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EYE ON MONEY

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2019

32 THINGS TO KNOW ABOUT PLANNING YOUR ESTATE

HOW TO HELP PROTECT YOUR FAMILY'S FINANCIAL FUTURE



plus

3 THINGS TO
KNOW ABOUT
MUNICIPAL BONDS

KEY BIRTHDAYS
IN A FINANCIAL
PLAN

UP TO A \$2,500 TAX
CREDIT FOR PAYING
COLLEGE TUITION

DOES MY CHILD
NEED TO FILE A
TAX RETURN?

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TAX

FIVE THINGS THAT MAY SURPRISE YOU ABOUT YOUR 2018 FEDERAL TAX RETURN

- 1 Form 1040 is much shorter.** The IRS accomplished this by moving many of Form 1040's former line items onto new, separate schedules.
- 2 There are no personal exemptions.** The Tax Cuts and Jobs Act suspended them through 2025.
- 3 The standard deduction has nearly doubled.** As a result, some taxpayers who itemized deductions in the past may get a larger deduction this year by claiming the standard deduction instead.
- 4 The child tax credit has been greatly expanded.** The full credit can now be claimed by taxpayers with adjusted gross incomes as high as \$200,000 (\$400,000 if married filing jointly) who have a qualifying child.
- 5 The deduction for state and local taxes is capped at \$10,000.** This means that taxpayers who itemize deductions can deduct only up to \$10,000 (\$5,000 if married filing separately) of the total state and local property and income or sales taxes they paid in 2018. ■

Please consult your tax advisor.

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The American Opportunity Tax Credit— A Major Tax Break for Paying College Tuition

Of all the federal tax credits and deductions available to help offset the college expenses you pay, this one has the potential to put the most money back in your pocket if you are eligible to claim it.

If you pay college tuition for yourself, your spouse, or your dependents, you may be able to trim up to \$2,500 per eligible student off your federal tax bill with the American Opportunity Tax Credit (AOTC).

Here are a few things you should know about this popular tax credit.

CREDIT AMOUNT. The maximum credit is \$2,500 per year per student. The credit amount is figured using 100% of the first \$2,000 of qualified expenses you pay for the student and 25% of the next \$2,000 of expenses you pay for the student. Qualified expenses include tuition, required enrollment fees, and necessary course materials, but not room and board.

REFUNDABLE. The AOTC is refundable. This means that if the amount of your credit exceeds your tax for the year, 40% of the excess (up to \$1,000) can be refunded to you.

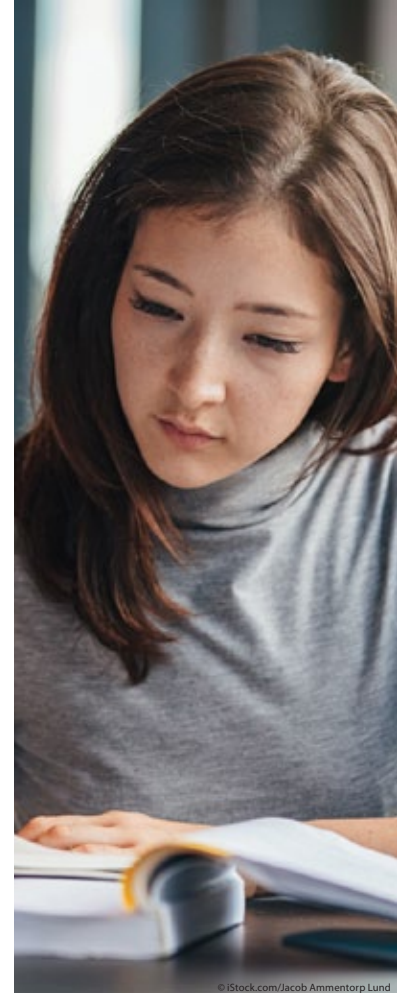
INCOME LIMITS. To claim the AOTC, your modified adjusted gross income (MAGI) must be within certain limits. For purposes of this credit, most people's MAGI is the same as the adjusted gross income (AGI) shown on their tax return.

- ▶ If you are a single or head of household filer, your MAGI must be \$80,000 or less to claim the full credit. A partial credit is available if your MAGI is between \$80,000 and \$90,000.
- ▶ If you are married and file a joint tax return, your MAGI must be \$160,000 or less to claim the full credit. A partial credit is available if your MAGI is between \$160,000 and \$180,000.

You cannot claim this credit if your filing status is married filing separately or if you are listed as a dependent on another person's tax return.

ELIGIBLE STUDENTS. The student must also meet certain criteria for you to claim the credit. Generally speaking, the student must be pursuing a degree or other recognized education credential, be enrolled at least half-time for at least one academic period during the year, and not have a felony drug conviction. The school can be a college, university, trade school, or other postsecondary educational institution that is eligible to participate in a federal student aid program.

