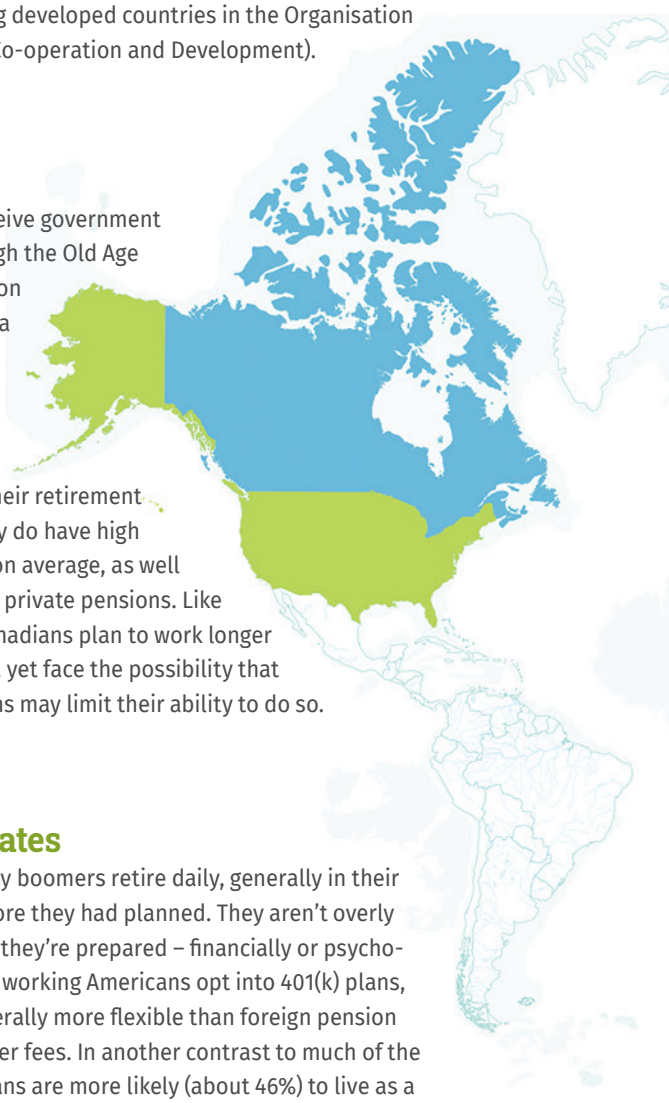
Late-life, liberty and leisure

For those countries with more industrialized economies, retirement looks similar to how it does in the United States, a period of independence, supported in part by pensions or Social Security-type benefits. However, these countries sometimes struggle to contend with greying populations as a political and economic issue. Globally, fewer babies are being born and more people are living longer, which means retirees are supported by fewer and fewer workers, adding pressure to federal benefits and healthcare systems worldwide. As official retirement ages rise (generally between 65 and 67), we'll see a wider trend for individuals to save as much as possible as early as possible, taking advantage of any tax-efficient ways to do so.

The Netherlands, Europe's most retirement-ready nation, has comprehensive occupational pension plans that cover a large proportion of the workforce, setting them up for a financially carefree retirement.

Iceland

Icelandic men and women have some of the longest life expectancies on the planet and have long had to work until 67. Research suggests Icelanders tend to save effectively for retirement. On average, Icelanders work longer than they have to, retiring just after 68. The country has bounced back from financial trouble, raised its official retirement age and simplified its pension system, which has helped reduce its retiree funding gap to about 4.5% (the average among developed countries in the Organisation for Economic Co-operation and Development).



Canada

Canadians receive government support through the Old Age Security Pension and the Canada Pension Plan, yet 82% can't say for certain whether they can meet all their retirement expenses. They do have high savings rates on average, as well as widespread private pensions. Like Americans, Canadians plan to work longer if they have to, yet face the possibility that health concerns may limit their ability to do so.

United States

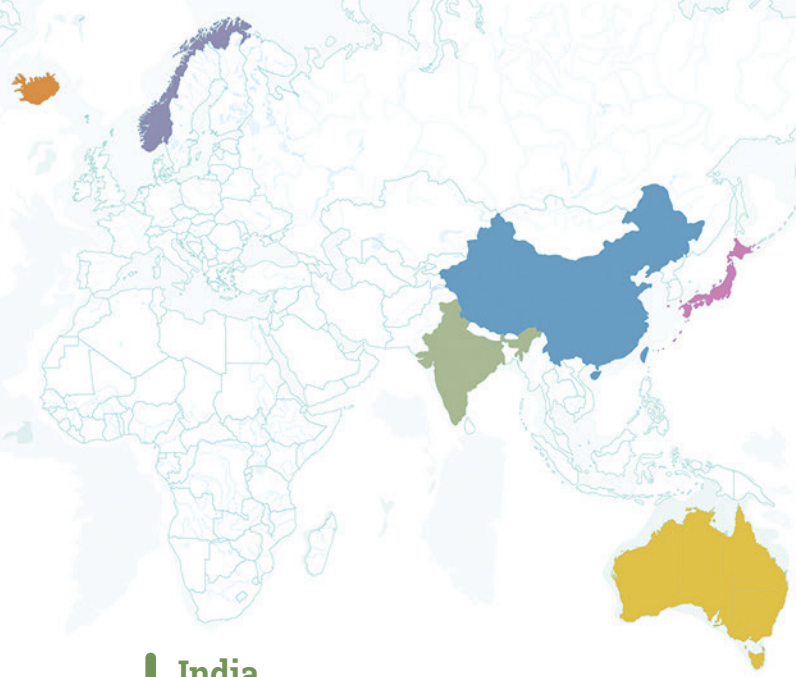
Legions of baby boomers retire daily, generally in their 60s, many before they had planned. They aren't overly confident that they're prepared – financially or psychologically. Most working Americans opt into 401(k) plans, which are generally more flexible than foreign pension plans with lower fees. In another contrast to much of the world, Americans are more likely (about 46%) to live as a couple or alone after age 60, compared with 31% globally. Perhaps, as a result, Americans in this demographic spend more time alone – about seven hours a day. Again, that may be shifting as multigenerational homes and shared resources become more and more prevalent.

