Kiplinger's
RETIREMENT REPORT
Your Guide to a Richer Retirement
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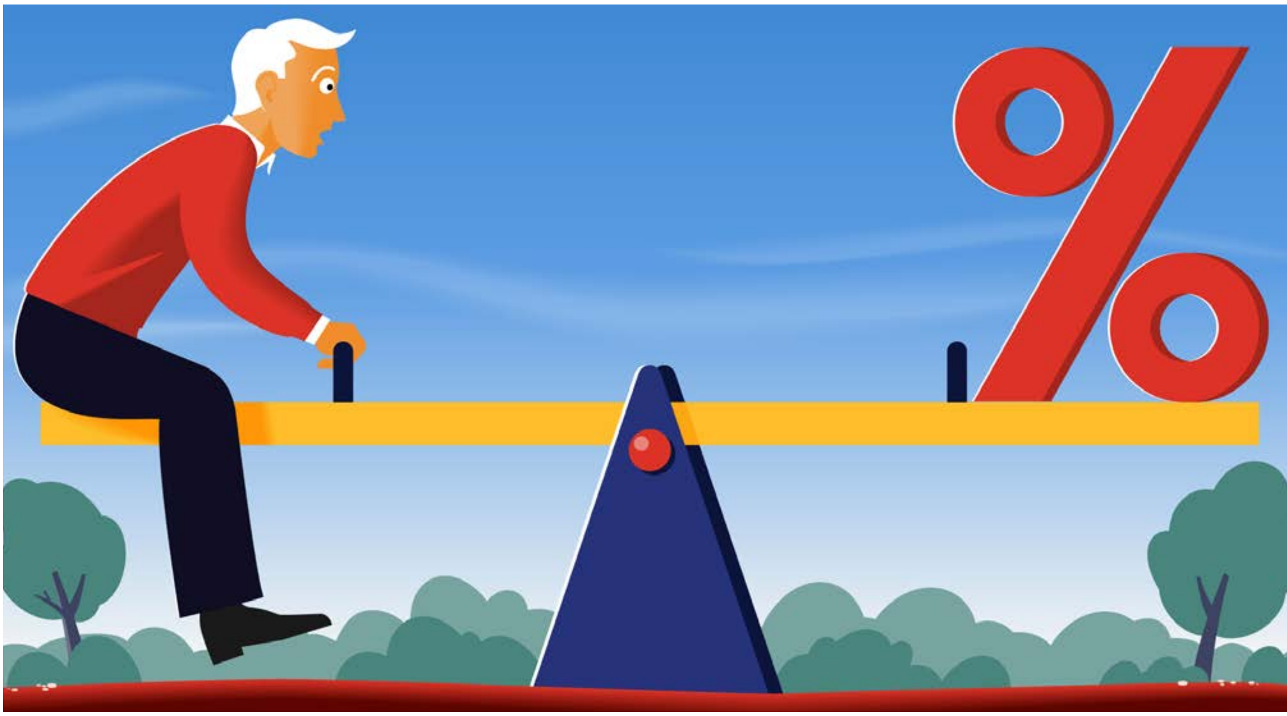

JOHN W. TOMAC

What Rising Interest Rates Mean for You

WALK BY A BANK BRANCH THESE DAYS, AND THE BIG numbers posted in the windows can make you feel like you've stepped into a time machine. Some banks and credit unions are now offering savings accounts paying annual percentage yields of 3% or more—after a decade of paying deposit rates so low they were practically nothing.

Bankers aren't doing this out of the kindness of their hearts. No, they're responding to moves by the Federal Reserve, the country's central bank, to whip the resurgence of a long-forgotten foe—inflation.

Inflation is the product of an overheating economy, and the Fed is trying to cool everything off—hoping to reduce personal borrowing, business investment and employment. That's creating ripples across the economy, from depressing the stock market to altering how pension funds calculate their payouts, from freezing up the real estate market to helping push gasoline prices down.

Banks base their lending and deposit rates on the

federal funds rate, which is set by the Fed. The federal funds rate is the interest that banks pay each other on overnight loans. The Fed's target range for such inter-bank transactions is now approaching 4.5%, up from just over zero a year ago.

If that kind of sudden acceleration sounds familiar to retired and soon-to-retire Baby Boomers, it should. "It's like the steep increases of the 1970s and early to mid-'80s," says Nilay Gandhi, senior wealth adviser at Vanguard in Malvern, Pa.

How rising rates will affect your finances depends on your situation. "When rates are higher, it generally benefits those who are savers. They earn more so they can spend more," says Michael Finke, professor of wealth management at the American College of Financial Services in King of Prussia, Pa. On the other hand, higher rates hurt borrowers because they pay more interest on loans.

Since those in or near retirement tend to be in the saver group, a rising rate environment might generally be seen as a positive. But it's important to understand this new financial landscape because the effects on different people's finances can be good, bad or just plain ugly.

IN THIS ISSUE

The Good

You're getting higher interest rates on bank accounts. When interest rates go up, banks charge more and earn more from their loans. In exchange, they can afford to pay more to depositors. Whether they actually do so or just pocket the extra earnings depends on the bank.

The top high-yield savings accounts, such as those from Capital One, CIT Bank and LendingClub, are paying more than 3%. But big banks such as Bank of America, JPMorgan Chase and Citigroup are paying a fraction of that amount, with an average deposit rate of 0.40%. In the third quarter of 2022, savers gave up $42 billion in potential interest by keeping their money in low-interest accounts, reported *The Wall Street Journal*.

Sri Reddy, senior vice president, retirement and income solutions, at Principal Financial Group in Des Moines, Iowa, suggests checking with your bank to see what rate you're getting and if it's really their best. "Often they'll offer an excellent return for new customers but not for their existing clients," Reddy says. "If you call, they'll usually let you switch to the better rate."

And if they don't, it might be time for a new bank. If you have $100,000 in your savings account, switching from one that pays 0.3% to one that pays 3% would earn you an extra $2,700 a year in interest income.

Long-term investments pay more, longer. Higher bank account rates are not guaranteed to last forever. If the Fed decides to change course and start cutting rates, your bank interest rate could fall just as quickly as it went up. If you're willing to give up immediate access to some of your money, you could lock in these higher interest rates for years using income investments.

Certificates of deposit (CDs) are bank deposit products that pay a guaranteed interest rate for a set num-

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FROM THE EDITOR

I'm going to make a confession here, something you may be surprised to read from the editor of a monthly publication devoted to retirement. But here goes: I've never been totally clear on what retirement is all about.

Of course, I understand what retirement is—it's when you qualify for Medicare and Social Security. It's when you stop having to go to the office or shop or factory where you have spent a good portion of your adult life working for *The Man*. Even if you once were The Man.

Retirement is when you spend eight to 10 hours a day doing something that isn't what you used to do. You may be working, but retirement work isn't the same as work work.

Many of us know the difference right off the bat. In retirement work, you're not looking over your shoulder so much; you may not even be that interested in the money. Retirement work may not even be work at all; it can be volunteering, a hobby, a sport. But it's still something you work at.