FIRST FOUR YEARS ONLY. The AOTC can only be claimed for the student's first four years of postsecondary education. If your student is beyond the first four years or does not meet the criteria for an eligible student, take a look at the Lifetime Learning Credit. Although its income limits and maximum credit are lower than the AOTC, the Lifetime Learning Credit can generally be claimed for an unlimited number of years and the student can be enrolled in as few as one or two courses. ■



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Please consult your tax advisor for more info about tax credits and deductions for higher education.



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3 Things to Know About Municipal Bonds

Municipal bonds are issued by state and local governments and agencies to raise money for public projects, such as building highways and schools. Here are three things to know about them. Your investment advisor can tell you more.

1. The interest from most municipal bonds is exempt from federal income tax.

The interest may also be exempt from state and local income taxes if the bonds were issued in your state.

- 2. The higher your tax bracket, the more attractive tax-exempt municipal bonds become.** Due to the tax exemption, municipal bonds tend to pay a lower rate of interest than taxable corporate bonds. But for someone in a high tax bracket, the tax savings can be significant enough that the after-tax yield of a municipal bond may be higher than that of a similar taxable bond.

To determine which type of bond offers you a better after-tax yield, you need to know the municipal bond's taxable equivalent yield for someone in your tax bracket. That's the yield you will need to receive from a taxable bond in order to match the yield of the municipal bond you are considering. Your investment advisor can generally calculate it for you. Online calculators are also an option.

- 3. Municipal bonds lose their tax exemption in tax-deferred retirement accounts.** Tax-exempt municipal bonds are generally not a good fit for tax-deferred accounts, such as IRAs and 401(k) accounts. That's because all of your investment earnings, including the interest from your tax-exempt bonds, will be subject to income tax when withdrawn from a tax-deferred account. Instead, consider holding tax-exempt municipal bonds in a taxable account so that the interest can avoid federal income tax and possibly state and local income taxes also. ■

PLEASE NOTE: You may have a gain or a loss if you sell a bond prior to its maturity date. 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. A portion of a municipal bond's income may be subject to state tax, local tax, and the federal alternative minimum tax. Capital gains are not exempt from taxation.

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

Does My Child Need to File a Tax Return?

Whether your child needs to file a 2018 federal income tax return depends on the amount and type of income they received during the year.



IF YOUR CHILD earned money from working or received interest, dividends, or capital gains distributions, they may need to file a federal income tax return.

To determine whether your child must file a tax return, you'll need to tally up how much earned income and unearned income they received during the year.

Earned income is typically income from working. Unearned income is typically income from savings and investments.

If your child's income exceeds certain amounts, they must file a tax return. Check out the next column for the amounts that apply to someone who is single and can be claimed as a dependent on someone else's tax return.

Keep in mind that even if your child is not required to file a tax return, they may still want to file one to get back federal income tax that was withheld from their pay. ■

Please consult your tax advisor about whether your child needs to file a tax return.

2018 RULES FOR DEPENDENTS WHO ARE SINGLE, UNDER AGE 65, AND NOT BLIND

IF YOUR CHILD RECEIVED ONLY EARNED INCOME

They must file a tax return if their earned income is more than \$12,000.

Earned income includes wages, salaries, tips, professional fees, and the taxable portion of scholarships and fellowship grants.

IF YOUR CHILD RECEIVED ONLY UNEARNED INCOME

They generally must file a tax return if their unearned income is more than \$1,050.

In certain situations, you can include your child's interest and dividends on your tax return, but be aware that the tax on your child's income may be less if your child files their own return.

Unearned income includes taxable interest, ordinary dividends, capital gains distributions, unemployment compensation, taxable Social Security benefits, and distributions of unearned income from a trust.

IF YOUR CHILD RECEIVED EARNED AND UNEARNED INCOME

They must file a tax return if any of the following apply:

- ▶ Their earned income is more than \$12,000
- ▶ Their unearned income is more than \$1,050
- ▶ The total of their earned and unearned income is more than the larger of 1) \$1,050, or 2) their earned income (up to \$11,650) plus \$350.

For example, if your son received \$1,000 in wages and \$200 in taxable interest, he does not have to file a federal tax return because his earned income is not more than \$12,000, his unearned income is not more than \$1,050, and his total income is not more than \$1,350 (his earned income plus \$350).

32 Things to Know About Planning Your Estate

An estate plan can help protect your family's financial future, as well as your own. Here are a few things to know about creating one.

TRANSFERRING WEALTH TO HEIRS

There is more than one way to transfer your wealth to your heirs. A will is often the first thing that pops into people's minds when they consider how to transfer their assets to their heirs. And although a will is an important part of an estate plan, there are additional ways to transfer your assets.

