EYE ON MONEY

SEP OCT 2016

BUILDING RETIREMENT SAVINGS AT ANY AGE

WHAT TO DO IN YOUR 20s, 30s, 40s, 50s, AND 60s TO PREPARE FOR RETIREMENT

plus

CHARITABLE GIVING WITH A DONOR-ADVISED FUND

WHY START A RETIREMENT PLAN FOR YOUR BUSINESS

BOND AND CD LADDERS

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THREE MISTAKES TO AVOID REGARDING
LONG-TERM CARE

1 **Thinking you won't ever need it.** About 70% of people turning age 65 will need long-term care at some point in their lives, according to the U.S. Department of Health and Human Services.

2 **Counting on Medicare to cover it.** Medicare generally does not cover long-term custodial care services, such as assistance with bathing, dressing, and other activities of daily life, if that is the only type of care you need. Medicaid covers them, but your income must be low and your assets limited to qualify for Medicaid. If you need long-term custodial care, your only options may be to pay for it from your personal income and savings, or a combination of long-term care insurance, income, and savings.

3 **Waiting too long to purchase long-term care insurance.** If long-term care insurance is right for you, it is generally a good idea to purchase it well before you need it. If you wait until your health deteriorates, insurance companies may not sell you a policy. Plus, your premiums will generally be lower the younger you are when you purchase the policy.

Please consult your financial advisor about how to plan for long-term care expenses.

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FEATURES

FYI


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THREE REASONS TO START A
RETIREMENT PLAN FOR YOUR BUSINESS

1 Higher Contribution Limits Than Regular IRAs

Most business retirement plans will permit you to contribute more money per year to your account than a regular IRA will allow. How much more? To give you one example, the SEP-IRA retirement plan permits a business to contribute up to 25% of an employee's compensation, up to a maximum contribution of $53,000, in 2016. A regular IRA limits contributions in 2016 to $5,500 ($6,500 if you are age 50 or older).

If you are self-employed or own a small business and want to save large amounts each year on a tax-favored basis, you owe it to yourself to explore your business retirement plan options.

2 Tax Breaks for You and Your Business

▸ *A tax deduction for your business.* Contributions that your business makes to your account and your employees' accounts are generally deductible as a business expense.

▸ *A reduction in your personal income taxes.* If you choose a plan that allows employees to contribute, you can contribute part of your pay before income taxes are withheld from it, which reduces your taxes for the current year. For example, if you contribute $10,000 of your compensation to a SIMPLE IRA account or a tax-deferred 401(k) account, you will not have to pay income tax on that $10,000 this year. Income taxes are postponed until the money is withdrawn from your account.

If you choose a 401(k) plan that offers Roth accounts, you can make after-tax contributions instead of pre-tax contributions to your own account. Although after-tax contributions will not reduce your current income taxes, withdrawals from your Roth account in retirement are tax-free, as long as you follow the rules.

▸ *Tax-deferred or tax-free growth potential.* Your investment earnings are not taxed while they are in the retirement plan. Because they are not subject to tax each year, as they generally would be in a taxable account, your earnings have the potential to grow faster, resulting in a larger nest egg at retirement.

Your investment earnings may eventually be taxed, depending on your type of retirement account. Earnings in a tax-deferred account are subject to income tax when withdrawn from the account. Earnings in a Roth account can be withdrawn tax-free in retirement, provided the rules for Roth accounts are followed.

3 Attract and Retain Better Employees

Because many job applicants and employees place a high value on access to an employer-sponsored retirement plan when considering whether to join or stay with a company, adding a retirement plan to the perks that your business offers can help attract qualified job applicants and minimize employee turnover.

There is still time to set up a retirement plan for 2016, although you will need to act soon (generally by October 1, 2016) if you want to set up a SIMPLE IRA. Please ask your financial advisor about which plan is the best fit for you and your business. ■

Retirement Plans for Small Businesses and Self-Employed Individuals

SIMPLE IRA
A good choice for businesses with fewer than 100 employees that want an easy-to-operate plan that their employees can contribute to, as well as their business.

SEP-IRA
Funded solely by employer contributions. This plan's high contribution limits help make it a good fit for owner-only businesses that want to make substantial contributions to their own retirement accounts.

401(k) Plan
A good choice for businesses that want to allow their employees to contribute, as well as their business to make matching or profit-sharing contributions. High contribution limits, vesting schedules, and a Roth option make 401(k) plans attractive.

MyRA
A "starter" retirement plan for businesses that want to make it easy for their low- and middle-income employees to begin to save for retirement without any cost to the business.

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What is a bond or CD ladder?

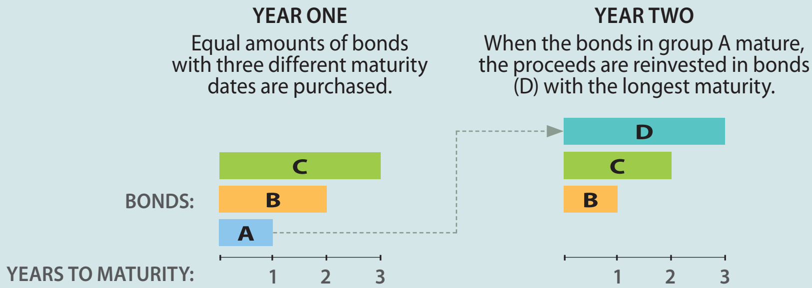
Ladders can help you take advantage of rising interest rates.

WHAT IS A BOND OR CD LADDER?