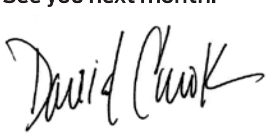
Take a look at Katherine Reynolds Lewis's article on page 20, "It's Never Too Late to Learn a Hobby," and Yvette C. Hammett's "Second Acts" piece on page 18 about people operating their own businesses. Two quite different takes on what retirement is all about.

Before you say it: Yes, I know there are plenty of people who must work well into their typical retirement years. But they are not really retired, and, unfortunately, they didn't or couldn't plan and save for retirement. Nor are they likely to be reading *Kiplinger's Retirement Report*.

But since you are reading, I'd love to hear what you think retirement is about. What is it to you? What does it mean? How are you spending your time? What does your retirement look like?

Tell me about yourself, and we may want to talk to you further for a new feature we're working on. Write to me at *retire@kiplinger.com*. Put "My Retirement" in the subject line. I get a lot of junk mail, and I wouldn't want to miss your note.

See you next month.



David Crook

ber of years. It's usually up to five years, but some banks offer longer terms. If you cash out before the agreed end of the CD, you would forfeit some of your interest earnings.

Another option is to buy a Treasury bond, which can last up to 30 years with interest payments guaranteed by the U.S. government. You could also buy a corporate bond. Corporate bonds are a little riskier because if a company runs into financial trouble, it could miss interest payments. For safety, you could buy bonds from blue-chip companies—large established companies with strong credit ratings. If you need your money back from a bond before it matures, you can sell it to another investor. Warning: Existing bond values rise and fall inverse to interest rates—values rise as interest rates fall, and values fall when rates go up—so if you sell a bond when interest rates are rising, you will lose some principal.

Finke points out that, usually, the longer you agree to tie up your money in income investments, the higher the interest rate they will yield. But that's not necessarily the case today. For example, the one-year Treasury bill is paying a higher interest rate than the 30-year Treasury bond, a situation called an inverted yield curve—usually seen as a warning of a coming recession. When the yield curve inverts, it's because investors think that interest rates will fall in the future, so they are trying to snap up long-term bonds while they can. All this extra demand pushes down long-term rates. If you're considering locking in the current high rates, it could make sense to move sooner rather than later.

While these high interest rates can be tempting, Reddy warns about going all-in. "Don't be enamored with a nominal return. Even if you're earning 4% but inflation is 5%, you'd be losing money each year," because your portfolio wouldn't keep up with rising prices. And you'd owe income tax on your earnings, so the after-tax return is even lower.

Reddy recommends keeping some stock exposure, even now. One rule of thumb to follow is the 120 rule. Subtract your age from 120. That's the suggested percentage you should have in equities, with the rest in fixed income.

You'll get higher annuity income. Annuities are a type of insurance contact. You pay a premium to buy the annuity contract, often with a one-time lump sum payment, and then the insurer pays you a return on your premium. Fixed annuities pay a set guaranteed return that can last years, even decades. Some of these contracts are offering returns of over 5% a year right now.

Another option is to buy a single-premium immedi-

Sacred Stone of the Southwest is on the Brink of Extinction

Centuries ago, Persians, Tibetans and Mayans considered turquoise a gemstone of the heavens, believing the striking blue stones were sacred pieces of sky. Today, the rarest and most valuable turquoise is found in the American Southwest— but the future of the blue beauty is unclear.

On a recent trip to Tucson, we spoke with fourth generation turquoise traders who explained that less than five percent of turquoise mined worldwide can be set into jewelry and only about twenty mines in the Southwest supply gem-quality turquoise. Once a thriving industry, many Southwest mines have run dry and are now closed.

We found a limited supply of turquoise from Arizona and purchased it for our ***Sedona Turquoise Collection***. Inspired by the work of those ancient craftsmen and designed to showcase the exceptional blue stone, each stabilized vibrant cabochon features a unique, one-of-a-kind matrix surrounded in Bali metalwork. You could drop over $1,200 on a turquoise pendant, or you could secure 26 carats of genuine Arizona turquoise for **just $99**.

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> IF YOU WERE HOPING TO BORROW FOR SOME SORT OF MAJOR PURCHASE, LIKE A NEW CAR, A VACATION PROPERTY OR A BOAT, IT GOT A LOT MORE EXPENSIVE.

ate annuity. These turn your up-front payment into future income, which can be guaranteed to last for the rest of your life, as well as for your spouse's life. As rates rise, SPIAs are paying more than they were.

If you want $60,000 a year in guaranteed lifetime income from an annuity at the start of your retirement, Reddy says you could get that in today's environment for around $1.2 million, down from the $2 million he estimates it took before rates began to rise.

Annuities do have drawbacks, warns Dan Cronin, founder and wealth adviser at Lifestyle Wealth Management in Kailua, Hawaii. They tie up your money. If you sign up for a fixed annuity, you typically agree to keep your deposit with the insurer for a set number of years. Try an early withdrawal, and the insurer could charge a surrender fee—around 7% of your original deposit, depending how early you cancel. You probably can't get your principal back at all if you buy an annuity with guaranteed income for life.

It's a buying opportunity for stocks. The stock market has taken a significant tumble from its peak at the start of 2022, as rising rates cooled off the scorching bull market. Vanguard's Gandhi thinks this has created a buying opportunity: "Rising rates hurt stock markets in the short-term, but history has demonstrated it leads to higher returns long term because of higher inflation."

You may be able to lower your insurance rates. Property insurance companies can take advantage of these higher rates and earn more interest on the premiums they collect before paying for a claim. As a result, says Reddy from Principal Financial Group, you might shop around and find lower premiums for auto, home or other property-casualty insurance policies.

The Bad

You could be hit with extra taxes. You owe income tax on your interest earnings every year, even if you reinvest (unless you're using a tax-deferred retirement account like a 401(k) or IRA). Finke finds people get caught off guard, especially with the interest in their bank account because it doesn't feel like income. This extra income could also push you past the limits where you owe more taxes for your Social Security payments as well as the surcharge on Medicare premiums known as Income Related Monthly Adjustment Amounts (IRMAA).

Rising interest rates are due to rising prices. Inflation has been the highest in roughly 40 years. If it stays high, you may need to spend all your extra interest income and then some just to maintain your lifestyle. While groceries and other necessities have gone up,

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some retiree expenses, such as health care, haven't increased as much. Still, given the potential economic uncertainty in a rising rate, inflationary environment, Cronin, the wealth adviser from Hawaii, thinks this is an ideal time to get your budget and financial house in order. "I'm telling clients, 'Hey, hold off on big purchases for a little bit while avoiding drastic investment decisions. Let's ride this storm out.' "

It's more expensive to borrow. If you were hoping to borrow for some sort of major purchase, like a new car, a vacation property or a boat, it got a lot more expensive. According to Edmunds, the average monthly payment for a new car went from $577 in January 2020 to $702 in July 2022, resulting from a combination of higher interest rates, more expensive cars because of inflation (and supply chain kinks) and lower manufacturer discounts. In this environment, paying for these purchases with cash could be a more attractive play. Or you could wait until interest rates fall again to go shopping.