- ▶ *Will.* A will is used to transfer assets that are not transferred by other means.
- ▶ *Beneficiary designations.* Financial accounts and life insurance policies typically allow you to name one or more beneficiaries to receive the assets in the accounts and the insurance payouts after you are gone.
- ▶ *Certain types of joint ownership.* Assets that you own jointly with another person, such as your spouse, can become the property of the surviving owner, depending on how the assets are titled.
- ▶ *Trusts.* A trust is a legal arrangement that specifies how and when the assets you place in the trust are to be distributed to your beneficiaries.

Gifts to your heirs during your lifetime are an option. As long as your own financial future is secure, transferring wealth to your heirs during your lifetime can be a smart move in some circumstances. For example, individuals whose estates will be subject to estate tax may want to make gifts to their heirs during their lifetimes in order to take advantage of the annual gift



Everyone needs an estate plan.

No matter your age or your net worth, you need to make legal arrangements if you want to control how your assets are distributed after you are gone. If you die without having made a will or taken other legal steps, your assets will be distributed according to the laws of your state.



tax exclusion or to remove appreciating assets from their estates so that any future appreciation is not part of their estates.

Whether lifetime gifts are a smart move for you depends on your situation. Please consult your estate planning advisor who can review the pros and cons of lifetime gifts with you and provide advice on how to tax-efficiently transfer your wealth to your heirs.

NAMING A GUARDIAN

A will is where you name a guardian for your young children. Your choice of guardian will have a profound impact on your children's lives if the unthinkable happens, so it's important to choose the person you think will do the best job—and to make your choice legally known by naming the guardian in your will.

The court will appoint a guardian if you do not name one. If you do not name a guardian for your young children in your will and both parents die, the court will appoint someone to care for your children. And without any input from you, it may be someone you'd prefer not raise your children.

The guardian you choose is not obligated to serve. For this reason, it's a good idea to get their agreement before naming them in your will. It's also a good idea to name an alternate guardian in case your first choice changes their mind or becomes unable to serve.



An estate plan is about more than who gets what.

Although an estate plan provides instructions about how everything you own is to be distributed after your death, it can do much more than that, such as:

- ▶ Plan for the day when you are not capable of managing your own affairs.
 - ▶ Make arrangements for heirs who may need guidance.
 - ▶ Keep the details of your estate private.
 - ▶ Minimize estate taxes.



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You may need your spouse's consent to name someone other than your spouse as the beneficiary of your retirement account.

When it comes to 401(k) plans and other types of qualified retirement plans, you will need your spouse's written consent to name someone else as your primary beneficiary. And if you live in a community property state, you may also need your spouse's consent to name someone other than your spouse as the beneficiary of your IRA. Please consult your estate planning advisor for details.

PROBATE

What is probate? Probate is the court-supervised process for distributing a deceased person's assets to their heirs. It typically involves: (1) validating the will, (2) collecting the assets, (3) paying any debts, expenses, or taxes that are owed, and 4) distributing the remaining assets according to the instructions in the will. If there is no will, assets are distributed according to state law.

Probate can be time-consuming and costly—but not always. Many states offer a simplified process for small estates. Check with your estate planning advisor about the potential time and costs in your state.

Probate is public. A will becomes a matter of public record when it is filed with the probate court. If you want the details of your estate to remain private, transfer your estate by means other than a will, such as those listed in the next item. (You'll still need a will to transfer any assets that are not transferred by other means.)

Some types of assets do not go through probate. They include:

- ▶ *Assets with beneficiary designations*, such as retirement and investment accounts, generally do not go through probate as long as you designate a person or an entity other than your estate as the beneficiary.

- ▶ *Some jointly owned property.* Property held as “joint tenancy with right of survivorship”, “community property with right of survivorship”, or “tenancy by the entirety” does not go through probate.
- ▶ *Assets held in trusts created and funded during your lifetime*, such as a revocable living trust, generally avoid probate.

BENEFICIARIES

You can generally designate one or more beneficiaries for your financial accounts. Your beneficiaries have no rights to the account while you are alive, but after your death, they can claim

the account balance directly from the financial institution without the account having to go through probate.

Banks typically call accounts with beneficiary designations payable-on-death (POD) accounts or in-trust-for (ITF) accounts. Brokerages typically call them transfer-on-death (TOD) accounts.

You can name a beneficiary for your vehicle or home in some states. If you name a transfer-on-death beneficiary on your vehicle's title or your home's deed, those assets can transfer to your named beneficiary upon your death without going through probate. While you are alive, your beneficiaries have no rights to your vehicle or home.

Beneficiary designations trump a will. The people you name as beneficiaries on your financial accounts, retirement accounts, titles, deeds, and life insurance policies will generally inherit those assets regardless of any instructions to the contrary that you put in your will or other estate planning documents.

It's a good idea to also name secondary beneficiaries. A secondary beneficiary, also known as a contingent beneficiary, is the person you want to inherit your assets if your primary beneficiary dies before you do.