Norway

Work-life balance in Norway is generally considered so good that many keep working, enjoying flexible hours, high income despite high taxes and six weeks paid vacation for those over 60 (five for everyone else). Work isn't considered something to escape. One potential headwind? Norwegians tend not to save for retirement, leaving an 8% gap in what they'll need to bankroll an affluent retirement, according to the International Longevity Centre – UK (ILC).

China

Lǎonián is "old age" for Chinese men and women, though it's not exactly old – 55. This stage is marked by relaxation, respect and ceremonial responsibility for others – basically offering the younger generation advice. In Chinese culture, the younger family members grow up expecting to take care of older ones. However, a combination of the country's one-child policy, rising life expectancy and an aging population have spurred demand for professional elderly care. Urbanization could shift that traditional support as families contend with higher housing and transportation costs, which may limit how much time, money and space are available for generational living. Despite potential headwinds, according to Mercer, China ranked highest in optimism for the future, with 70% expecting to maintain their quality of life after fully retiring. The high rate of savings, almost 30% of income, may be one reason for that optimism.



Japan

Japan has one of the highest life expectancies and low birth rates, so even though there's a culture of younger people caring for elders, life is changing, leaving retirees more isolated. Those aged 65 and older make up a quarter of the population, growing to about 40% in the next 30 years. Perhaps it's not surprising that Japanese citizens work until 70 on average. Would-be retirees there don't feel financially secure. Only 21% expect to maintain their quality of life in retirement, according to Mercer, and only 8% are confident they have saved enough.

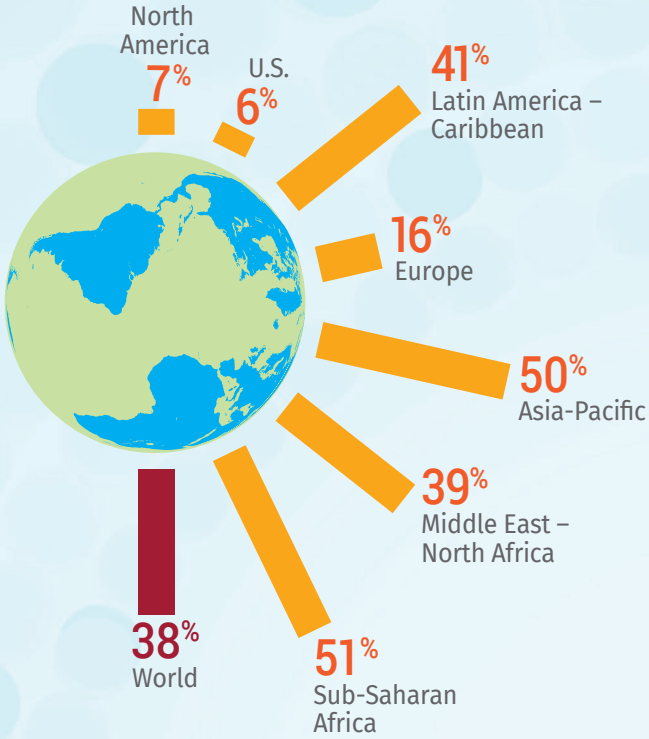
India

In India, you'd likely find yourself the head of a multigenerational home. Elders are supported by younger family and play a key role in raising grandchildren. They offer advice on everything from investments to charitable giving to intrapersonal conflicts, according to an article in Slate. Religious factors play a role as well. Hindus are most likely to live among a wider circle of relatives, according to Pew data. The vast majority of the world's Hindus live in India, which has 70% of its seniors living among extended families.

Australia

Australians tend to retire ahead of Americans, bridging any gaps in government benefits by supporting themselves. For the past 20 years, employers there have been obligated to pay 9% to 12% to every worker between 18 and 70, basically acting like a traditional pension, although the accounts are owned and managed by individuals, like a 401(k). Still, Australians will have to save an additional 6% of their income to avoid financial difficulties as they age, according to the ILC.