And the Ugly

Existing bond investments are hammered. Bonds are typically seen as the safe part of a portfolio and a hedge against stock market losses. This hasn't been the case over the past year. "When rates go up, the prices fetched through selling of existing bonds go down because new bonds are then paying a higher return," says Finke from the American College of Financial Services.

> **When interest rates go up, the prices fetched through selling of existing bonds go down because new bonds are then paying a higher return.**
>
> **Michael Finke**
> American College of Financial Services

Consequently, if you want to sell a low-interest bond so you can buy one paying more, you'd need to sell at a discount for someone to buy you out. The same happens with bond mutual funds and ETFs. They temporarily lose money because of all the bonds they bought at lower interest rates, before later recovering as the fund reinvests in higher paying ones.

If you own individual bonds that have lost value, Finke recommends a couple of options. First, you could keep holding your old bonds until they mature. If you bought a five-year bond for $1,000, at the end of the five years you'd get your full $1,000 back, versus selling early at a loss.

Alternatively, if your bonds are in a taxable account, you could sell for a loss to receive a tax break. Any losses would offset your other taxable investment gains. If you have more losses than gains, you could deduct up to $3,000 a year against your other income. Any losses you can't deduct this year could be carried over to offset future taxes.

But, Finke warns, you can't take a tax deduction if you buy the same type of investment within 30 days, like selling an old five-year Treasury note for a new five-year Treasury. The IRS considers that a "wash sale"—creating an investment loss for the sole benefit of getting a tax deduction. However, you could buy something similar, like replacing a five-year Treasury bond with a five-year corporate bond.

Payments on variable debt are skyrocketing. Variable-rate loans, such as credit cards or some mortgages and car loans, can be especially nasty when rates rise. When rates go up, so do your monthly payments. If you have any outstanding variable loans, be prepared to pay more. This includes any balance on your credit cards, which are now charging on average a 19.04% interest rate, the highest since 1991.

If you have a home equity line of credit (HELOC) or are considering taking one out, you might be tempted to pay off your outstanding, high-interest variable debt with the lower-interest equity loan. Be careful. You could save yourself money in the short term, but you'd be taking on more long-term debt. Worse still, you are risking your home if at some point in the future you can't make the home-equity loan payments.

Downsizing a home might not save money. This could be especially ugly for retirees who planned to cash out their home and move to a smaller or cheaper place. First off, the real estate market has cooled as rates have headed higher, so you may not be able to find a buyer, at least not at the price you could have gotten not so long ago.

Then, cautions Reddy, if you still have a mortgage on your home, you might not have enough equity to pay off the new, smaller home outright—opening you up to what could be an even higher mortgage payment on your new place. Add up the real estate agent commissions, moving expenses and higher mortgage rates, and you could find yourself worse off financially after downsizing. **K DAVID RODECK**

INVESTING

Preferred Stock ETFs Can Boost Cash Flow

PREFERRED STOCKS USUALLY DON'T EVEN MAKE THE typical investor's portfolio planning. But if you're an income investor, you'll want to give preferreds—and specifically, preferred stock ETFs—a look.

You'll frequently hear preferred stocks referred to as "hybrid" securities. That's because they carry some elements of common stocks and bonds. They are bought and sold like stocks. But, like bonds, they offer hefty yields—often in the 5% to 7% range—and, until last year, fairly constant market prices, never really swinging drastically high or low. But 2022 saw the main preferred benchmark off 18%.

What Gives?

"Since preferred securities have long maturities, or no maturities at all, they tend to have high interest-rate risk, or the risk that prices will fall when yields rise," according to Charles Schwab. And in 2022, the Federal Reserve jolted its target Fed funds rate from 0%-0.25% to 3.75%-4%, sending high-rate-risk assets (including bonds and preferreds) into the toilet.

But the Federal Reserve signaled in late 2022 that it's getting ready to start taking its foot off the pedal, bringing renewed hope to preferreds. With that in mind, here are five preferred stock ETFs to consider in 2023.

iShares Preferred and Income Securities ETF

SEC yield: 6.1%

Preferred stock ETFs don't get any bigger than iShares Preferred and Income Securities ETF (PFF, recent price $32)—the biggest and one of the oldest such funds on the market. PFF is also the prototypical preferred-stock fund, with many similar competitors. This ETF invests in nearly 500 different preferred stocks. Most of PFF's preferreds comes from financial-sector firms, such as Wells Fargo and Citigroup.

VanEck Vectors Preferred Securities ex Financials ETF

SEC yield: 6.7%

The VanEck Vectors Preferred Securities ex Financials ETF (PFXF, $18) stands apart from most other preferred stock ETFs. It was one of several "ex-financials" ETFs that popped up in the years following the 2007-09 bear market and financial crisis. PXFX, instead, has healthy helpings of electric-utilities, real estate investment trusts (REITs) and telecommunication services.

Global X SuperIncome Preferred ETF

SEC yield: 7.0%

There's nothing subtle about the Global X SuperIncome Preferred ETF (SPFF, $10) whose primary goal—super income—is right there in the name. SPFF invests in 50 of the highest-yielding preferred stocks listed in the U.S. and Canada. It produces one of the highest yields among all preferred stock ETFs. But be warned: By focusing on yield, SPFF can sometimes sacrifice quality—36% of its holdings are junk-rated bonds, and financials are more than 70% of assets. SPFF held up better than most preferred stock ETFs in 2022, thanks in part to its superior yield—which, by the way, is paid monthly.

Principal Spectrum Preferred Securities Active ETF

SEC yield: 4.9%

Prinicipal Spectrum Preferred Securities Active ETF (PREF, $17) is a managed ETF that buys $1,000 par preferreds with "attractive yields, diversification benefits and reduced risk compared to other fixed-income securities." One of the most concentrated preferred ETF portfolios, nearly three-quarters of PREF's assets are financials. PREF suffers from a fairly low yield for this group. But that reflects an extremely high-quality portfolio where a majority of assets are investment-grade.

Virtus Partners' InfraCap REIT Preferred ETF

SEC yield: 8.1%

Virtus Investment Partners' InfraCap REIT Preferred ETF (PFFR, $18) invests in a group of about 100 preferreds within the real estate space. Some are traditional REITs, such as hotel operator Hersha Hospitality Trust and office-and-retail property owner Vornado Realty Trust. Others come from mortgage REITs (mREITs) such as Annaly Capital Management that own "paper"—mortgages and mortgage-backed securities—rather than physical real estate. InfraCap says "these securities are also typically exposed to less leverage with generally more predictable revenue streams than those issued by banks and insurance companies."