It is important to review your beneficiary designations regularly. Because your beneficiaries will inherit your assets, it is important to review your beneficiary designations every year or so to make certain that they still reflect your wishes. It is also a good idea to review them when major changes, such as marriages, divorces, births, and deaths, occur in your life.

TRUSTS

What is a trust? A trust is a legal arrangement for managing and transferring assets. It typically works like this: You create and fund the trust, either during or after your lifetime. You choose a trustee to manage the assets in the trust. The trustee manages the assets and distributes them to your beneficiaries, according to the terms of the trust.

There are many types of trusts, each designed to help meet a specific objective, such as:

- ▶ Avoid probate.
- ▶ Minimize estate taxes.
- ▶ Control when the beneficiary receives distributions from the trust.
- ▶ Shield the trust assets from creditors.
- ▶ Preserve a special needs individual's eligibility for government benefits.
- ▶ Protect the inheritance of children from an earlier marriage while providing an income to a spouse from a later marriage.

To sum it up: Trusts are used to meet a wide variety of objectives that may not be met if your assets are transferred using a will.

What is a revocable living trust? This popular type of trust is used to direct how the assets you put in it are to be managed during your lifetime and distributed after your death.

You can serve as the trustee of your revocable living trust and retain full control of the assets in the trust. You can invest, sell, or spend them, just as you would any of your other possessions. After your death, your successor trustee manages and distributes the trust assets according to your directions.

REVOCABLE LIVING

TRUST



A revocable living trust can accomplish things that a will cannot.

The assets in the trust avoid probate.



The details of the trust remain private.



The successor trustee you choose can quickly step in to manage the trust assets if you become incapacitated.

FEDERAL TRANSFER TAXES



There are three types of federal transfer taxes.

Federal transfer taxes apply to the transfer of assets made during or after your lifetime that exceed certain exemption limits.

- ▶ The gift tax applies to assets transferred during your lifetime.
- ▶ The estate tax applies to assets transferred after death.
- ▶ The generation-skipping transfer (GST) tax applies to transfers that skip a generation, such as a gift to your grandchild or to an unrelated person who is more than 37½ years younger than you. The GST tax applies in addition to the gift or estate tax.

GIFT AND ESTATE TAXES

Most people will not owe any federal gift or estate taxes. Thanks to the basic exclusion, you can generally exempt \$11.4 million of your gifts and estate from federal gift and estate taxes. Married couples can use both spouses' exclusions to shelter \$22.8 million from federal taxation. (The basic exclusion amount for 2019 is \$11.4 million. It is scheduled to decrease to around \$5.5 million in 2026 unless Congress acts.)

Asset transfers between spouses are generally exempt from federal gift and estate taxes. As long as your spouse is a U.S. citizen, you can generally give your spouse an unlimited amount of assets without owing any gift or estate tax on the transfer and without using up any of your basic exclusion. Be sure to plan for the possibility that your spouse's estate may be subject to estate tax if its value exceeds his or her unused exclusion amount.

Any unused exclusion amount is portable between spouses. This means that widows and widowers can use the unused portion of their deceased spouse's exclusion to shelter their own gifts and bequests from federal gift and estate taxes. But be aware that the portability, or transfer, of the unused exclusion amount between spouses is not automatic. The executor of the deceased spouse's estate must file a federal estate tax return to elect portability.

Even if your estate does not owe federal estate tax, it may owe state estate tax. Some states impose an estate tax, and the amount that states will allow you to exempt from taxes may be significantly lower than the federal exclusion amount.

STEP-UP IN BASIS

Certain assets inherited at death get a step-up in basis. Assets, such as stocks and real estate, that your heirs inherit from you will generally receive a step-up in basis to their fair market value on the date of your death. This adjustment in basis may benefit your heirs if the assets have appreciated in value since you purchased them.

For example, let's say you leave shares of stock to your heir that you purchased years ago for \$10,000 and that are valued at \$50,000 on your date of death. If your heir later sells the shares for, let's say, \$53,000, only the \$3,000 of appreciation that occurred since your heir inherited the shares will be taxable as a capital gain.

Please note that some assets, such as IRAs and retirement plans, do not receive a step-up in basis at death.

PLANNING FOR INCAPACITY

Planning for your own incapacity is an important part of estate planning. At some point in your life, you may be unable to manage your finances and make decisions regarding your medical care on your own. It is important to plan for this possibility now, while you are still healthy. Without the right legal documents in place, the courts may end up choosing someone to handle your affairs for you if you become incapacitated.

A health care proxy is used to name someone to make your medical decisions when you cannot. This legal document is also sometimes known as a durable power of attorney for healthcare.



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A living will is where you state the types of medical treatment you want.