A ladder is a strategy that staggers the maturity dates of individual bonds and certificates of deposits (CDs) in order to provide you with frequent access to portions of your principal and help you manage reinvestment risk.

HOW DOES A LADDER TYPICALLY WORK?

Let's say you have $300,000 to invest in individual bonds. To build a bond ladder, you might invest $100,000 in bonds that mature in one year, $100,000 in bonds that mature in two years, and $100,000 in bonds that mature in three years. When the first group of bonds matures (group A in the illustration below), the proceeds are typically reinvested in bonds with the longest maturity, which in this example is three years. By following this pattern of reinvestment, a portion of your bonds will mature every year for as long as you continue to use the laddering strategy.



WHAT ARE THE BENEFITS OF LADDERING YOUR INVESTMENTS?

Laddering can help you take advantage of rising interest rates by providing you with access to a portion of your principal at regular intervals so that you have the opportunity to reinvest it in bonds or CDs paying higher rates.

If interest rates decline, laddering can also help you manage reinvestment risk—the risk that comparable investments will be paying interest at a lower rate when your current investments mature. For example, if all of your bonds mature at the same time and rates decline, you'll be faced with either accepting less income if you reinvest in comparable investments or shooting for equal or higher income by choosing riskier investments. If your investments mature at different times, however, those investments that are not currently maturing will continue to generate income at the same rate as before so that your overall income may not decrease as much. ■

PLEASE NOTE:

When interest rates rise, bond prices generally fall, and vice versa. The effect is usually more pronounced for longer-term securities.

You may have a gain or a loss if you sell a bond prior to its maturity date.

Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties.

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

Test Your Insurance Knowledge

Test your knowledge—and gain a greater understanding of how insurance can help protect your financial security, as well as the security of those people you love. Please consult your financial advisor for specific insurance advice.

1. Which insurance replaces a portion of your wages if you are too sick or injured to work?

A. Disability insurance
B. Health insurance

2. Which insurance helps pay for the custodial care services (assistance with eating, dressing, etc.) received in a nursing home, assisted living facility, or your own home?

A. Health insurance
B. Long-term care insurance

3. The average cost per month for a one-bedroom unit in an assisted living facility (in 2010) was approximately:

A. $3,300
B. $5,300

4. The average cost per month for a private room in a nursing home (in 2010) was approximately:

A. $3,000
B. $7,000

5. Who is more likely to need long-term care?

A. Women
B. Men

6. Which type of life insurance provides lifelong coverage?

A. Term
B. Whole life

7. You should review your life insurance coverage every few years and when...

A. You get married
B. You add a new family member
C. You buy a new home
D. Your pay increases significantly
E. You start a business with others
F. You plan your estate
G. All of the above

8. A life insurance trust is used to shelter the proceeds of a life insurance policy from estate taxes.

A. True
B. False

9. The proceeds from your life insurance policy can help your family...

A. Pay for your funeral expenses
B. Cover their living expenses
C. Pay off debts
D. Pay for your children's educations
E. All of the above

10. You can generally access part of your life insurance benefits early if you become terminally or chronically ill.

A. True, if your policy offers "accelerated death benefits"
B. False

11. Most people become eligible for Medicare health insurance at age:

A. 60
B. 65

12. The premium-free part of Medicare helps pay for:

A. Inpatient care in a hospital
B. Doctor visits
C. Prescription drugs
D. All of the above

SOURCE FOR 3 AND 4: U.S. Department of Health and Human Services (longtermcare.gov)

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

Building Retirement Savings at Any Age

What to do in your 20s, 30s, 40s, 50s, and 60s to prepare for retirement.

In your 20s and 30s

Start saving early.
Time is the greatest ally you have when saving for retirement. Why is that? The longer your savings have to compound, the less money you may need to contribute to reach your retirement goal. For example, while someone in their twenties may be able to reach their goal by contributing 10% to 15% of their income each year, someone who begins to save in their forties may need to contribute 30% to 35% of their income each year to potentially reach the same goal. So starting to save early may be far easier for you in the long run.

Take advantage of the retirement plan at work.
If your employer sponsors a retirement plan, such as a 401(k) plan, it is usually a good place for you to begin to save for retirement. Here's why.

- Having your employer automatically deposit part of every paycheck directly into your retirement account is convenient.
- Your investment earnings are not taxed while in the account, which helps your savings grow faster than in a taxable account.
- Your contributions can be made with pre-tax money, which reduces your current income taxes.
- Your employer may match a portion of the money you contribute.

Contribute to an IRA.
As long as you, or your spouse if you file joint tax returns, earn taxable compensation, you can contribute to an individual retirement account (IRA) and potentially reap tax benefits similar to those offered by workplace retirement plans.

Like workplace plans, your investment earnings are not taxed while in an IRA. And if you choose a traditional IRA, your contributions may be tax-deductible, which would lower your current income taxes. (With a traditional IRA, your investment earnings and deductible contributions will be subject to income tax when withdrawn from the account.)

Consider a Roth account.
With a Roth account, your contributions are made with money that has already been taxed and your contributions are not tax deductible. But from then on, it can be tax-free sailing—no tax on your investment earnings while in the account and no tax on your withdrawals, as long as you follow the rules for Roth accounts.

A Roth account can be a good choice for younger individuals who have many decades to potentially benefit from tax-free compounding before they will need their money. And it can be a good choice for individuals at the start of their careers because it enables them to pay taxes now when their income and income tax rate may be lower than it will be in retirement.