While that's an attractive proposition, understand the potential risk involved with putting all your eggs in one basket—especially if America has another real estate crisis. The upside is the ETF has one of the best yields among preferred stock funds. **K KYLE WOODLEY**

The Best Disaster Defense: **Be Prepared**

AS A RESIDENT OF STORM-PRONE CENTRAL FLORIDA for close to 40 years, Rich Franco is prepared for pretty much anything Mother Nature throws his way. He has two generators at the ready, one with 5,500 kilowatts of power and a second with 9,500. He keeps important papers and family photos in plastic bins; valuable artwork is earmarked for a protected closet, along with hard drives and his desktop. As for Franco's lawn, it may not be flood-proofed, but it's close, thanks to a drainage trench he dug in 2004, after four hurricanes hit the Sunshine State in just six weeks.

"It was one of the most depressing times of my life," says the 74-year old, who spent 10 days in a dark house without power as temperatures soared. During the day, he picked up branches and drove around looking for ice; at night, he slept on his porch. The experience was bad enough when he was 55, Franco says, and it's one he doesn't want to repeat. "That stress, you don't want it, especially as a senior. By being prepared, instead of being 100% stressed, I'm 50% to 60% stressed."

How do you get ready for a natural disaster? Prepare. Prepare. Prepare. The mantra is important for everyone, but today, it is especially critical for retirees and near retirees, who are expected to be disproportionately impacted by hurricanes, tornadoes, earthquakes and fires in the coming years.

Some of this is demographics. The 60-plus population is surging at the same time as climate change, with the U.S. projected to have more seniors by 2030 than at any time in its history. Older Americans could be at particular risk, since they tend to retire to coastal areas, vulnerable to flooding, and to the rural West, which is plagued by wildfires. During 2018's Camp Fire, the most destructive in California's history, the average age of the 85 people who died was 72. The victims of Hurricane Ian, which shredded many of Florida's beachfront towns in 2022, were overwhelmingly 60 or older.

With more chronic illnesses and mobility issues, seniors can find it more difficult to evacuate when necessary. Many seniors live alone and worry for their safety both if they leave and if they stay behind.

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Create a Plan

The good news is that catastrophe can be averted. "Adaptation doesn't have to be fear-based," says David Azevedo, associate state director, AARP California. Start now with a plan that you can implement gradually. The AARP, Federal Emergency Management Agency (FEMA), Centers for Disease Control and Prevention (CDC), *Ready.gov*, the Red Cross and many others offer detailed lists of how to prepare for a disaster. The guidelines for different weather-related emergencies are similar, but there are variations (see the next page).

- Arrange for a place to meet family and friends.
- Know how you will communicate and where you will go, and practice that escape plan.
- Prepare a "Go Bag" with important papers in waterproof containers, flashlight, batteries, a first aid kit, canned foods and a can opener, a NOAA weather radio and water, among other items.
- Put together a document with emergency contacts, a list of physicians, any special needs or limitations you have, and insurance information.
- Pack a seven-day supply of medications, food and cash. Don't forget your pets' needs.
- Check if your community has a special-needs public shelter that could be better suited for a retiree than a facility for the general public.

Many retirees and non-retirees drag their feet when it comes to preparing for the worst. Only 40% of adults between the ages of 50 and 80 have spoken with family members or a friend about an evacuation plan. A little over half have a seven-day supply of food and water, and fewer than half have signed up to receive local emergency news, according to the most recent National Poll on Healthy Aging, conducted in 2019 by the

University of Michigan. Among the 9% of respondents who rely on electric medical equipment, only one-quarter had an alternative power source.

It is important that you have the homeowners insurance you need, that you review your policy with your agent and that you understand what your policy does and doesn't include.

Depending on where you live, consider separate or enhanced policies. Flood and earthquake policies are always separate from standard homeowners insurance. Learn about flood insurance at *www.floodsmart.gov* and earthquake insurance at the California Department of Insurance (go to *www.insurance.ca.gov* and type "earthquake insurance" in the search prompt).

You might be able to minimize claims and get an insurance discount if you make upgrades that harden your house against disasters.

For people who can't afford policies with all the bells and whistles, there are a few strategies to bring down the cost, says Amy Bach, the executive director of United Policyholders, an advocacy group that helps consumers settle homeowner-policy claims. One is to reduce your contents coverage and trim coverage for sheds and other structures you could live without.

If money is very tight, Bach says you could also consider an "actual cash value" policy, rather than the more usual "replacement cost" policy. With an actual cash value policy, an insurer will help cover only the depreciated value of your home or belongings. It's not perfect, warns Bach, but it's better than no policy at all.

Brace yourself for negotiating with your insurer in the disaster's aftermath. It is not uncommon for an insurance claims adjuster to say the cost to repair is X and your contractor says it's 3X, says Bach. If that happens, start by getting an estimate of the reasonable cost of repair from a professional, and use that to make your argument. Alternatively, you can hire a professional to take over the fight for you. A reputable public adjuster will charge about 7% to 10% of what they recover but will also know how to navigate the system.

Lawyers should be the choice of last resort, says Bach. "They don't speak construction, and as soon as you hire one, the insurer will lawyer up as well."

Finally, for maximum peace of mind, invest in your neighbors, says Jeff Johnson, the AARP's Florida state director. In storm after storm, people who have social capital do better than those who don't, says Johnson. "If you retire to Florida, don't just be here on permanent vacation. Become a Floridian. Get to know your neighbors. They could save your life." K **EILEEN DASPIN**

Be Ready for Whatever Comes Your Way

Some places are more prone to specific types of calamities than others—wildfires in the West, hurricanes on the Gulf Coast. In addition to the general preparedness outlined in the main story, here are some specifics for where you may live:

If your home is in an area susceptible to WILDFIRES:

- Install a roof with a Class A rating for fire resistance.
- Clear items from your lawn that are potentially flammable.
- Store flammable materials in safe containers away from the house.
- Use fire-resistant materials for repairs.
- To make your house more visible in the smoke, turn on outside lights and leave a light on in every room.

If your home is in an area susceptible to HURRICANES:

- Know the difference between a hurricane watch and a hurricane warning, which is more serious.
- Store outdoor furniture and lawn items.
- Move your furniture and valuables to high floors.
- Fill plastic bottles, bathtubs and sinks with clean water.
- Fill your car's gas tank.
- Be ready to turn off your power.

If your home is in an area susceptible to TORNADOES:

- Know the difference between a tornado watch and a tornado warning, which means the twister is underway or will be soon. Know your area's warning sirens for each.
- Designate an area of your home as a shelter, preferably an underground or windowless room. Keep blankets handy to shield yourself.
- If you live in a mobile home, be sure you have a place you can evacuate to.
- If you are in a car when the tornado is approaching, do not try to drive away. Get out of the vehicle and take shelter in a nearby building or find a ditch or low area away from the car.

If your home is in an area susceptible to EARTHQUAKES:

- Secure heavy items like bookcases and refrigerators.
- Practice drop, cover and hold on.
- If you are in your car when an earthquake hits, pull over, stop and set your parking brake.
- If you are inside, stay. Don't run outside. Avoid windows.
- If you are trapped, send a text or bang on a pipe or wall.
- Expect aftershocks and be ready to drop, cover and hold on if you feel one.