This document is used to make your wishes known regarding the treatments (mechanical respiration, tube feeding, etc.) that you want to receive, or not receive, in an end-of-life or permanently unconscious situation.

A durable power of attorney for finances lets you name someone to manage your finances. The "durable" nature of this type of power of attorney allows the document to remain in effect even if you are incapacitated so that the person you name on the document can manage your financial affairs (e.g., pay your bills and handle your banking) when you are unable to.

It's a good idea to find out in advance whether your financial institutions use their own power-of-attorney forms. If they do, they may not readily honor one created elsewhere.

Your successor trustee can manage the assets in your revocable living trust.

One of the most important benefits of a revocable living trust is that the person you name as your successor trustee can step in and manage the assets you put in the trust if you become incapacitated.

THE NEXT STEP

Consulting an estate planning professional is a smart move.

Planning an estate is a complex task, and we've only scratched the surface of your options and planning considerations here. Your best move is to work with an estate planning professional who can review your financial situation, listen to your goals, and tailor an estate plan for you. Using a professional can save you time, help you avoid costly mistakes, and help ensure that your wealth is transferred to your heirs smoothly and tax-efficiently. ■



Please consult your estate planning advisor for help developing or updating an estate plan.

Key Birthdays in a Financial Plan



Will you or someone in your family celebrate one of these birthdays this year? If so, some rules regarding your finances may change and certain financial opportunities may open up this year. Here are a few key ages to watch and plan for. Your financial advisor can help you incorporate them into your financial plan.

18 or 19 or 24

The kiddie tax no longer applies.

If a young child's investment and unearned income totals more than \$2,200 in 2019, part of it will be taxed using the tax brackets that apply to trusts and estates rather than the tax brackets that apply to individuals.

This special tax treatment, known as the kiddie tax, applies to the unearned income of children who are under age 18, children who are age 18 and earn less than half their support, or children who are under age 24 and are full-time students earning less than half their support.

Depending on the child's financial situation, reaching the age when the kiddie tax no longer applies may signal an opportunity for the child to sell appreciated securities at a lower tax cost than in prior years.



26

Young adults cannot remain on their parent's health insurance plans.

If you are covered by your parent's health insurance plan and are about to turn age 26, it's time to look into getting your own coverage. Young adults can typically stay on their parents' plan only until age 26, although some states may allow a few extra years in certain circumstances. Your coverage options will generally include insurance through your employer, your spouse's employer, or a Health Insurance Marketplace.

► To find a Health Insurance Marketplace in your area, visit www.healthcare.gov.

30

Deal with any money remaining in a Coverdell education savings account.

If you still have money in a Coverdell education savings account and are about to turn age 30, get moving! The balance must be distributed within 30 days of the beneficiary turning age 30 unless he or she is a special needs beneficiary.

The earnings portion of the distribution will generally be subject to income tax and a 10% tax penalty if it exceeds your qualified education expenses for the year. You can avoid the tax and penalty by rolling over the balance to a Coverdell account for a younger member of your family or to a 529 savings plan for yourself.

If you haven't completed your own education, transferring the balance to a 529 savings plan, which does not have an age limit, will allow you to continue using the savings for your own qualified education expenses.

50

You can make catch-up contributions to your retirement accounts.

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

Catch-up contributions are a great opportunity to pump up the amount in your retirement savings. (Not all workplace retirement plans permit catch-up contributions.)

55

You can begin contributing an extra \$1,000 to your health savings account.

If you will be age 55 or older by the end of the year, you can contribute up to an extra \$1,000 per year to your Health Savings Account (HSA). Remember, HSAs are not a use-it-or-lose-it type of account. So even if you do not use your whole contribution for medical expenses this year, the money can remain in the account, potentially generating earnings, until you do use it.

2019 MAXIMUM CONTRIBUTIONS

Traditional and Roth IRAs	\$6,000 regular \$1,000 catch-up
401(k), 403(b), and most 457 Plans	\$19,000 regular \$6,000 catch-up
SIMPLE IRAs and SIMPLE 401(k)s	\$13,000 regular \$3,000 catch-up
Health Savings Accounts (HSAs)	\$3,500 for self-only HDHP coverage \$7,000 for family HDHP coverage \$1,000 catch-up

Additional limitations may apply to the maximum amount you may contribute. Some workplace retirement plans may permit special contributions not listed here.





55

Certain retirement plan withdrawals are penalty-free.

Generally, you must wait until age 59½ before you can withdraw money from a retirement account without getting slapped with a 10% federal tax penalty for an early withdrawal.

However, there are exceptions to the rule, one of which goes like this: If you are at least age 55 (age 50 if you are a qualified public safety employee) when you leave a company, you can withdraw your savings from that company's qualified retirement plan after you leave without having to pay the 10% early withdrawal penalty.

This exception applies only to qualified retirement plans, such as 401(k) plans. It does not apply to IRAs.