Nearly 4-in-10 older adults* around the world live with extended family

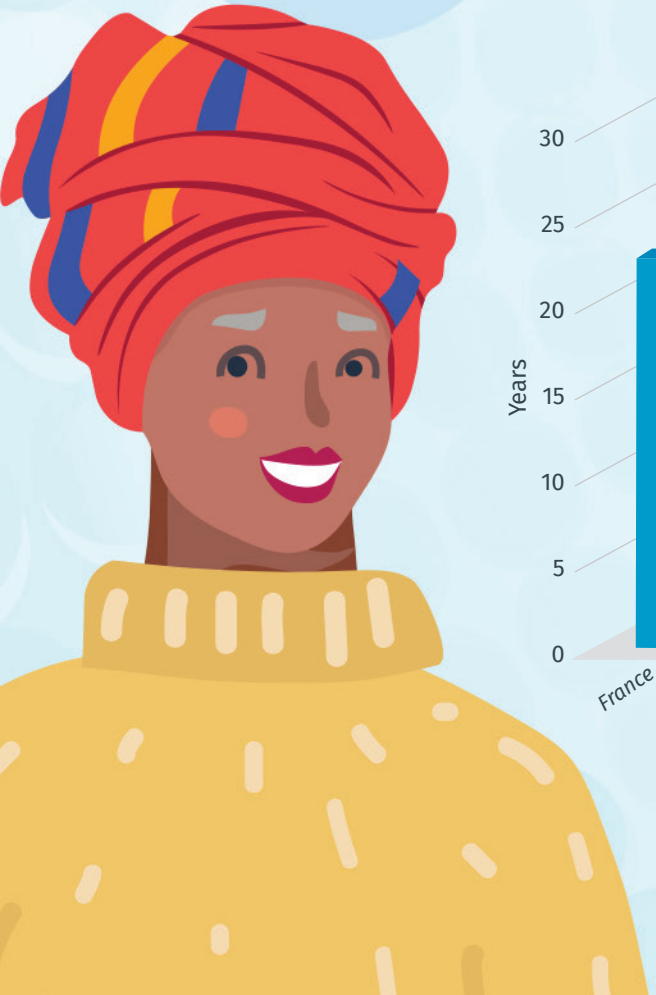


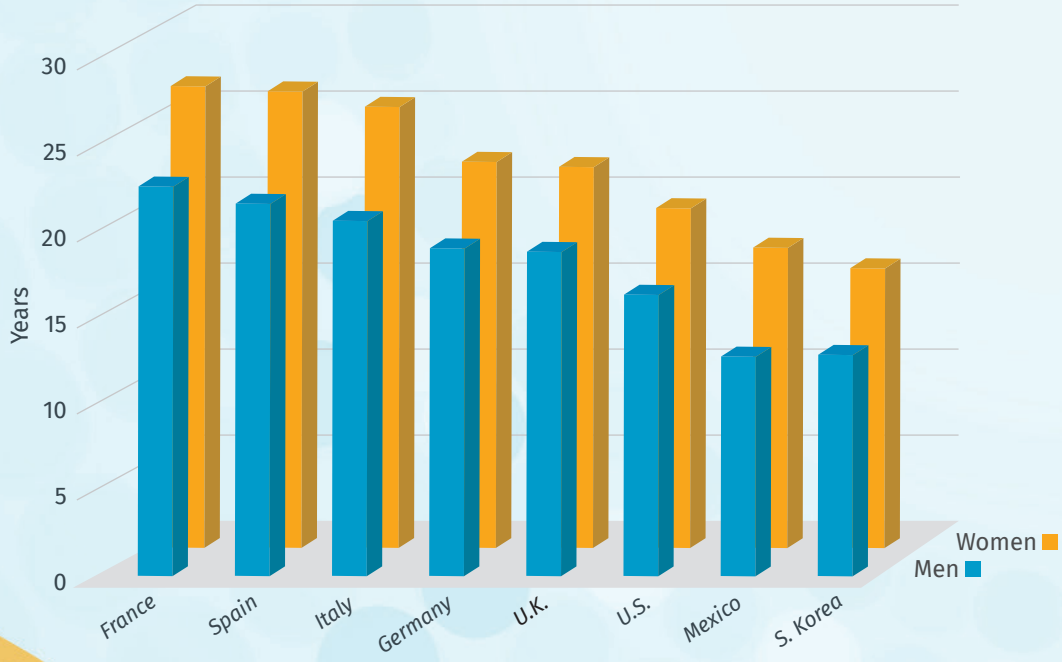
39%

Number of retirees globally who retired sooner than planned in 2017

Women in retirement

Research shows that, globally, women spend longer in retirement, based on life expectancy. Women tend to retire earlier than men, even though they're apt to live longer and work fewer years. One reason is that couples tend to retire together and women may be younger than their partners. Another factor? Family caregiving obligations.

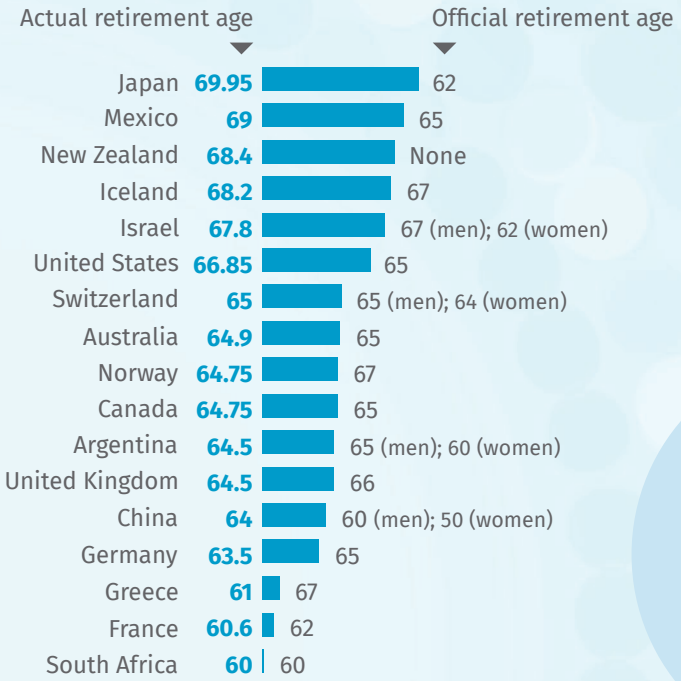




*Adults over 60. Pew Research Center analysis of 2010-2018 census and survey data. Note: Values not displayed for polygamous households, single-parent households and people in the "other" category, which includes households with non-relatives present. Analysis excludes people living in institutions (e.g., nursing homes and prisons).