TAXES

A Tax Deduction for Hurricane Ian Losses

HURRICANE IAN WAS ONE OF THE MOST POWERFUL storms to hit the U.S., with massive flooding that affected Florida and parts of the Carolinas in late September and early October. Most of the damage from Ian was from storm surge, which generally isn't covered by homeowners insurance. If your house, car or other personal belongings were damaged or destroyed as a result of Ian, you may qualify for a tax break to offset losses that aren't covered by insurance.

Personal casualty losses of individuals are deductible to the extent the losses are attributable to federal disasters, such as hurricanes, earthquakes, blizzards, wildfires, tornadoes or major flooding that affect a wide area. However, there are important limits to this rule. Generally, only itemizers who file Schedule A with their federal tax return can take a tax write-off for damage to personal property. And two offsets apply. First, you must reduce the amount of the loss by $100. Then, you can deduct the balance only to the extent that it exceeds 10% of your adjusted gross income (AGI).

Here's an example. Say you have $25,000 in uninsured losses from damage to your house from Ian, and your AGI is $150,000. You would first subtract $100 from the $25,000. Then you would subtract $15,000 (10% of your AGI) from your $24,900 balance. The remaining $9,900 is the amount you can deduct on Schedule A. And if you take the standard deduction instead of itemizing, you can't even write off the $9,900.

Use IRS Form 4684 to compute and report your casualty losses from Ian and then transfer the deductible loss to Line 15 of Schedule A. You must enter the FEMA disaster declaration number on Form 4684. For Ian, that number is DR-4673-FL for Florida, DR-4677-SC for South Carolina, and EM-3586-NC for North Carolina. You can find a list of other federally declared disasters and the declaration numbers at *www.fema.gov/disasters*.

The IRS offers multiple ways for individuals to figure the loss to their home or personal belongings. For example, one method lets a homeowner with losses of $20,000 or less take the lesser of two repair estimates to determine the decrease in the home's value. Another has a table to compute the replacement cost of personal belongings destroyed in a federally declared disaster. Revenue Procedure 2018-08 has even more details.

The tax law allows you to take a disaster loss on your Form 1040 or 1040-SR for either the year of the disaster or the year before the disaster. For Hurricane Ian losses, you can take the loss on your 2022 return or your 2021 return. If you decide to claim it for 2021 and, like most people, you've already filed your 2021 return, you can amend it to take the write-off by filing Form 1040-X. Note that for this purpose, you must file your amended prior-year return no later than six months after the due date for filing your current-year return (without extensions) for the year in which the loss took place. So, for Hurricane Ian losses, if you decide to amend your 2021 return to take the loss, you will need to file the amended 2021 return by October 16, 2023.

Remember, the IRS can be your friend in disaster-related situations. If you lost prior-year tax returns, use the IRS's free Get Transcript tool at www.irs.gov to view and immediately print a summary of tax information. Upgraded security means you'll have to jump through a few hoops if you haven't used the tool before. You can also get the transcript by calling the IRS's automated phone transcript service at 800-908-9946 or mailing in IRS Form 4506-T or 4506-T-EZ. A tax transcript is a summary of key data on a tax return and not an actual copy. If you want your actual return, then you'll have to mail Form 4506 to the IRS. There is normally a fee for requesting a prior-year return, and it can take the IRS up to 75 days to send it to you. However, the IRS will waive the fee and expedite the process if you write the disaster description (for example, Hurricane Ian - Florida) at the top of Form 4506 before mailing it.

The IRS knows these rules can be confusing, especially for disaster victims who are naturally more focused on repairing their homes and replacing their destroyed belongings instead of on the intricacies of the tax laws. That's why it has a dedicated phone line, 866-562-5227, for disaster-related tax questions. **K JOY TAYLOR**

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Information to Act On

YOUR RETIREMENT PLANNING

SECURE Act 2.0 brings major changes to savings plans. Retirement plan rules and some related tax incentives are changing since President Biden signed a $1.7 trillion budget bill on December 23, reports Tax Editor **Kelley R. Taylor**. That massive spending bill contains bipartisan retirement savings legislation known as the SECURE Act 2.0 of 2022.

There are more than 100 provisions in the new law that cover all types of retirement savings plans, from 401(k)s and IRAs to 403(b) and Roth plan accounts. There are also various incentives for employers to offer plans, and for employees to participate. However, one provision about required minimum distributions (RMDs) is getting a lot of attention because it became effective on January 1. That provision increases the initial RMD age 72 to 73. (In 10 years, the initial RMD age will be increased again—to 75.)

Delays in the age for taking RMDs raise tax implications and present practical challenges. The latter can be particularly significant for lower-income retirees, who typically use required minimum distributions to cover living expenses. As a result, it is important to consider how SECURE 2.0 RMD changes could impact you, and plan accordingly.

In addition to delaying RMDs, SECURE 2.0 allows for some emergency expense distributions beginning next year and sets higher catch-up contribution limits for 60-to-63-year-olds, beginning in 2025.

The new law will cause another interesting change in 2027. The current nonrefundable Saver's Credit will be replaced with a federal matching contribution that will be deposited into your IRA or other retirement plan account.

Also, under SECURE 2.0—in very limited circumstances—some people may be eligible to convert a 529 plan that has been maintained for at least 15 years, to a Roth IRA, beginning in 2024.

And ... have you ever lost track of a retirement savings account from a previous job? Well, SECURE 2.0 authorizes the creation of a searchable database (a.k.a., a retirement "lost and found") that will be hosted by the Department of Labor. Data show that millions of 401(k) accounts are regularly forgotten, amounting to nearly a trillion dollars in unclaimed retirement benefits.

YOUR MONEY

Stock market slide means lower RMDs. Many retirees have seen the value of their retirement assets drop by 20% or more this year. While this has forced many to adjust their spending habits, it may actually result in one benefit: lower required minimum distributions (RMDs) next year.

Why? RMD amounts for the new year are based on the value of assets in retirement accounts as of the last day of the preceding year. In other words, your RMD for 2023 will be based on how much your traditional IRA and pretax 401(k) accounts were worth as of December 31, 2022.

This process worked against retirees last year, since 2022 RMDs were based on the value of accounts on the last day of 2021, when the stock market was at its peak.

We all know what happened after that.

Unfortunately, RMDs can't be adjusted downward when bear markets occur. So, many retirees faced the double whammy of having to take RMDs that no longer reflected the true value of their nest eggs. And they had to pay taxes on these distributions while they were also paying record-high prices at the supermarket and gas pump.

With stocks having a rougher go of things in 2022, at least you can take solace in knowing that your 2023 RMD amount may be lower than it was in 2022. You can calculate your RMD by typing "Kiplinger RMD calculator" in your search engine or by going to: *www.kiplinger.com/retirement/rmd-calculator*.