Roth accounts are offered by some 401(k), 403(b), and governmental 457(b) retirement plans. You can also open a Roth IRA on your own, provided your income is below certain limits.

Allocate wisely.
How you divide your portfolio among stocks, bonds, and cash investments can have a big impact on your returns.

In general, the higher an investment's risk, the higher its potential return.

- *Stocks* carry the most risk and have historically provided the highest returns over the long term.
- *Bonds* have less volatility and less chance of losing the amount invested and have historically provided lower returns than stocks over the long term.
- *Cash investments* have the least degree of risk and have historically provided the lowest returns of the three asset classes.

With decades to go before you retire, stocks with their potential for higher returns over the long term may have an important role to play in your investment mix. Just how large a role they should play will depend on your tolerance for risk, your investment objectives, and how much time remains before you will need your money.

Your financial advisor can help you decide how to allocate your investments among stocks, bonds, and cash at this point in your life.

Please note that asset allocation does not ensure a profit or protect against loss in declining markets.

Retirement Plan Contribution Limits for 2016

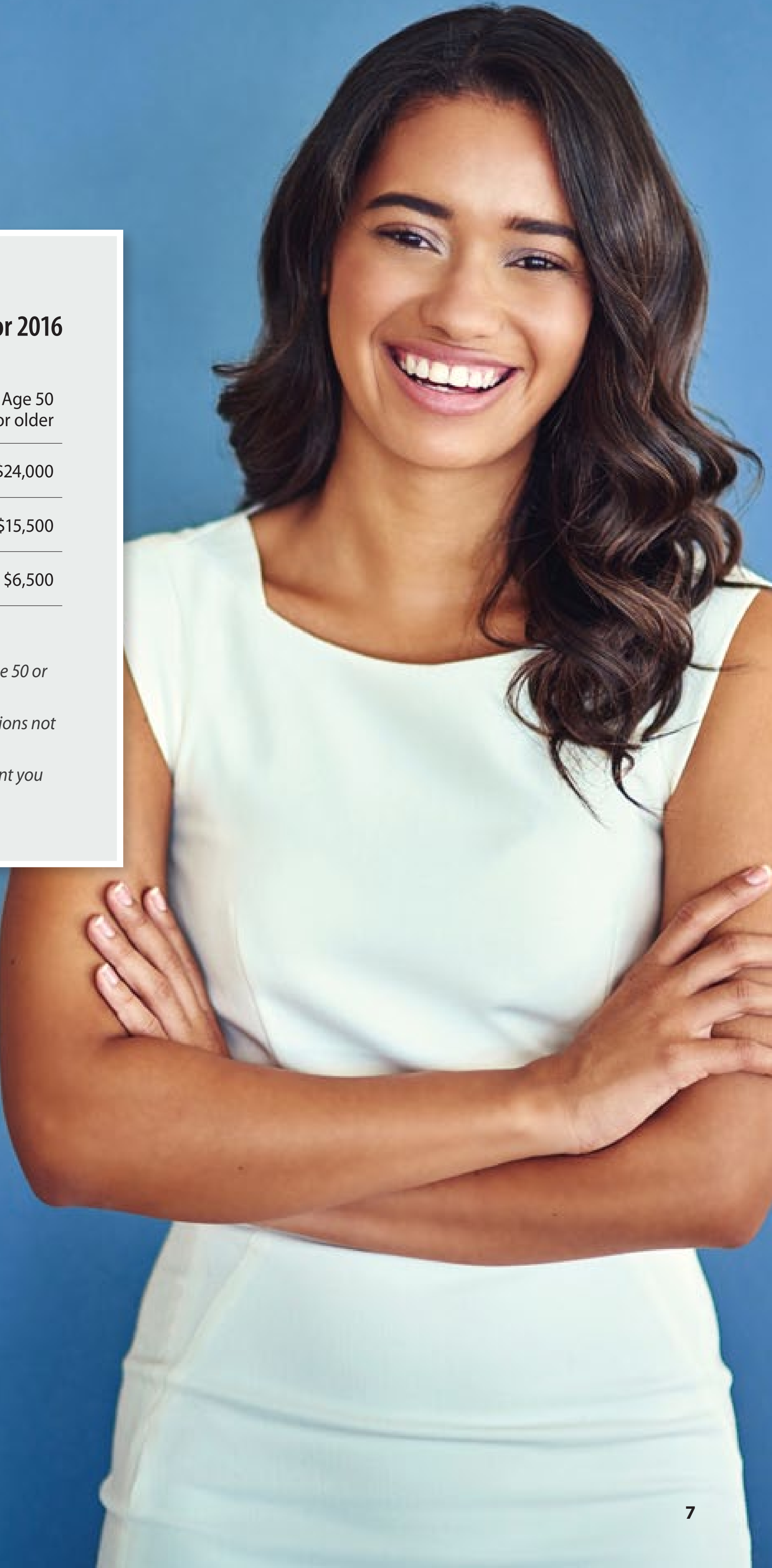
	Under Age 50	Age 50 or older
401(k), 403(b), and governmental 457(b) plans	$18,000	$24,000
SIMPLE plans	$12,500	$15,500
Traditional and Roth IRAs	$5,500	$6,500

PLEASE NOTE:

Not all workplace retirement plans permit people age 50 or older to contribute additional amounts.

Some retirement plans may permit special contributions not shown here.

Other limitations may apply to the maximum amount you may contribute.



Avoid prematurely dipping into your retirement savings.