Creeping up

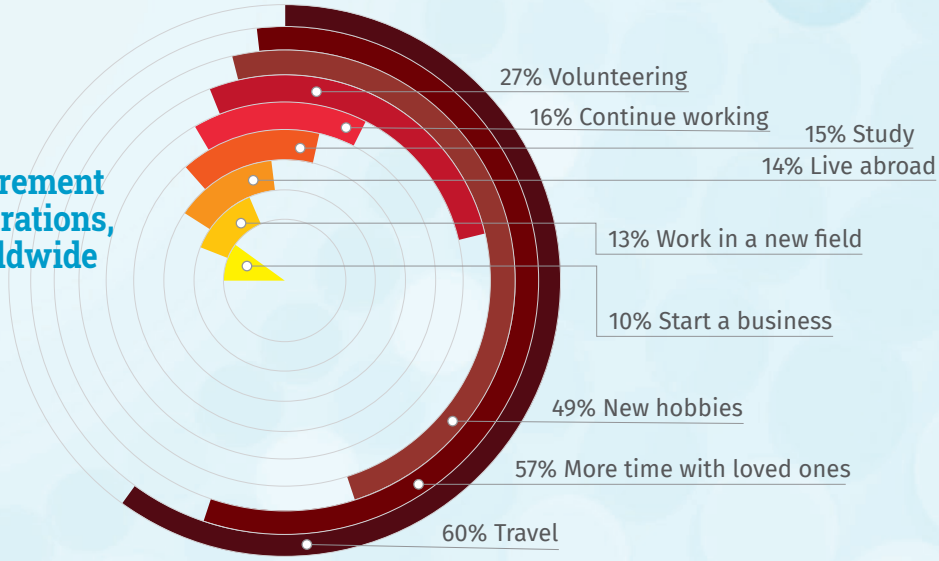
The official age of retirement is creeping up in most countries, and while many governments want us to work until 67, the age that people actually retire is often lower, according to the Organisation for Economic Co-operation and Development (OECD) data.



48%

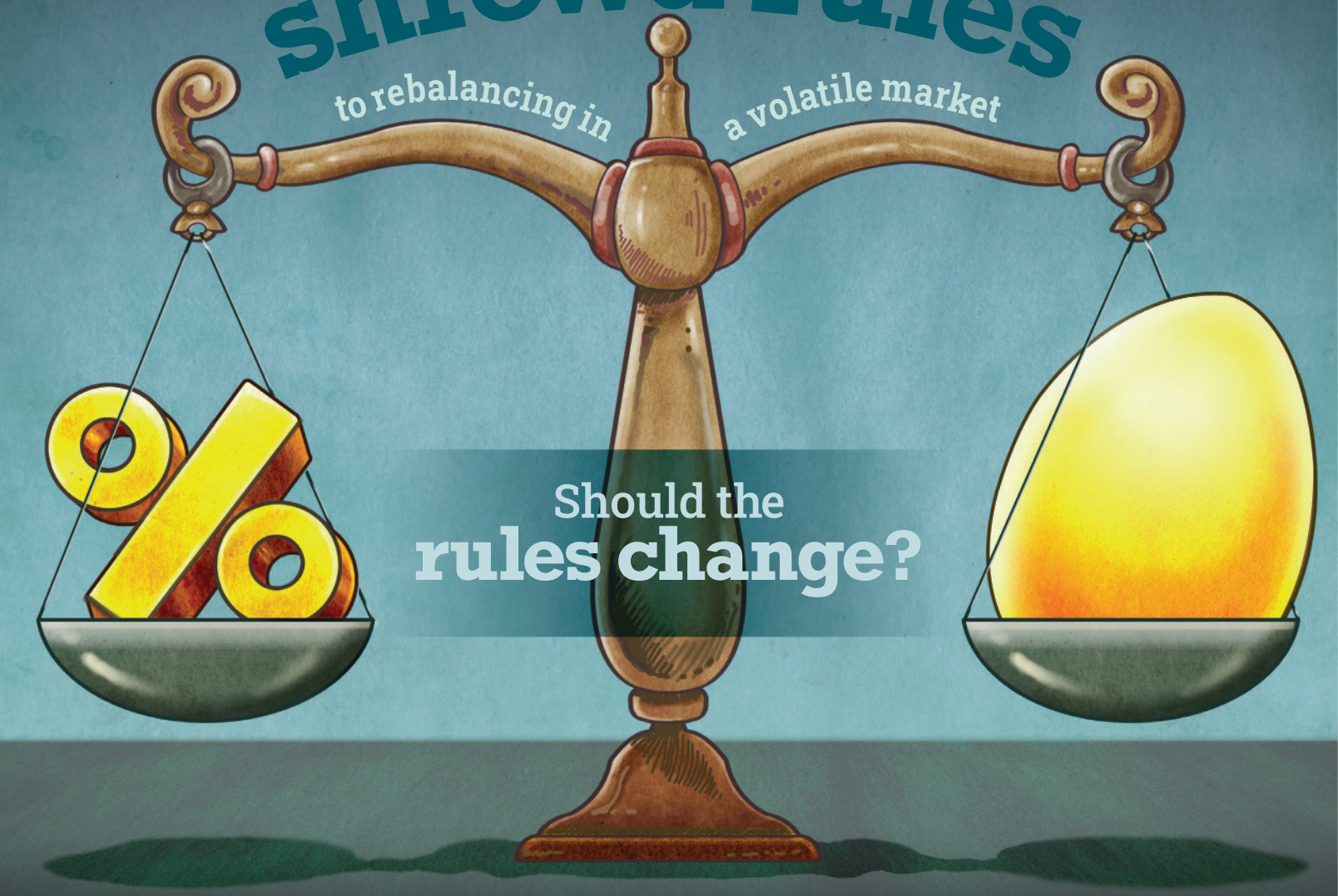
Number of Americans with an employer-sponsored retirement plan who were unsure how much of their current income would be replaced by that plan

Retirement aspirations, worldwide



Sources: lovemoney.com, October 2019; lovemoney.com/rich-countries; themoneyhabit.org; global.beyondbullsandbears.com; schroders.com; visualcapitalist.com; timesofindia.indiatimes.com; World Economic Forum; Sydney Morning Herald; seattletimes.com; pewresearch.org; statista.com; cnbc.com; aplaceformom.com; huffpost.com; Finnish Centre for Pensions; Mercer; Schroders; Breakwater Financial; The Happiness Formula: 2018 Global Retirement Reality Report; mercer.com; the balance.com; ncbi.nlm.nih.gov; Transamerica Center for Retirement Studies; Franklin Templeton's Retirement Income Strategies and Expectations Survey

5 shrewd rules to rebalancing in a volatile market



Should the rules change?