59½

Withdrawals from IRAs and retirement plans are penalty-free.

The 10% federal tax penalty on early withdrawals from IRAs and qualified retirement plans, such as 401(k) plans, does not apply to withdrawals made after age 59½.

Although withdrawals are penalty-free, income tax will apply to withdrawals from tax-deferred accounts and, in some limited situations, from Roth accounts.

Before you begin making withdrawals, it's a good idea to seek advice from your financial advisor about which accounts to tap first and how to help ensure that your retirement savings last as long as you do.

62

First chance to claim Social Security benefits.

Most people become eligible to claim Social Security retirement benefits at age 62. Claiming them at age 62, however, will permanently reduce your monthly benefit amount by as much as 30%.

Plus, your benefits will be temporarily reduced if you are still working, earn more than a certain amount annually, and are under full retirement age. Once you reach full retirement age, your earnings will no longer reduce your benefits.

65

Eligible for Medicare.

Most people become eligible for Medicare at age 65.

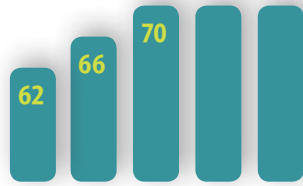
If you are already receiving Social Security benefits, Medicare Parts A and B will generally start automatically at age 65. If you are not yet receiving Social Security benefits, you should generally sign up for Medicare three months before your 65th birthday.

You may be able to wait until after your 65th birthday to enroll in Medicare if you (or your spouse) are currently employed and you have group health insurance from an employer or union based on that employment. Check with your benefits administrator to find out whether you are required to sign up for Medicare at age 65.

► You can apply for Medicare Parts A and B online at www.ssa.gov, by calling 1-800-772-1213, or in person at a Social Security office.

PENALTY-FREE





66+

Full retirement age for Social Security.

Your full retirement age for Social Security purposes depends on when you were born.

If you plan to apply for retirement benefits based on your own work record, delaying their start past your full retirement age will result in a larger monthly benefit amount when you do start.

If you plan to apply for benefits based on your spouse's work record, waiting until your full retirement age to begin benefits maximizes the amount of your monthly benefit.

70

Social Security benefits reach their max.

If you've been holding off starting your Social Security benefits in order to increase the amount of your monthly benefit, wait no more. The monthly benefit amount will not increase past age 70 so there is no advantage to delaying the start of your benefits any longer.

► You can apply for Social Security retirement benefits online at www.ssa.gov, by calling 1-800-772-1213, or in person at a Social Security office.

70½

Required minimum distributions (RMDs) begin.

Beginning the year you reach age 70½, you generally must make a minimum withdrawal each year from your traditional IRAs and workplace retirement plans. These mandatory withdrawals are known as required minimum distributions (RMDs).

Normally, RMDs must be withdrawn by December 31 each year, but you can postpone your first RMD until as late as April 1 of the year following the one in which you reach age 70½. Be sure to consider that if you postpone your first RMD into the following year, you'll have to take two RMDs that year (one by April 1 for the prior year and one by December 31 for the current year), which may have negative tax consequences.

If you are still working, your employer's non-IRA retirement plan may permit you to postpone RMDs past age 70½. ■



Please consult your financial advisor for help incorporating these key ages into your financial plan.

YEAR OF BIRTH	FULL RETIREMENT AGE
1943–54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Source: SSA.gov



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PORTUGUESE PLEASURES | Lisbon, Portugal

BY BRIAN JOHNSTON

Magnificent historical sights, music, pastries, shopping, and wander-worthy streets make Lisbon a city of Portuguese pleasures.

IN THE IDEAL WORLD, YOU'D SAIL into Lisbon. Few cities offer such a lovely arrival by ship. After all, this city was once the capital of a maritime empire, designed to be approached—and impress—from the sea. Cruise ships glide past a protective fortress into a long bay and then surge up the wide Tagus River, past Belém Tower and the Monument to the Discoveries that celebrates Portugal's role in European exploration. Then they slip under a mighty suspension bridge, and grand old Lisbon spreads across hill-sides in a tumble of baroque churches and pastel-colored houses. Cruise ships dock in the city center's Alfama district, almost beneath wrought-iron balconies and washing hung out like welcoming banners.

Lisbon is an Atlantic city but, thanks to a sparkling climate, orange trees, and a penchant for pastel paint and strong coffee, feels very Mediterranean. It's a city made for lingering, and a joy no matter how you arrive.

The Portuguese capital made its money on exploration and trade, which paid for its jaunty medieval town center, topped by São Jorge Castle, whose terraces provide wonderful outlooks over the city and passing container ships on the Tagus River. Remains here show that the Romans settled Lisbon in 205 BC, though its origins likely date back even further to the Phoenicians or Carthaginians. What's sure is that Lisbon predates many of Europe's more famous capitals

such as London or Paris by centuries.