Although it may be tempting to cash out the savings in your retirement plan when you change jobs, it is rarely your best move. Not only will using the money for something other than retirement throw your savings plan off track, a significant portion of your withdrawal will immediately be swallowed up by income taxes and generally a 10% early distribution penalty if the withdrawal is made before age 59½. Fortunately, each of the other three options for how to handle the money will help keep your savings plan on track.

Your options for the money in your employer's retirement plan when you leave the company ▼	*Considerations*		
	Your savings can continue to grow tax-deferred	No immediate tax impact or penalty	Immediate tax and generally a 10% early distribution penalty
Transfer it directly to an IRA	✓	✓	
Transfer it directly to your new employer's retirement plan	✓	✓	
Leave it in your former employer's retirement plan	✓	✓	
Cash it out			✓

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In your 40s and 50s

Fine-tune your financial plan.
With retirement just a decade or two away, you may have a more realistic idea now than you did in your twenties or thirties of how much income you may need to live comfortably in retirement. You may also have a clearer idea of how much income you can expect from pensions, Social Security, your savings, and other sources of retirement income.

Use this knowledge to fine-tune your financial plan. Together with your financial advisor, estimate whether your sources of retirement income are likely to meet your retirement needs. It is important to do this now while there is still time to implement changes to your financial plan if necessary.

Increase the amount you save.
If you are not on track to your retirement goal at your current savings pace, look for opportunities to boost the amount you save each year. For example:

- As your salary increases, consider increasing the percentage of it that you contribute to your retirement accounts.
- As your children complete their educations and you pay off your mortgage, consider diverting the amount that you had spent on those expenses into your retirement savings.
- If you receive a financial windfall, such as an inheritance or a bonus, consider socking it away for retirement rather than spending it.

Take advantage of catch-up contributions.
Beginning in the year you reach age 50, you can generally contribute extra amounts, known as catch-up contributions, to your IRA and workplace retirement plan each year.

Individuals age 50 or older in 2016 can generally contribute up to an additional $6,000 to a 401(k), 403(b), or governmental 457(b) plan, $3,000 to a SIMPLE IRA, and $1,000 to a traditional or Roth IRA.

Use regular accounts to save additional amounts.
Although tax-favored accounts, such as IRAs and workplace retirement plans, are generally ideal places to save for retirement, they have strict limits on how much you can contribute each year. If you need to contribute more money than allowed by tax-favored accounts, use regular taxable brokerage and bank accounts to save additional amounts.

Review your asset allocation.
The asset allocation that you used in your twenties and thirties may no longer be appropriate as retirement draws closer and less time remains to potentially recover from downturns in the stock market. It may be time to begin reducing your portfolio's volatility. This typically means gradually reducing your exposure to stocks and increasing your allocation of bonds and cash investments.

Before adjusting your asset allocation, though, remember that risk and return go hand-in-hand. Shifting too much of your portfolio away from stocks, with their potential for higher long-term returns, may result in your savings falling short of your goal.

Talk to your financial advisor about an appropriate asset allocation at this stage in your life that considers both how much time remains until retirement and your need to grow the savings you have accumulated so far.

Strike a balance between saving for retirement and paying college tuition.
Whenever you are faced with competing goals for your money, such as saving for retirement and paying for your children's college educations, it can be helpful to prioritize your goals.

For many parents, saving for their own retirement should be a higher priority than paying for their children's college educations. The reasoning behind this is simple: Your children can borrow for their educations, but you cannot borrow for your retirement.

Your financial advisor can help you strike a balance between saving for your retirement and paying for your children's college educations, as well as create a unified plan that addresses all of your financial goals.

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How long will your savings need to last?

With increases in life expectancy, people currently spend more years in retirement than they did in previous generations. Today, a 65-year-old man and woman are expected to live on average to age 83 or 85, respectively, according to life expectancy tables from the Centers for Disease Control and Prevention. Keep in mind that these ages are simply averages. You may live well past age 83 or 85. Unless you have a medical reason to think otherwise, your retirement may stretch well into your nineties.

In your 60s

Check your progress.
Retirement may have seemed like a distant dream when you first began to save for it, but by the time you reach age 60, retirement may be just a short time away. It is time to pull out all the stops to make your retirement dreams a reality.

Start by assessing your progress to your retirement savings goal. Are you on track to reaching that amount in the time remaining? If so, great! If not, discuss with your financial advisor what you can do to increase the amount of your retirement savings.

Take steps to address any potential shortfall in your retirement savings.
If it looks like you may fall short of your retirement savings goal, there are things you can do to improve your situation.

- Reduce your spending so you can afford to save more.
- Downsize now rather than in retirement. Living in a smaller home may save you a bundle on utilities, maintenance, repairs, and property taxes—money that you can use to bolster your retirement savings.
- Be wary of investing too conservatively. If you are not on track to your retirement goal, you may need the potential for higher returns offered by stocks.
- Work a few more years. Delaying retirement gives you time to save more money for retirement and reduces the time that you will actually need to rely on your savings. Plus, continuing to work through your sixties may make it possible for you to hold off beginning Social Security benefits, which will permanently increase their size. For every year that you delay the start of Social Security benefits, between your full retirement age and age 70, your monthly benefit will increase by 8%.

Review your investment mix.
With retirement right around the corner, preserving your nest egg takes on added importance.

It is generally a good idea to shift to a more conservative investment mix as you draw closer to the time when you will need your money. This generally entails shifting to more bonds and cash and fewer stocks.