Your portfolio likely took a wild ride this year, rallying and retreating along with headlines, the election and the markets. The headiness may have steered your financial plan off course, but now could be a good time to get back to basics, to rebalance and reposition your financial plan to withstand further downturns and participate in any recovery as well. Sharp gyrations likely mean that your portfolio deviated from its intended target over the course of the year. And while you don't want to readjust every time the market twists and turns, it's a good idea to create a discipline around rebalancing at least once a year.

Despite the volatility, chances are you and your advisor already have a plan in place, a discipline around rebalancing that takes place in any market environment. At its core, rebalancing is about complementary risks and rewards. A methodical approach serves two important purposes. First, it can increase potential future returns by "buying low" and reduce future volatility by "selling high." Second, it keeps your long-term financial plan on track and within your risk tolerance lane.

Your goal isn't to move every time the markets do; instead, it's to make smart decisions around your investment needs and logical choices when an asset fails to meet expectations. Even in normal markets, rebalancing is a mix of art and science, a chance to recalibrate your 401(k), IRAs and taxable accounts to realign with your long-term vision. Remember, too, that rebalancing in those tax-favored accounts may be particularly advantageous as tax implications are less of a factor.

Here are five rules to guide you.

1 MAKE STRATEGIC MOVES

This is your opportunity to make strategic moves, not just to your asset allocation, but to your style and goals as well. If your objectives have changed – say you seek a shift toward investments that better align with your values – rebalancing gives you a natural opportunity to overlay those themes on your portfolio's asset allocation. For example, if you're an advocate of environmental, social and/or governance (ESG) causes, you may want to explore investments that reflect the traits you seek. Perhaps you're looking for companies demonstrating diversity among their senior leadership or responsibly sourcing materials throughout their supply chains. Your advisor can help you pinpoint some managers who focus on finding companies that fit the bill, even among industries you may have previously dismissed. There are gems to be found in every sector, particularly as businesses shift policies and processes in light of current events. For example, many companies have chosen to make meaningful changes as a result of the coronavirus pandemic, reacting to improve the health, social and financial situations of their stakeholders and surrounding communities that have emerged.

According to Federal Reserve Chairman Jerome Powell: "The people who're getting hurt the worst are the most recently hired, the lowest-paid people. It's women, to an extraordinary extent. ... The people who were working in February who were making less than $40,000 per year, almost 40% have lost their jobs in the last month or so. Extraordinary statistic. So that's who's really bearing the brunt of this." The pandemic aftershocks have highlighted some important ESG issues, such as income inequality, diversity and inclusion, social injustice, employee welfare and climate change.

That may be one reason the United Nations Principles for Responsible Investment (UNPRI) has seen a 28% increase in the growth of its signatories in the first half of the year. Not all the changes are necessarily wholly altruistic, but addressing underlying environmental, social and corporate governance policies can help a company build resiliency as well as garner positive public perceptions. If doing good while potentially emerging even stronger financially interests you, ask your advisor to help you identify potential outperformers among these sustainable strategies that also align with your other investment objectives.

2 GO BACK TO BASICS

Of course, some of the tried-and-true investment basics may serve you well, as well. Tax-loss harvesting can help you offset gains from investments that have outgrown their role in your portfolio. It's how you can free up funds to rotate out of weaker positions into those that offer potential strength in the months ahead. You'll want to resist the urge to simply cut your losses; instead, judiciously cull fundamentally weak assets in favor of adding those you and your advisor believe could strengthen your financial plan over the long term.

In any market, investors may balk at selling their strongest-performing investments to buy discounted ones, but historically, rebalancing can yield higher performance overall. Think of rebalancing as regular maintenance to optimize your portfolio's potential.

TAKE SOME RISK

The volatility may have startled you enough to move to cash, and there's a role for cash in any long-term strategy. But if you're nearing retirement, you may not wish to let that fear reduce your future spending power. Equities can give you a hedge against inflation, so consider carefully how much risk you're willing to take in order to reap the eventual reward. It's why so many advisors recommend establishing rebalancing rules when you first establish the relationship, so you can be deliberate about your rebalancing choices, leaving emotions out of the decision-making process.

Remember that moving to less risky investments isn't actually rebalancing, it's changing your asset allocation. If that's your intention, talk to your advisor about the reasons behind your thinking. He or she can help you better understand if your concerns are warranted. If you're nearing the withdrawal phase, it may, in fact, be time to revisit your asset allocation – no matter how the markets are behaving. But again, that should be a conversation before launching a course of action.

CONSIDER YOUR LIQUIDITY NEEDS

If the volatility of 2020 has set you on edge, it may be time to reconsider your liquidity needs over the short and intermediate terms. As noted above, we're not suggesting a massive shift to cash and cash equivalents, but instead a judicious approach to creating a cash cushion you're comfortable with. Talk to your advisor about your liquidity sources. You may have more than you thought. Liquidity can come in the form of cash, fixed income yields, dividends, lines of credit including emergency-only credit cards, cash sweep accounts and certificates of deposit, for example.

LEARN TO BEHAVE

Okay, so we don't mean you've been a naughty investor and run the risk of Santa bypassing your portfolio this year. What we do mean is that there are common mistakes investors fall prey to, particularly when in the throes of an emotional reaction. To combat those behaviors, learn to recognize some of the ways you may lead your portfolio astray and ask your advisor to help you establish some guardrails.

Herd mentality – This is the desire to do what others are doing and could look like arbitrarily selling assets that have temporarily underperformed in a bid to chase a flashy trend.

Regret aversion – Remember above when we discussed using logic to cut ties with underperforming assets? We're saying don't hold on to losing positions just because you don't want to have been wrong. This is where having buy and sell rules around your investments can prove helpful.

Mental accounting – Some investors also tend to compartmentalize each piece of the portfolio and neglect to see the benefit of risk reduction through correlation.