Further along the river, Belém district is associated with Portugal's golden age of world discoveries and has fantastic monuments such as Belém Tower (a surprisingly pretty sixteenth-century defensive tower on the harbor edge) and Jerónimos Monastery, with its ornate Gothic and Moorish architecture and tomb of the great explorer Vasco da Gama. The monastery's stonework and vaulting is magnificent and extends to adjacent cloisters.

The astonishing wealth produced from the Portuguese Empire later transformed the medieval city into a baroque showcase. Lisbon is dense with stately mansions, grand palaces, and churches

A view over the rooftops (left) of Lisbon's Alfama district to the Tagus River. The 16th-century Belém Tower (below) guards the entrance to the harbor.

groaning under South American gold. The interior of sixteenth-century São Roque Church, one of the world's first Jesuit churches, erupts in mosaics, paintings, and gilt-laden chapels, as well as some of the best azulejos, the glazed blue tiles that appear on buildings throughout the town. Many of the city's finest squares, with their distinctive cobblestones in swirling black and white patterns, were created after the infamous 1755 Great Earthquake that destroyed half the city and so influenced Enlightenment philosophy.

If you're keen to put all this history and culture into context, you'll find museums dedicated to decorative arts, archaeological remains, maritime history, and Portugal's colonial connections with Asia. There's even a museum dedicated to azulejos. The National Museum of Ancient Art houses old masters and has numerous canvasses depicting Portuguese society in its heyday and Portugal's trading voyages to places as distant as Japan.

Lisbon also boasts not one but two of the world's best private collections. Calouste Gulbenkian Museum spans the ages and continents with everything from Monet paintings to Greek urns and Chinese jade statuettes, while Museu Coleção Berardo is all about modern art. It runs from Picasso and Warhol to the most outrageous of contemporary art installations.

It isn't just grand or cultural Lisbon that makes a visit so pleasurable, however. After you've seen the sights, you need time just to wander boulevards, where almond and jacaranda trees bloom in springtime, and narrow old-town alleys between canyons of ornate buildings. Elegant Praça do Comércio (Commerce Square) is surrounded by the former royal palace, government buildings, and the stock exchange. The Baixa district behind is a great shopping area: hit Rua

Agusta for a good selection of local crafts such as lace and ceramics. The district is characterized by neoclassical buildings surrounding fine squares that might have seen better days (look closely and Lisbon is rather shabby-chic) but are nonetheless jaunty with flower stalls and cafés.

Stop off at Mercado da Ribeira, where markets have been held for 900 years.



The current wrought-iron and glass building is a mere 140 years old and looks like a Victorian train station. One of its concourses has become Lisbon's most visited tourist attraction. It houses food stalls operated by Portugal's most celebrated restaurants—some Michelin starred—as a showcase of their cuisine and the nation's regional food. You can order bacalhau (salted cod) with chickpeas, roasted Alentajo black pork, or clams smoky with the flavor of paprika. Even if you aren't hungry, it's hard to resist a glass of wine and accompanying petiscos, Portugal's answer to tapas.

Wander away from the crowds into the fresh-food markets for an investigation of Portuguese products such as oranges, figs, Madeira bananas, and pineapples from the Azores. Local cuisine has absorbed influences from former colonies, as you'll see from the piles of saffron, cinnamon, and vanilla pods. The hot sauce piri piri is made from chilies, which originated in the Caribbean but were cultivated in the former Portuguese colony Mozambique. You'll

also see plenty of fish and seafood—fresh sardines are a quintessential Portuguese treat in summer.

The market is downtown, and the further uphill you get from there, the narrower the streets and more expansive the views over the city and Tagus River from terraces such as Santa Luzia Belvedere. Take to the cheerful yellow trams when uphill gets a bit much—Lisbon is spread across seven hills, which makes for glorious outlooks but heart-banging walks.

The bohemian atmosphere of the working-class districts Bairro Alto and Alfama is delightful. Alleyways draped with washing and scribbled with graffiti wind between the walls of Jesuit monasteries and crumbling baroque buildings from the district's more aristocratic days. Old ladies lean out of windows, trams clanks, and songbirds cheep from cages. In the evenings, look out for fado cafés. Soulful fado singing, accompanied by guitar, is the quintessential sound of traditional Portugal, full of sad songs about the oppressed, the lost, and the rejected.

When your sightseeing legs get weary, there's always a café or bakery nearby where you can rest and give into temptation. Top of your indulgences should be pastel de nata, the famous Portuguese custard tarts made with buttery, flaky pastry, caramelized on top and dusted with cinnamon. Pick a cobblestone square, settle at a table and admire the surrounding architecture, no doubt topped by statues of swooning saints. Portugal's coffee beans come from former colony Brazil, and produce an excellent brew. Locals prefer a bica or black coffee, similar to an espresso, often accompanied by marzipan and almond biscuits. Rest your legs and get your caffeine hit, because there's plenty more to explore in Lisbon. ■



The First Signs of Spring

Where you are likely to see tens of thousands of geese and cranes heading north, trilliums popping up from the forest floor, and brightly-colored wildflowers carpeting the hillsides.