But before you trim your stock holdings too much, be sure to consider that although the first year of your retirement may be just five or ten years away, your retirement may stretch for thirty or more years. You may want to maintain some exposure to stocks, with their potential for higher long-term returns, in order to help your savings outpace inflation and last for your entire retirement.

As always, your financial advisor can help you determine and maintain an appropriate asset allocation.

Plan how you will tap your savings.
By the time you are ready to retire, you may have savings stashed in a variety of accounts, such as retirement plans and IRAs, as well as regular savings and investment accounts.

Will the interest and dividends you receive from these accounts be enough to supplement your Social Security benefits, pensions, and any other steady retirement income you expect to receive? Or will you need to withdraw some of the principal from your savings each year? How much can you withdraw each year and still have a good chance of your nest egg lasting thirty or more years? Which accounts should you tap first?

The time to answer these questions is in the months leading up to your retirement. Your financial advisor can help you create a retirement income plan so that you know from day one of retirement how to draw on your savings in a potentially sustainable manner that helps you live comfortably in retirement. ■

Please consult your financial advisor for advice on planning for your retirement.

PLEASE NOTE:

All investing involves risk, including the possible loss of principal.

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.

Charitable Giving with a Donor-Advised Fund

An easy, tax-smart way to manage your charitable giving.

PERHAPS THE EASIEST WAY TO GRASP the potential of a donor-advised fund is to think of it as a way to make grants to charities without the expense and responsibilities of running your own private foundation.

Here's how a donor-advised fund typically works. You establish a private account with an organization that sponsors donor-advised funds. The organization is itself a public charity, such as a community foundation, a university, or perhaps the charitable arm of a brokerage or mutual fund company.

You then contribute cash or other assets to your account, which is invested so it may grow over time.

Because the sponsoring organization is a public charity, you can take an immediate tax deduction for the cash and assets you contribute, even before a single grant is made.

When you are ready to make grants, you simply advise the sponsoring organization of your choices. Although the sponsoring organization has legal control over your account and the authority to decline your grant recommendations, it will generally follow them as long as they adhere to the organization's guidelines.

You can distribute all of the funds in your account quickly, or you can space out your grants over time.

The flexibility to make tax-deductible contributions now and grants later can be very attractive in certain situations. Let's say, for instance, that you want to make a charitable gift by the end of the year for tax reasons, but you do not have enough time to choose the charities you want to benefit from your gift. A donor-advised fund allows you the time to make thoughtful choices while meeting your immediate financial goal of a tax deduction. Or let's say that you want to establish a tradition of giving in your family. A donor-advised fund provides the structure to invest your gift and make grants on an ongoing basis, perhaps involving members of your family in the selection of grant recipients.

Tax Benefits

Using a donor-advised fund offers several tax advantages:

- You can claim a charitable tax deduction for the contributions you make to your donor-advised fund.
- Contributions of appreciated stock or other assets that you held for longer than one year avoid capital gains tax and can generally be deducted at their fair market value.
- Your contributions avoid estate taxes because they are no longer part of your estate.
- Your contributions can grow tax-free within a donor-advised fund account, potentially increasing the amount available to support your favorite charities and causes.

As with charitable gifts in general, you must itemize deductions on your tax return to claim a deduction for your contributions.

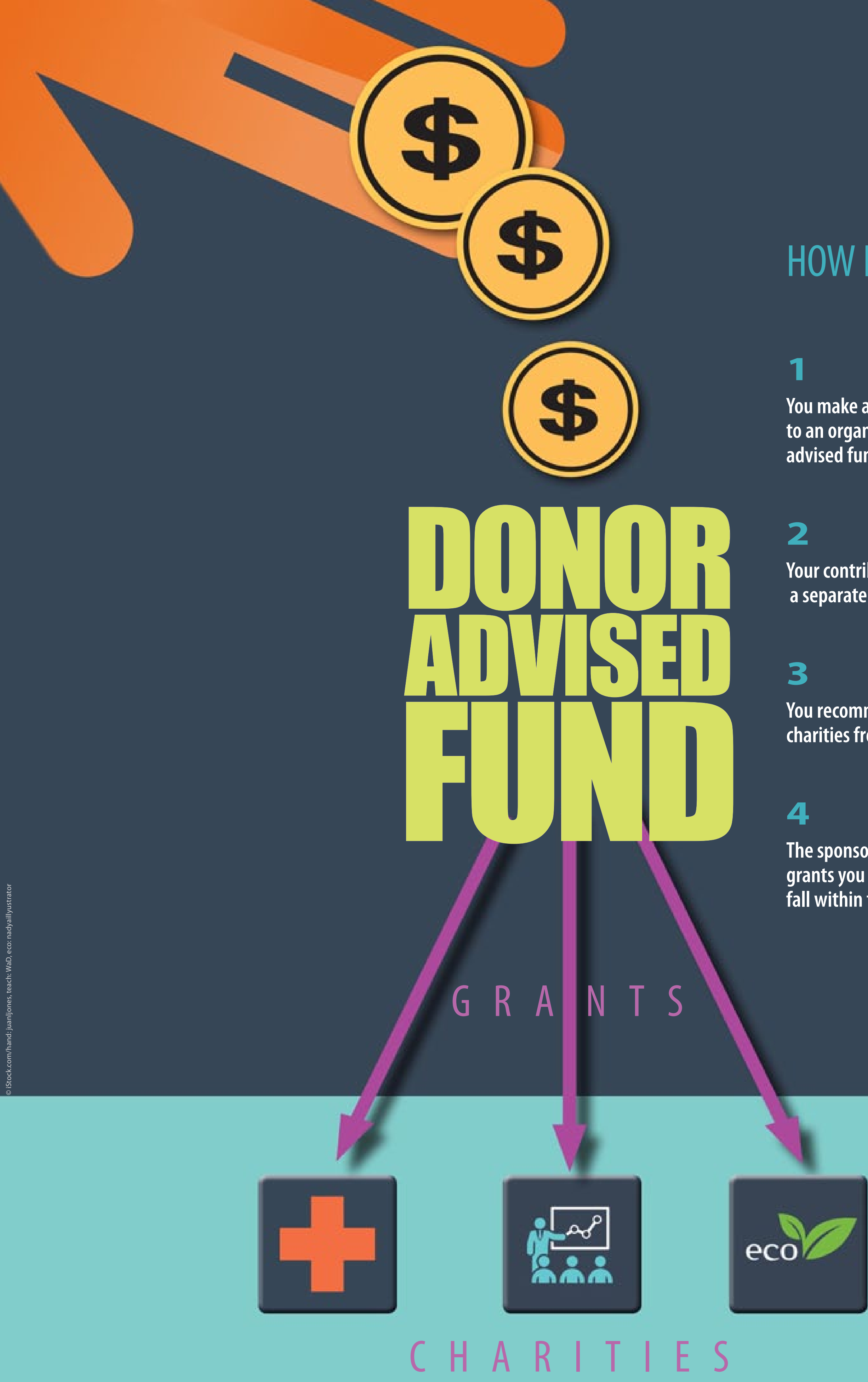
Keep in mind that the deduction for charitable contributions is subject to limits based on your adjusted gross income (AGI). The limits, however, are more generous for contributions to a donor-advised fund than to a private non-operating foundation. As a result, donations to a donor-advised fund may result in a larger tax deduction. For example, the deduction for cash donations to a donor-advised fund or public charity is generally limited to 50% of your AGI, while the deduction for cash donations to a private non-operating foundation is generally limited to 30% of your AGI. (Contributions that exceed the AGI limits may be carried forward and deducted for five years. Other limits may also affect your deductions.)