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The bottom line

Market volatility can catch even the most resolute investors off guard, but a rules-based rebalancing plan may better prepare you to turn turbulence into opportunity.

Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation. Rebalancing a non-retirement account could be a taxable event that may increase your tax liability.

Investing involves risk and you may incur a profit or loss regardless of the strategy selected. Sustainable/socially responsible investing (SRI) considers qualitative environmental, social and corporate governance, also known as ESG criteria, which may be subjective in nature. There are additional risks associated with SRI, including limited diversification and the potential for increased volatility. There is no guarantee that SRI products or strategies will produce returns similar to traditional investments. Because SRI criteria exclude certain securities/products for non-financial reasons, investors may forego some market opportunities available to those who do not use these criteria. Investors should consult their investment professional prior to making an investment decision.

Raymond James does not provide tax or legal services. Please discuss these matters with the appropriate professional.

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

Sources: Barrons.com; State Street Global Advisors; Wilmington Trust; Callan; ESGclarity.com; medium.com; U.S. News & World Report; parametricportfolio.com; forbes.com; morningstar.com

The hip side of exercise

Uncover the coolest trends in breaking a sweat

Olympic training in ancient Greece. Yoga in India. Tai chi in China. Needless to say, the concept of exercise has been around awhile. Yet fitness as we know it emerged less than 200 years ago – and it keeps evolving. Explore the hottest trends in the fitness world, including the potential effects of COVID-19 on this $100 billion global industry.

Staying fit on the go

The top fitness trend since 2016, wearable tech (think Apple Watches and Fitbits) has evolved into personalized healthcare devices – clocking sleep patterns, stress levels, menstrual cycles and even fertility windows.

Boutique meets digital

Peloton streams classes for its sophisticated bikes and treadmills. Mirror offers live and on-demand fitness classes on an LCD screen. Brick-and-mortar ones like Pure Barre and Orangetheory also offer condensed virtual versions of their in-person classes.

Gaming for gymgoers

Merging virtual reality with working out, Black Box VR gives users a headset and weights to play video games. The catch? Body movements control the game. Scientists say VR workouts make exercise 26% more enjoyable.

The future of fitness

Workout pods and yoga domes are a couple of ways COVID-19 has changed the face of fitness. What's more, 34% of gymgoers have no plans to reactivate their memberships, and 46% of survey participants intend to make virtual classes part of their post-pandemic routines.

High-tech training

Tech is taking over home gyms. There's Tonal's digital weightlifting system; Move It's all-in-one smart gym; even Asensei and Sensoria, which rely on clothing sensors to deliver truly personalized training.

Fitness?
There's an app for that.

Health apps skyrocketed by nearly 50% in the first half of 2020. Front-runners included MyFitnessPal, which tracks diet and exercise, and meditation apps like Calm and Headspace.

Sources: bbc.com; businessinsider.com; acsm.org; cnbc.com; vocast.com; digitalcommerce360.com; sourcingjournal.com; lamag.com; actionnewsjax.com; weforum.org; businesswire.com; forbes.com; American College of Sports Medicine

New job, new plan

Don't leave your retirement savings behind

Congrats, you got a new gig! And it may not have been easy in this complicated employment environment. But now that you know where you'll be working, it may be time to turn your attention, just for a moment, to what you left behind. Besides friends, you may have a 401(k) plan lingering around. Let's take a look at what you can do with that old employer-sponsored retirement plan after you bid your coworkers a fond "farewell and see you later."

THREE POTENTIAL STRATEGIES

Leave it as is

One of the biggest benefits of a 401(k) is the employer match, so there's usually no need to maintain the status quo after you leave, especially if you're fully vested. There are only a few compelling reasons to leave your account as is: your new employer doesn't offer a plan; your old plan has done exceptionally well for you or offers a broader range of appealing investment options; or you just need some time to make a thoughtful decision. One other thing to consider, but it is specific: If you leave your job in or after the year you turn 55 (age 50 for qualified public safety officers in a governmental defined benefit plan) and think you'll start withdrawing funds before age 59 1/2, those withdrawals will be penalty-free. If you opt for this, don't forget it's there! Many times consolidation makes it easier to see your larger financial picture.

Cash it out

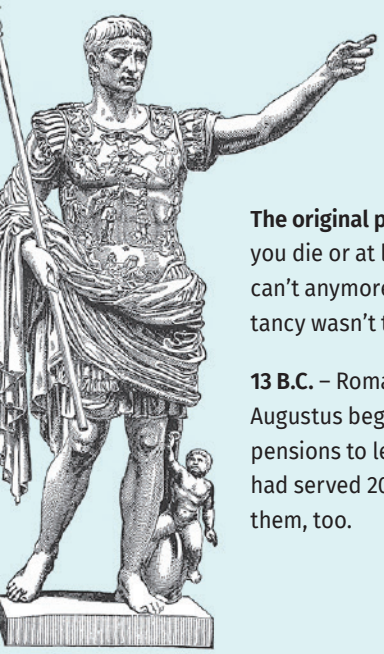
If you need extra liquidity (e.g., layoffs or emergency situations), consider cashing out only what you need and rolling over the rest. In most years, early withdrawals come with hefty tax consequences if you're under 59 1/2. However, the CARES Act temporarily allowed penalty-free withdrawals up to

PRO TIP

If you own company stock in your account, talk to your advisor about potential tax savings through net unrealized appreciation (NUA) that is taxed at more favorable long-term capital gains rates instead of ordinary income when distributions are taken. This strategy can be complicated so professional consultation is key.

From nothing to 401(k)s

Here's a brief look at how retirement, as Americans likely understand it, went from "hope for the best" to government support to self-funding with a few stops in between.



The original plan: Work until you die or at least until you can't anymore. Life expectancy wasn't that long.