Veterans' compensation increases. It's not just Social Security checks that are going up 8.7%. Compensation for disabled veterans is also increasing by the same percentage. So a veteran rated as 10% disabled is now receiving a monthly payment of $165.92, a $13 increase from the previous amount of $152.64. A veteran rated 60%

FEBRUARY FINANCIAL CALENDAR

- **1** Fed Open Market Committee meets; interest rates announcement
- **3** Bureau of Labor Statistics monthly employment report
- **12** Super Bowl
- **20** Presidents Day; banks, New York Stock Exchange closed

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disabled is receiving $1,319.65 a month, up from $1,214.03. You can find more information about rates, including for veterans with dependent spouses or children, at *www.va.gov/disability/compensation-rates/veteran-rates*.

In addition, the VA is offering a new life insurance program for disabled veterans. VALife is going to provide up to $40,000 of whole life insurance for veterans, 80 years old and younger, with service-connected disabilities.

Acceptance in the program is guaranteed, and no medical underwriting is required. Details can be found at *www.benefits.va.gov/insurance/valife.asp*.

■ **Wells Fargo ordered to pay.** The Consumer Financial Protection Bureau says Wells Fargo Bank will pay $3.7 billion, including $2 billion to customers, for illegal conduct that financially harmed consumers. The illegal actions involved more than 16 million accounts in several of the bank's largest product lines, including mortgages, car loans and savings and checking accounts.

The CFPB says consumers were illegally charged fees and interest on auto loans and mortgages, had their cars wrongly repossessed, and had payments to auto and mortgage loans misapplied by the bank. Wells Fargo also charged consumers unlawful surprise overdraft fees and applied other incorrect charges to checking and savings accounts, says the CFPB. The illegal activity was first reported in 2016.

"The bank's illegal conduct led to billions of dollars in financial harm to its customers and, for thousands of customers, the loss of their vehicles and homes," the agency says.

Wells Fargo has a long history of questionable and illegal activities and is still operating under nine consent orders, a bank official told CNBC.

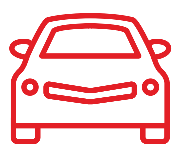
If you are experiencing ongoing problems with Wells Fargo or other financial providers, you can report it to the CFPB at *www.consumerfinance.gov/complaint* or by calling 855-411-2372.

■ **Online financial scammers.** Beware of search engine ads that look like they're links to financial sites, such as businesses selling cryptocurrency. The FBI is warning that the ads may be from scammers that appear to have legitimate sites but instead steal log-in information and install ransomware. According to the FBI, cyber criminals purchase these ads, which appear within internet search results and use a domain that is similar to an actual business or service.

The agency says these advertisements appear at the top of search results and are difficult to distinguish from the actual search result. In some instances, the fraudulent web page has a link to download software that is actually malware. The download page looks legitimate, and the download itself is named after the program the user intended to download.

To protect yourself, the FBI recommends:

- Before clicking on an advertisement, check the URL to make sure the site is authentic. A malicious domain name may be similar to the intended URL but with typos or a misplaced letter.
- Rather than search for a business or financial institution, type the business's URL into an internet browser's address bar to access the official website directly.
- Use an ad blocking extension when performing internet searches. Most internet browsers allow a user to add extensions, including extensions that block advertisements. These ad blockers can be turned on and off within a browser to permit advertisements on certain websites while blocking advertisements on others.



YOUR TRAVEL

■ **Gas prices may rise.** Enjoy lower gas prices while you can—they may be going up by summer, reports **Jim Patterson**, managing editor of Kiplinger's Business Forecast Group. If the U.S. can skirt a severe recession, odds are that gas prices will dip a bit more before trending higher again as spring nears. After costing an average of $5 per gallon early last summer, the national average price slid to about $3 by the end of 2022.

Every year is a bit different, but typically, gas prices bottom out during the winter and then start climbing. Prices often peak around Memorial Day and then level off during the summer.

If the economy holds up, we may well see that pattern play out again this year. But, if a bad recession hits and saps demand for transportation fuel, gas prices could keep dropping. That would be a tough way to save at the pump, but cheap fill-ups do tend to be one silver lining of tough economic times.

■ **A TSA workaround.** Trying to save time on your upcoming trip, but can't seem to get through the backlogged enrollment process for TSA Precheck? Well, good news—there's a workaround. You can actually complete your enrollment at participating Staples stores. To find a store near you, go to Staples.com and type "TSA Pre-Check" in the search prompt.

YOUR TAXES

■ **Free electronic tax filing.** It's bad enough you have to pay taxes, but adding insult to injury, you often also have to pay a fee to a tax preparation company to file your taxes electronically.

The IRS has had an agreement with private tax filing companies that kept the agency from offering a public e-filing portal, despite the agency having promoted e-filing for decades because it increases efficiency and significantly lowers the cost of processing returns. It also leads to quicker tax refunds than paper returns.

Under the agreement, the companies are supposed to prepare and file returns for free for people whose adjusted gross income is $73,000 or less. But, according to the Congressional Research Service, only about 4% of eligible taxpayers take advantage of this.

ProPublica, the nonprofit investigative news organization, has reported that private companies sometimes trick consumers into paying when they don't have to. The two largest providers of this service, Intuit and H&R Block, which had represented about 70% of the program's usage, have both withdrawn from the agreement.

For more information, type "IRS free file" in your search engine prompt or go to *https://apps.irs.gov/app/freeFile*.

The current agreement is scheduled to expire on October 31, and it no longer bars the IRS from developing its own e-filing system. So why hasn't it? We may get an answer because under the Inflation Reduction Act, the IRS is getting $15 million to form a task force to study creating its own free direct e-file program. Stay tuned.

■ **How Social Security benefits are taxed.** Some Social Security recipients aren't subject to federal income tax on their benefits. But others, depending on their "provisional income," may have to pay federal income tax on up to 85% of the benefits.

To determine your provisional income, start with your income on Line 9 of Form 1040 or 1040-SR (without the taxable Social Security benefit reported on Line 6b), and add tax-exempt interest plus 50% of your Social Security benefits.

If your provisional income is less than $25,000 ($32,000 for married couples filing a joint return), your Social Security benefits are tax-free. If your provisional income is between $25,000 and $34,000 ($32,000 and $44,000 for joint filers), then up to 50% of your benefits are taxable. If your provisional income is more than $34,000 ($44,000 for joint filers), then up to 85% of your benefits are taxable.

YOUR HEALTH

■ **Reading is funda-mental.** Turns out reading for pleasure isn't just a way to enjoy your free time by the pool or curled up in front of a crackling fire. Researchers at the University of Illinois' Beckman Institute for Advanced Science and Technology have found that reading may help preserve memory skills as we age.

According to information from the institute, reading helps exercise two kinds of memory that tend to decline with age: episodic and working. Episodic memory enables you to remember what happened in previous chapters of a book and follow an ongoing story. Working memory involves the ability to keep things in your mind when you engage in other mental processes. This enables you to keep track of things that happened in recent paragraphs as you read.