Please consult your tax advisor for more information on the tax benefits available with donor-advised funds.

Privacy

If you prefer to keep your charitable activities private, a donor-advised fund may be the right charitable vehicle for you. When recommending grants, you may have the option to have the grants made anonymously rather than in your fund's name. Plus, sponsoring organizations do not report grants to the IRS on a fund-by-fund basis, helping to further shield your charitable activities from public scrutiny.

Anonymity is not an option with a private foundation, which must report its distributions on tax returns that become a matter of public record.



HOW IT WORKS

1

You make a tax-deductible contribution to an organization that sponsors donor-advised funds (DAF).

2

Your contribution is invested and held in a separate DAF account.

3

You recommend grants to IRS-qualified charities from your DAF account.

4

The sponsoring organization makes the grants you recommend, provided they fall within the organization's guidelines.

COMPARING DONOR ADVISED FUNDS TO PRIVATE FOUND-ATIONS

	Donor Advised Funds	Private Foundations
GRANTS	You can recommend grants, but they must be approved by the sponsoring organization before they are made.	You have maximum control over grant decisions.
INVESTMENT DECISIONS	You can recommend how your account is allocated among a group of investment pools.	You have maximum control over how the foundation's assets are invested.
PRIVACY	Grants can be made anonymously, if you prefer.	Grants are disclosed on public tax returns, which are available for public inspection.
TAX DEDUCTION LIMIT FOR GIFTS OF CASH Additional limits may apply.	50% of your adjusted gross income	30% of your adjusted gross income
TAX DEDUCTION LIMIT FOR GIFTS OF LONG-TERM STOCK Additional limits may apply.	30% of your adjusted gross income	20% of your adjusted gross income
ADMINISTRATION	The sponsoring organization handles all of the recordkeeping and administrative tasks, leaving you free to focus on recommending grants.	You, or someone you hire, are responsible for all administrative tasks, including managing the assets, disbursing the grants, keeping records, and preparing annual tax returns.

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When you are ready to make grants, you simply advise the sponsoring organization of your choices. Although the sponsoring organization has legal control over your account and the authority to decline your grant recommendations, it will generally follow them as long as they adhere to the organization's guidelines.

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Tax Benefits

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- You can claim a charitable tax deduction for the contributions you make to your donor-advised fund.
- Contributions of appreciated stock or other assets that you held for longer than one year avoid capital gains tax and can generally be deducted at their fair market value.
- Your contributions avoid estate taxes because they are no longer part of your estate.
- Your contributions can grow tax-free within a donor-advised fund account, potentially increasing the amount available to support your favorite charities and causes.

As with charitable gifts in general, you must itemize deductions on your tax return to claim a deduction for your contributions.

Keep in mind that the deduction for charitable contributions is subject to limits based on your adjusted gross income (AGI). The limits, however, are more generous for contributions to a donor-advised fund than to a private non-operating foundation. As a result, donations to a donor-advised fund may result in a larger tax deduction. For example, the deduction for cash donations to a donor-advised fund or public charity is generally limited to 50% of your AGI, while the deduction for cash donations to a private non-operating foundation is generally limited to 30% of your AGI. (Contributions that exceed the AGI limits may be carried forward and deducted for five years. Other limits may also affect

Please consult your financial advisor for advice on how to structure your charitable giving.