13 B.C. – Roman Emperor Augustus began paying pensions to legionaries who had served 20 years. Taxed them, too.

16th century – Britain and several European countries offered pensions to their troops, first to their officers before expanding to enlisted men. The first civilian public servant known to have received a pension was an official with the London port authority. In 1684, he was paid half his working income – deducted from the pay of his replacement.

Revolutionary War firebrand Thomas Paine called for a 10% inheritance tax to help pay benefits for those age 50 and older, according to the Social Security Administration. The idea didn't catch on.

After the Civil War, the U.S. government paid pensions to disabled or impoverished Union veterans and their widows. Southern states paid pensions to disabled Confederate veterans.

1875 – American Express offered America's first employer-provided retirement plan.

1880 – The Baltimore and Ohio Railroad introduced the first retirement plan, financed by contributions from both employer and workers.

1880s – German Chancellor Otto von Bismarck offered to pay pensions to any non-working German over 65. Not out of altruism though. He wanted to curtail a growing socialist movement before it grew more powerful. Though the idea of retirement at age 65, supported by the government, caught on.

$100,000 this year, if you or your spouse were diagnosed and/or financially impacted by the COVID-19 pandemic.

Learn to rollover

With apologies to Fido, this trick should be relatively easy with the help of your new employer's plan (assuming rollovers are allowed). You maintain the preferential tax treatment that comes with a 401(k) and set yourself up for any new employer match. A 401(k) offers automatic dollar-cost averaging, which means you're consistently saving toward the future regardless of the price of the underlying stocks. Sometimes you accumulate shares at a discount; sometimes not. Your advisor may even be able to help select your asset allocations among the plan's choices. It's generally a good idea to contribute as much as necessary to meet the full employer match, then find another tax-efficient retirement vehicle for the rest of your yearly contribution.

You also have the option to roll over to a traditional or Roth IRA, which allow your retirement savings to grow tax-deferred or tax-free, respectively. The main difference is whether you'll pay taxes on the contributions now or later, when you might be in a different tax bracket. Both also tend to offer flexible beneficiary designations and a broader range of investment choices than 401(k)s might. Plus, required minimum distributions now start at age 72 thanks to the Setting Every Community Up for Retirement Enhancement (SECURE) Act. Keep in mind that the SECURE Act also shortened how long most beneficiaries have to draw down the account after they inherit, so be sure to discuss this option with your advisor beforehand.

If you are wondering whether a rollover will trigger taxes, remember this basic rule: You're generally safe if you roll over between accounts that are taxed similarly (e.g., a traditional 401(k) to a traditional IRA, or a Roth 401(k) to a Roth IRA). It's not all or nothing, though. You can also split your distribution between a traditional and Roth IRA, assuming the 401(k) plan administrator permits it. Remember, too, that indirect rollovers must be deposited into the IRA within 60 days to avoid withholding taxes and penalties.

○ ○ ○

Your advisor can help you decide on a course of action that works best for you.

Numbers to know

For 2021, you can contribute up to $19,500 to an eligible 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan; anyone over 50 is eligible to contribute another $6,500.

1935 – Social Security replaces state-run pensions with workers paying into their own old-age insurance; the idea was meant to incentivize older workers to make way for younger ones. Benefits kicked in at 65, but life expectancy was about 60 back then. Medicare was added in 1965.

World War II – Private pensions grew in the United States as a way to attract workers after the government imposed wage freezes.

1950s-1970s – Mass marketed retirement communities introduced the idea of full-time leisure to a generation used to working.

1978 – The Revenue Act of 1978 allowed employees to defer part of their compensation pre-tax, eventually becoming tax law under Section, you guessed it, 401(k). Johnson & Johnson establishes one of the first formal 401(k) plans a year later.

1980s – Retirement shifts significantly from defined benefit/pension plans to defined contribution plans like 401(k)s. Many countries lowered the age at which people could retire and collect full benefits to again encourage older workers to make way for younger ones.

Today – That trend is reversing with governments raising official retirement ages to prevent aging populations from breaking their budgets. Plus, healthier, more active seniors are choosing to work longer.

Sources: bankrate.com; jpmorgan.com; investopedia.com; irs.gov; seattletimes.com; Breakwater Financial

Asset allocation does not guarantee a profit nor protect against loss. IRA withdrawals may be subject to income taxes, and prior to age 59 1/2 a 10% federal penalty tax may apply. Rolling from a traditional IRA into a Roth IRA may involve additional taxation. When converted to a Roth, the client pays federal income taxes on the converted amount, but no further taxes in the future. Unless certain criteria are met, Roth IRA owners must be 59 1/2 or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount is subject to its own five-year holding period. Investors should consult a tax advisor before deciding to do a conversion.

In educating you on available options, each of which has potential benefits and drawbacks, we'll look at your specific situation to help determine which option may be in your best interest.

Virtual vino vacations

While 2020 has certainly not been a vintage year for life as we know it, there is one delightful workaround that more and more people have been partaking in: The virtual wine tasting. And with the holiday season upon us, those warm get-togethers with family and friends – long overdue and certainly longed for – are now possible. Sort of.

A global sampling may tickle your travel taste buds with hints of cultural experiences from across the globe. Choose an international array of wines, selected with the help of your local wine merchant. Once you raise a glass and toast your guests – Cheers! Salud! Prost! Santé! They'll think the world of you.

Uncorking your event

So how does one go about setting up their own virtual wine tasting? It's relatively easy. First, a guest list. Four to 10 is an ideal number. Then collectively choose a time and a platform such as Zoom or Google Hangouts.

Select three or four bottles and agree to order them on the same day so everyone will have them by the event date. Companies such as wine.com will deliver to your home and send duplicate orders to the friends and family members you are inviting.

According to master sommelier Lu Yang, "It always helps if you have a theme in mind – you can make it a vertical tasting from the same producer, or a horizontal (same vintage) range from a certain region. A theme is also important to keep people focused. By the end of the tasting, your guests are more likely to have a sense of accomplishment if you've had thorough discussions around one topic."