ANTELOPE VALLEY, CA: Poppies

The Antelope Valley California Poppy Reserve is a prime spot to welcome spring, as poppies, lupine, owl's clover, goldfield, and coreopsis burst into bloom on the reserve's gently rolling hills. The peak viewing period is generally late March or early April. You can check on this year's bloom time by calling the Poppy Reserve Wildflower Hotline at (661) 724-1180.

NEBRASKA: Sandhill Cranes

Each March, more than 500,000 sandhill cranes converge in the Platte River Valley on their way north to their nesting grounds. The website, www.VisitGrandIsland.com, offers a map with locations where you can view the birds. For an up-close view, guided tours of viewing blinds are offered through the Crane Trust Nature & Visitor Center.

NEW YORK CITY'S CENTRAL PARK: Birds

To the non-birder, New York City's Central Park may seem an unlikely location for spotting birds, but birds migrating along the East Coast in the spring often stop in the park for a break in their journey northward. The peak viewing time for the spring migration is in May, according to New York City Audubon's website, www.nycaudubon.org. Check out their website for information on the types of birds you may spot, the best locations for sightings, and a list of their guided walks.

PENNSYLVANIA: Tundra Swans and Snow Geese

After spending the winter months in the Chesapeake Bay and Mid-Atlantic coastal areas, thousands of tundra swans and snow geese head out over Pennsylvania in late February

or early March on their long journey to their summer habitats in northern Canada. When weather conditions are just right, thousands of the birds generally stop off at Pennsylvania's Middle Creek Wildlife Management Area. The Pennsylvania Game Commission provides updates on their website, www.pgc.pa.gov, about the timing of the spring migration.

TENNESSEE: Wildflowers

The Great Smoky Mountains National Park, sometimes also known as "Wildflower National Park", puts on a colorful display every spring as dozens of types of flowering plants come into bloom. The spring wildflowers start in February when spring ephemerals, such as trilliums, begin to dot the forest floor and peak in mid-to-late April at the lower elevations. The park's Spring Wildflower Pilgrimage festival offers guided wildflower walks and takes place April 23-27, 2019.

TEXAS: Bluebonnets

Many roadsides and pastures in Texas are awash in blue each April as the state flower of Texas, the bluebonnet, puts on its annual show. Although the blooms can be enjoyed in many parts of the state, the town of Ennis is the home of the "Official Texas Bluebonnet Trail", a 40-mile driving route in and around the Ennis area.

WEST COAST: Gray Whales

Gray whales head north along the West Coast every spring, after spending part of the winter in the waters off of Baja California. According to the National Park Service, the Point Reyes National Seashore in California is one of the best spots to view the whales as they move north. ■



QUIZ

ANNIVERSARIES IN 2019

1. It's been 50 years since more than 400,000 people gathered at Max Yasgur's dairy farm for three days of peace and music at:
A. The Woodstock Festival
B. The Monterey Pop Festival
2. Founded 200 years ago (1819) by John Overton, James Winchester, and Andrew Jackson, this city on the banks of the Mississippi River was named after the ancient capital of Egypt:
A. Memphis
B. Natchez
3. This university in Hamilton, NY celebrates its 200-year history in 2019:
A. Cornell University
B. Colgate University
4. 2019 marks the 300th anniversary of this tiny (62 square miles) Alpine monarchy becoming an imperial principality:
A. Liechtenstein
B. Switzerland
5. Bordered by Mississippi, Tennessee, Georgia, and Florida, this state celebrates its bicentennial in 2019:
A. Louisiana
B. Alabama
6. This Portuguese explorer set sail from Spain 500 years ago (1519) in what would become the first circumnavigation of the world:
A. Christopher Columbus
B. Ferdinand Magellan
7. 75 years ago, on June 6, 1944, around 160,000 Allied troops stormed the beaches of Normandy and changed the course of World War II during:
A. The Battle of Verdun
B. The D-Day Landings
8. 2019 marks the 350th anniversary of the death of this Dutch painter and printmaker, perhaps best known for his 1642 painting, *The Night Watch*:
A. Rembrandt van Rijn
B. Johannes Vermeer
9. Founded 250 years ago (1769), this Mission was the first of the twenty-one Missions in California:
A. Mission San José
B. Mission San Diego de Alcalá
10. 2019 is the 500th anniversary of the death of this Renaissance artist, inventor, and scientist who painted the *Mona Lisa*:
A. Titian
B. Leonardo da Vinci



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