PLEASE NOTE:

All investing involves risk, including the possible loss of principal.

HONG KONG, CHINA | City of Lights

BY BRIAN JOHNSTON

Hong Kong may now be one of many glittering Chinese cities, but it provides a fascinating east-west blend and cosmopolitan sophistication second to none.

ENERGETIC, VIBRANT, AND PLENTY of fun, Hong Kong isn't a place where the words 'I'm bored' are likely to be spoken. The city is a vibrant slice of Asian urban life complete with bustle, daring skyscrapers, and frenetic shopping. Yet beyond the glittering night skyline and crowded streets, Hong Kong can be a place of surprising tranquility, where quiet corners of nature and traditional life still survive.

The highlight of Hong Kong is The Peak, reached on a rack railway that climbs behind skyscrapers to reveal dazzling views of the city and harbor. The top station has been greatly developed in recent years, with entertainment that ranges from a Madame Tussaud's Waxworks to Ripley's Believe It or Not. But it's the walk around The Peak, on a circuit via Harlech and Lugard Roads, that's the real treat and one of the world's most spectacular urban walks. Follow a narrow pathway lined with giant palm trees, scented jasmine and bamboo, the only traffic an occasional car heading towards a secluded millionaire's villa. Eventually the path rises above the trees and suddenly a panorama of Hong Kong spreads out below.

Down in the bustle of the city beneath, shopping is the name of the game. There are big department stores and malls everywhere, but the most famous shopping street is Nathan Road in Kowloon, packed with discount and electronics stores, where tourists hunt for bargains under flashing neon signs. The best shopping district is perhaps Causeway Bay, where locals enjoy the late-night shopping and dozens of restaurants. Causeway Bay is reached on Hong Kong's rattling and endearingly old-fashioned trams, which are in themselves an enjoyable ride.

In Central, Hollywood Road offers a host of antique and second-hand stores with superb collections of jade, rosewood furniture, and intricately carved wooden screens that are among the best you'll find outside mainland China. Then call in at nearby Man Mo Temple, the oldest and most important temple in Hong Kong, where giant coils of incense leave lazy trails of smoke above the heads of the worshippers.

Central is a good place to start exploring the other side of Hong Kong shopping: its innumerable street markets. The little alleyways that run between Queens and

A view from The Peak (left) out over Hong Kong's skyscrapers and harbor. In the heart of the city, an elevated walkway (below) through Hong Kong Park's aviary offers visitors the opportunity to watch birds swoop against a background of nearby skyscrapers.

Des Voeux Roads are cluttered with cosmetics, jewelry, good-value bags, rolls of fabric, leather goods, and printed T-shirts. You can also pick up some interesting souvenirs, such as carved Chinese chops, lacquered chopstick sets, and hand-painted umbrellas. Across the harbor in Kowloon, the Ladies' Market on Tung Choi Street gets going around lunchtime, and by mid-afternoon you'll be knee-deep in handbags and cosmetics.

Even more extensive is Temple Street Market, which gets into its stride in the early evening and continues with undiminished intensity late into the night. There are more clothes here, as well as watches, electric goods, CDs, and household items. Vendors compete under strings of light bulbs, and Cantonese pop wails from portable stereos.

Several charming markets are more for looking than buying, at least for visitors. The Goldfish Market along Bute Street has exotic fish in enormous coral-filled aquariums, and goldfish suspended in water-filled plastic bags along the pavement. Some of the goldfish hybrids are spectacular, with flowing orange tails or distended bellies like miniature Buddhas. Their colors almost compete with the nearby Flower Market, where stalls are piled with carnations and roses.

Perhaps the most surprising market in this modernistic city is Bird Market on Yuen Po Street, which is little more than two narrow lanes, enclosed with red Chinese gates and lined with tiny shops. This is a taste of rural China in the middle of the urban jungle, where old men gather to contemplate their songbirds. You could linger quite a while to enjoy the operatic competition and the animated discussion of the warbling voices. A bird that impresses with its performance might be rewarded with a fat worm, offered up through the bars on the end of chopsticks.

Speaking of chopsticks, Hong Kong's superb cuisine is reason in itself to visit the city, which has one of the world's best dining scenes. Don't leave without going to a dim-sum restaurant, where you'll be presented with a hundred different steamed foods in bamboo baskets. Meanwhile, the British left behind a liking for afternoon tea, nowhere better experienced than in the lounge of one of Hong Kong's historic luxury hotels.

The British also bequeathed Hong Kong many colonial remnants that have remained unchanged since Hong Kong was returned to China. Government House is as grand as ever, even if it now houses a chief executive rather than a governor, and streets are still named after British statesmen and monarchs. A few colonial buildings and a cathedral crouch under the gleaming glass skyscrapers of Central. Perhaps more enjoyably, post-work happy hours in British-style pubs are something of a city institution. Later, the action moves on to Lan Kwai Fong's packed bars and clubs, where revelers spill onto the streets late into the evening.

When Hong Kong starts to get too noisy and crowded, it's easy to escape the hubbub, even without going beyond the confines of the city center. Hong Kong Park in Central spreads around a tranquil carp-filled lily pond and waterfall surrounded by flowerbeds where, on weekends, brides come to pose for photos. In the foreground rises elegant Flagstaff House, a colonial building dating from 1846 that now houses the delightful Museum of Chinese Teaware. The park's best asset, however, is surely its stunning walk-through aviary, one of the world's largest. Visitors follow an elevated walkway suspended among trees. Watching the birds swoop against a magnificent background of skyscrapers, while down below a mossy stream tumbles through the tangled undergrowth, is a somewhat surreal experience.