Decide who will host. Whoever it might be will want to assemble some details and tasting notes on each wine. Send your guests a shopping list detailing the types of glasses needed, and perhaps include suggestions for snacks and crackers to cleanse the palate, as well as a tasting sheet to make notes on their favorites.

Once the big day arrives, with your computer or smartphone set, your wine bottles opened, and your glasses at the ready – sign on to your virtual vacay. Have everyone pour a sample of each wine and share your comments and camaraderie on each.

If you don't want to dabble in all the do-it-yourself details, you can simply go with an online option that does it all for you. For example, Napa-based wine club Priority Wine Pass has joined forces with wineries throughout California, Oregon and Virginia to bring a variety of varietals to members' homes. They offer knowledgeable hosts, world-class wines and a fun online format. They can help you choose a winery and specific wines, coordinate shipping, schedule your tasting, provide a Zoom link, and invite a knowledgeable winemaker or winery owner to emcee your event.

Whichever route you take – hosting your own tasting or working through a website, you will enjoy an opportunity to travel via taste buds, while rekindling old friendships and warming the hearts of your family members. And that is definitely worth toasting!

The smell of young wine is called an aroma, while more mature wine offers a bouquet.

"Toasting" got its name from ancient Romans, who would drop a piece of toasted bread into the wine to soften any unsavory taste.

In ancient Egypt, the ability to store wine until maturity was considered alchemy and was the privilege of only the pharaohs.

The signing of the Declaration of Independence was toasted with glasses of Madeira.

Wine has been around for at least 9,000 years

"Nature is perfect," says artist Carl Brenders. "This is why I paint the way I do with so much detail and so much realism – I want to capture that perfection."

Carl's paintings encompass every intricacy and detail of his wildlife subjects and their habitat, as well as the mood created by the light. You can see his meticulous eye for detail in the rocks and moss that decorate the landscape. "If it takes lichen 200 years to grow as large as a coin, surely I can devote the extra hours it takes to perfectly capture its every characteristic," he says.

"Disturbed Daydreams" by Carl Brenders
Gouache on paper – 1986, 22" x 28"

Carl begins each project by taking countless photographs of the animal and its habitat, documenting all the elements that set the stage for his subject, such as the vegetation at that particular time of year, the light, the landscape, and the shape and color of the rocks.

It is then that his imagination comes into play. "The painting takes form in my mind and I make a few sketches," Carl says. His ultimate vision materializes as a more detailed pencil drawing that he then projects to his illustration board, where he makes adjustments to his composition before applying color.

Although Carl has experimented with acrylic paint, he remains partial to the technique he has developed over the last 30 years – a mixed-media combination of watercolor and gouache (pronounced "gwash"). While not as well-known as other mediums, gouache is an opaque watercolor paint that can be applied in solid colors.

Carl is a key student of nature the world over. He has a deep love for the vast North American wilderness and the creatures that inhabit it – reasons for his frequent field trips to the United States and Canada. Carl is also a dedicated conservationist and has raised awareness for environmental and conservation causes with his art.

Carl was born in Wilrijk, Belgium, and studied at the Fine Arts Academy in Antwerp and later at Berchem. Like many artists, he got his start in illustration before making the transition to full-time fine artist. He has established himself as one of the world's premier wildlife artists and enjoys a large international following. He is widely collected in North America, France, Germany, Japan, Spain, Holland, Argentina and in his native Belgium. To see more of his work, visit carlbrendersart.com.

> "A painter is a privileged being because, in his imagination, he can come very close to the animals he paints."

The Tom and Mary James/Raymond James Financial Art Collection

One of Florida's largest private art collections, The Tom and Mary James/Raymond James Financial Art Collection is housed at the Raymond James Financial headquarters in St. Petersburg, Florida. The collection includes paintings, drawings, sculptures, graphics and mixed media. A portion of the collection resides at The James Museum of Western & Wildlife Art (visit thejamesmuseum.org). The museum represents the culmination of Tom and Mary's more than 50 years of collecting culturally significant pieces and is a gift to the community.

To view another Carl Brenders work in the Collection, click here.

Gardening does more than create beautiful spaces and produce fresh food. Having a green thumb can also add years to your life. Just ask National Geographic author Dan Buettner, who partnered with the National Institute on Aging to study Blue Zones, areas where people disproportionately live beyond 100. According to Buettner's research, these centenarians had one surprising commonality: They all gardened well into old age – showing that the secret to a long and happy life might be hiding in your garden.

Cultivating longevity

Eat what you grow

Home-grown greens enhance your diet and help you reap more nutrients. That's because most produce loses 30% of nutrients three days after harvest. Plus, sustainability and a reduced carbon footprint!

Tap into your Zen side

Gardening can do wonders for mental health, from fostering a growth mindset to promoting mindfulness, which can increase relationship satisfaction and manage emotional reactivity.

Soak up your surroundings

Fresh air, plants and the sun – cornerstones of gardening – boast an array of benefits. For instance, vitamin D can regulate weight, stabilize mood and fight disease. Scottish doctors prescribe nature walks to help lower blood pressure and quell anxiety. Plus, it's an activity almost anyone of any age can do.

Energize your endorphins

While gardening won't get you into triathlon shape, it's still exercise. And studies show that just 15 minutes of light daily exercise – such as turning the earth and pruning rose bushes – can boost your life span by three years.

Breathing fresh air, being around plants and basking in the sun boast an array of benefits.

Invigorate your immune system

Aside from offering a dose of vitamin D, gardening also introduces certain strains of soil-borne mycobacteria that can bolster your immune system and hike serotonin levels.

Sources: cnbc.com; aarp.org; healthline.com; psychologytoday.com; chicagotribune.com

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Our mission doesn't.

Since our beginning, our business has been people and their financial well-being. In good times and hard times, we stay the course with a conservative approach focused on the long term. Because supporting your goals is our goal. Today, and always.

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