Researchers tracked two groups of older adults—the first was given engaging books to read on iPads owned by the institute; the second group was asked to tackle word puzzles on their iPads. After several weeks, participants were given assessment tests. The readers showed significant improvements in their working and episodic memory, compared with the puzzle group.

And researchers think this information can be useful not just for older adults who want to exercise their minds. The Beckman Institute study, which was reported in December, says the discovery of this link between reading and memory "opens several new avenues for future treatments for conditions such as Alzheimer's disease."

■ **The eyeglass rule.** If you get an eye exam, you don't have to buy your glasses from the person who examines you. Legally, they're required to give you a written copy of the prescription at no additional charge, whether you ask for it or not. Having the prescription enables you to shop to get the best deal on glasses.

According to the Federal Trade Commission, however, the Eyeglass Rule—which is part of the agency's Ophthalmic Practice Rules—isn't always followed. And the

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FTC wants to update it to help with enforcement. Proposed changes would include a requirement that ophthalmologists and optometrists keep for at least three years copies of signed confirmations from patients acknowledging receiving the prescriptions. They would also allow providers to give digital copies of prescriptions if consumers agree.

Under the existing rule, eyecare professionals aren't allowed to require patients to buy eyeglasses as a condition of getting a copy of their prescription. And prescribers may not refuse to perform an eye exam unless the patient buys eyeglasses, contact lenses or other ophthalmic goods from them.

If you think your eyecare provider is violating the Eyeglass Rule, you can report their actions at *https://reportfraud.ftc.gov*.

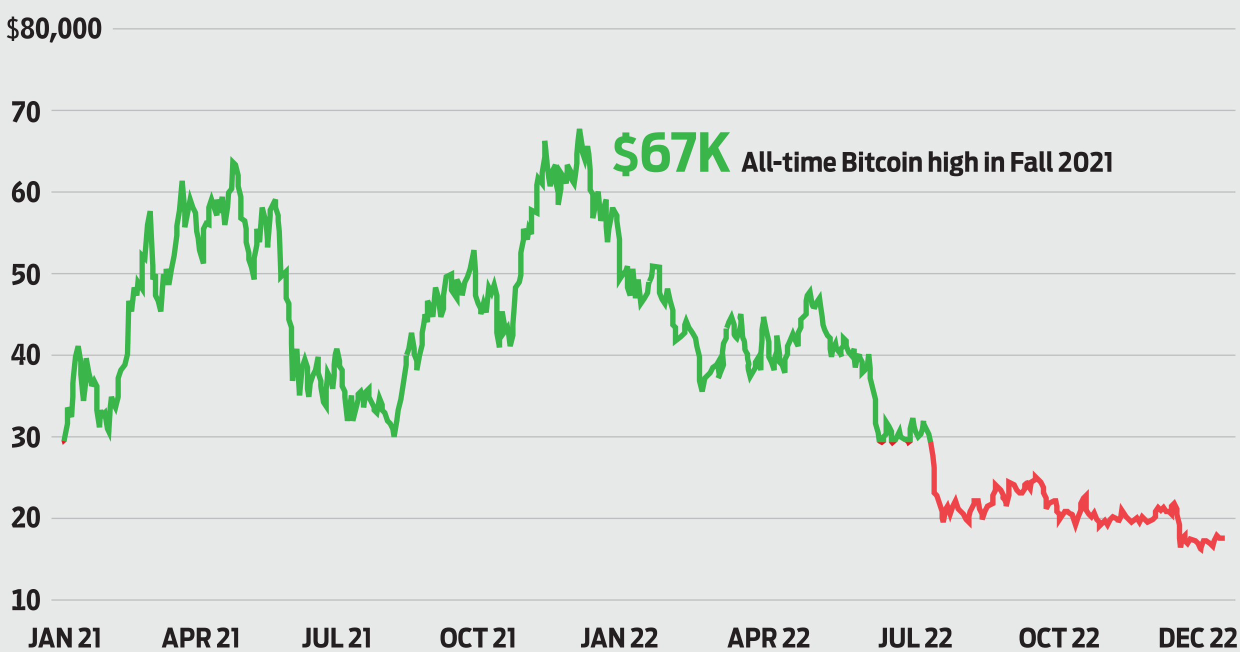
■ **Hospital ownership.** The Biden administration has made it easy to look up information about the owners of more than 7,000 hospitals that are authorized to accept Medicare. "Transparent ownership data benefits the public by assisting patients, and their loved ones, in making more informed decisions about care," says the Department of Health and Human Services in announcing the new information source.

"We are pulling back the curtain and letting the sunshine in on hospital and nursing home ownership because it is what the public deserves," says HHS Secretary Xavier Becerra. "As we work to expand access to high-quality, affordable health care, we will make sure there is transparency to ensure that facilities are held accountable and people can make the best-informed decisions on their care."

Previously, HHS released data on the ownership of approximately 15,000 nursing homes certified as Medicare skilled nursing facilities. To look up information about hospital and nursing home ownership, you can go to *https://data.cms.gov*.

A Bursting Bubble

It's been a wild couple of years in the cryptocurrency casino, but the good times came to a crashing close in the fall. Here's a price chart of Bitcoin since January 1, 2021, when the digital doubloon was said to be worth about $30,000. Its value peaked at $67,000, and then plummeted through 2022. Bitcoin opened the new year down 75% from its high, down 45% from where it stood two years ago. Lesson learned? As the casino manager played by Garry Marshall told Albert Brooks in *Lost in America*, "You're a nice guy, you make me laugh. But our policy is: We can't give your money back."



SOURCE: COINDESK

SECOND ACTS

Starting Your Own Business Can Be a Satisfying Move

JENNIFER MORLEY WORKED AS A HIGH SCHOOL TEACHER in Hillsborough County, Fla., teaching economics, psychology, American government and other classes. She also worked in administration, then decided to retire rather than go back to the classroom. The 63-year-old could not be happier with her decision to then become a mortgage broker, an independent contractor setting her own schedule.

"Now I am self-paced. It is not like going to the office 8 a.m. to 5 p.m. or grading papers and working 12 hours a day," she says. "And the pay is pretty good if you are smart with your time."

Morley is not alone in her newfound independent bliss. Older workers who have left their employer-based jobs to become independent contractors tend to experience less stress and fewer health issues, according to a recent study from the University of Michigan.

Understanding Attitudes About Work as You Age

The study for the university's Retirement and Disability Research Center found that a large majority of those who choose to become freelancers or independent contractors are happy with their choice. Their health and overall well-being improved while working in the gig economy.

That surprised the study's author, economist Joelle Abramowitz. "It makes sense when we think about it, but I wasn't sure it would actually show up in the data," she says. The data she used came from the university's long-running Health and Retirement Study, an annual survey taken over more than two decades examining the attitudes of about 20,000 older workers transitioning toward retirement.

Those surveyed report that their work is not particularly stressful, which could mean their jobs are less challenging than past work. Or it could mean that because they are working only to generate extra income, they do not feel the stress of making ends meet.