The city's parks provide plenty of other pleasant surprises. Across the harbor, you're greeted with the unexpected sight of pink flamingos wading in a lake, right in the heart of the city's most tumultuous district. Kowloon Park is often overlooked, but it is a true green getaway, with traditional Chinese gardens, sculpture park, and meandering pathways where retirees sit with their newspapers. In summer, when the weather gets muggy, it also tempts with three lagoon-style swimming pools, linked by canals and waterfalls.

The best escape of all is to head to Hong Kong's outlying islands if you have time. Even the return ferry rides provide spectacular vistas of the famous harbor city. Several large islands lie less than an hour's journey from the city center, and provide a taste of country China, complete with farms and gaggles of geese. Even Lantau, part of which hosts the airport and Disneyland, still has remote beaches and miles of walking tracks through whispering forests. Its Po Lin Monastery has ornate temples painted with writhing dragons, and a nearby 250-ton Buddha that gazes serenely over the South China Sea. It's another side to Hong Kong, quiet and contemplative, and another of the exhilarating contrasts that make this city so exciting. ■

The new National Museum of African American History and Culture (left) will open to the public on September 24, 2016.

Photo by Michael Barnes / Smithsonian Institution

TWO REASONS TO CELEBRATE ON THE NATIONAL MALL

A brand new Smithsonian Museum dedicated to African American history and culture and a newly renovated National Gallery of Art building throw open their doors to the public this September on the National Mall in Washington D.C.

The National Museum of African American History and Culture Opens on September 24

The Smithsonian National Museum of African American History and Culture opens on the National Mall in Washington, D.C. on September 24, 2016, thirteen years after the legislation authorizing the creation of a new museum was signed into law by President George W. Bush.

The new museum "will be a place for healing and reconciliation, a place where everyone can explore the story of America through the lens of the African American experience," according to the museum's founding director, Lonnie Bunch.

It will open with eleven exhibitions focused on history, culture, and community and will feature some of the more than 34,000 artifacts the museum has collected to date. Highlights of the collection include a slave cabin from a South Carolina plantation (c. early 1800s), Nat Turner's Bible (c. 1830s), Harriet Tubman's hymnal (c. 1876), a segregation-era Southern Railway car (c. 1920), and Michael Jackson's fedora (c. 1992).

The new 400,000-square-foot-museum was designed by the architectural team of Freelon Adjaye Bond/SmithGroup and features nine levels housing exhibition galleries, an education center, a theater, a café, a store, and staff offices.

From its location on Constitution Avenue between 14th and 15th Streets NW, the museum offers visitors views of the Washington Monument, the White House, and other Smithsonian museums that serve as visual reminders of the museum's goal to present a view of America through the lens of the African American experience.

The National Gallery of Art Reopens Its East Building on September 30

The East Building galleries of the National Gallery of Art will reopen on September 30, 2016 after three years of renovation and expansion.

The Museum's East Building, which houses the museum's modern collection and several temporary exhibition spaces, has been reconfigured within the existing I.M. Pei-designed building to present more art and accommodate an increasing number of visitors.

The new spaces include the Roof Terrace—an outdoor sculpture terrace overlooking Pennsylvania Avenue—and two tower galleries, which will showcase the works of Alexander Calder (1898-1976) and Mark Rothko (1903-1970).

For the grand reopening, the following three special exhibitions are planned.

- **In the Tower: Barbara Kruger** is the latest in a series of exhibitions focused on art developments since midcentury.
- **Photography Reinvented: The Collection of Robert E. Meyerhoff and Rheda Becker** features thirty works by artists who changed the course of photography.
- **Los Angeles to New York: The Dwan Gallery, 1959–1971** focuses on the career of gallerist and patron Virginia Dwan and features works from her personal collection.

The National Gallery of Art is located on the National Mall between 3rd and 9th Streets at Constitution Avenue NW. ■

QUIZ

TEST YOUR COLLEGE SMARTS

1. The athletic teams at this school are known as the Georgia Bulldogs and the Georgia Lady Bulldogs.

A. Georgia Institute of Technology
B. University of Georgia

2. Thomas Jefferson founded this university and designed its first buildings, including the iconic Rotunda.

A. Virginia Polytechnic Institute and State University
B. University of Virginia

3. This university's renowned athletic fight song goes like this: "Cheer, cheer for old _____ _____, Wake up the echoes cheering her name, Send a volley cheer on high, Shake down the thunder from the sky."

A. University of Notre Dame
B. Ohio State University

4. This New Jersey university is the eighth oldest in the nation and celebrates its 250th anniversary in 2016.

A. Princeton University
B. Rutgers, The State University of New Jersey

5. The mascot for this university is an orange.

A. Syracuse University
B. Florida State University

6. This Ivy League school requires students to pass a swim test (among other things) before they graduate.

A. Yale University
B. Cornell University

7. This university, located in College Station, Texas, is home to the George (H.W.) Bush Presidential Library and Museum.

A. Texas A&M University
B. Southern Methodist University

8. A 22-acre "yard" ringed by dormitories, libraries, and other buildings, some constructed in the 1700s, is the center of this university.

A. Michigan State University
B. Harvard University

9. This university's sports teams are named the Blue Devils and compete in the Atlantic Coast Conference.

A. University of North Carolina at Chapel Hill
B. Duke University

10. Part of this university's campus is shown above.

A. UCLA
B. Columbia University

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