Part-Timers Like Being Part-Timers

Another recent survey of older workers by global consulting firm Mercer showed that 18% of U.S. respondents said they plan to join the gig economy, many just part-time.

Laini Amaritnant, 55, whose husband was active-duty Navy, worked as a nurse in emergency rooms and ICUs in various parts of the country for more than 20 years and loved it. But her spine suffered from it.

Tips if you plan to become an independent contractor

There is a learning curve for those leaving typical employment to join the world of independent contracting, since you are now acting as your own boss. Much of it is just advance work to get you on the right track for success. Here are some steps to help you get started.

Come up with a business plan. As an independent contractor, you'll need one, according to Hal Shelton, author of *The Secrets to Writing a Successful Business Plan* and a mentor with SCORE, a nonprofit that helps small businesses get off the ground. Make it five pages. The first page contains your key messages, your value proposition, the customer problem you can solve and the reasons someone would hire you. Pages 2 and 3 are for marketing strategy. Who is your competition? Who is your target audience? Where do they hang out? Do they attend conferences you can also attend? Where do they learn about vendors? Your go-to-market strategy is the most important piece of your business plan. Page 4 is your bio. What do you have to offer? And Page 5 is the financial page, a summary for yourself with three-year projections. Your business plan is an evolving work.

Decide on a business structure. You can work as a sole proprietor or form a partnership. You may elect to form a limited liability corporation, or LLC, to protect your personal finances, your assets and your privacy. If there is any chance you may get sued, you need an LLC, or someone can go after your personal assets, Shelton says. Your state taxing agency may have a special set of LLC forms. You will need a tax ID number, or you can use your Social Security number or taxpayer identification number (TIN). There is a misconception that as a sole proprietor, you cannot hire employees. That isn't true. You are the boss and you can hire employees. Visit SCORE.org to find mentors to help you with your start-up.

Register a business name. This be-

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“I decided I was too young to completely retire because we still needed the income,” she says. “I already had my real estate license before I had my nursing license, so I decided to go back to it.”

As an independent contractor in the Finger Lakes region of New York, she likes the flexibility.

“Those paychecks are not as lucrative as I would like them at times, but I can X out a day on the calendar to take off,” Amaritnant says. “And I can schedule around being able to help my son and daughter-in-law with the children.”

Jay Nolan spent his career as a photojournalist in Tampa but was laid off in 2011. At 67, he now considers himself semi-retired, though he continues to work as a freelance photographer for businesses, individuals and the *Tampa Bay Times*.

He says he doesn’t yet need to collect Social Security. “I keep working because I want to. The money does help for those surprises that jump out at you, like when I found out my dog needed surgery.”

He is also able to turn down work if he wants a day off.

“Compared to working for an employer, the big difference is obviously benefits,” Nolan says. He is on Medicare now and has secondary health insurance and life insurance through his wife’s job. “I now have to buy my own [photo] equipment, so I need to have $10,000 in the bank. That is the downside.”

Self-employed older workers of all stripes do seem to have one thing in common, Abramowitz says. “They are more satisfied with their lives than their counterparts who are still regular employees.”

Being self-employed as an independent contractor in the waning years of a decades-long career can be a pleasant experience. **K YVETTE C. HAMMETT**

comes your official business name to use in marketing, to open a business account and for communication with clients. To sign contracts and enforceable agreements, you must register your company’s name or DBA (Doing Business As) with your department of state. It is important that your business name reflects the services you offer. Your business name is the foundation for your brand for customers to know what you offer. Consider also setting up a basic website.

Hire a business attorney. Penn State’s Dickinson School of Law recommends talking to a business attorney as soon as possible to pre-emptively solve problems, because trying to solve problems once they occur can be difficult, expensive and time-consuming. Seek out a start-up or small business attorney. They can draft specifically for your contract business. Whomever you choose, check references and look at their website and reviews. Each firm sets its own prices, which typically start at $150 per hour.

Find an accountant familiar with your industry. Finding an accountant for your needs provides you with an overview of your business’s financial health and includes taxes, budgets, transactions and projections. Keep good records of your revenue and expenses, and consider hiring a CPA to do your tax return so you can learn the best way to make contributions and get as many deductions as you can. For example, a self-employed person can deduct medical premiums, 401(k) contributions, training, accounting software or a new computer. Even if you do not have revenue the first year, include your deductions on your tax return. They can be used as a “loss carry-forward” and remain on the balance sheet as a deferred tax assets for the second year. An accountant can help you create your business plan. Ask about their experience working with your type of business. Ask for references and get a background check.

Learn soft skills, stay motivated. If you cannot sell yourself, you will not make money, Shelton says. So, hone your people and time-management skills. As a freelancer or independent contractor, you will have multiple responsibilities. You will need to communicate effectively with employees and clients and sell people on your abilities.

It's Never Too Late To Learn a Hobby

A WEEKEND CLASS IN CHOCOLATE MAKING SPARKED Popsy Kanagaratnam's interest in creating chocolate truffles. She took pride in mastering the precise temperature and moisture level at which to temper the chocolate. She loved experimenting with different flavor combinations for the truffle fillings, whether infusing white chocolate with citrus or mixing cream and jasmine tea.

"It was fun working with my hands, taking a piece of chocolate and producing something as a result," says Kanagaratnam, 66, an educator in Bethesda, Md. "It's easy to acquire good chocolate from websites or stores, and a great little gift as a thank you or a holiday gift."

As you age, it's easy to assume that you'll simply grow into an older, wiser version of the person you've always been. But learning a new hobby in your fifties, sixties or beyond can boost your energy, expand your social world, improve your health, and convey intangible benefits.

Experts say that embracing new pursuits can challenge your mind, body and self-image in ways you won't understand until you experience them.

"We are capable of acts of reinvention, both dramatic and minor, at almost any age," says Tom Vanderbilt, New York-based author of *Beginners: The Joy and Transformative Power of Lifelong Learning*. "Taking on a new skill or hobby allows us to expand our sense of self, to improve our sense of well-being, to more deeply engage with the world."

Vanderbilt and others advise chasing your curiosity, starting small, creating a realistic routine and building on your interests in an repetitive way. Consider your stage of life and financial means when deciding which hobbies to pursue.

The benefits of hobbies

Our brains naturally seek novelty, which stimulates the production of feel-good hormones, says Kate Larsen, an executive coach based in Minneapolis, Minn. "It creates a level of curiosity and learning in us that keeps us alive," she says. "Our brains love to feel success, reward and change."

Indeed, research has shown that learning new skills keeps our brains limber and able to restructure and evolve by making new neural connections. Studies of older people who learned to juggle showed activation in brain plasticity of the kind previously thought to be exclusive to the young, Vanderbilt notes.

Research by Denise Park at the University of Texas, Dallas, found that older adults who learned new skills in groups performed better in cognitive tests than similar-aged people who simply gathered for socializing.

Hobbies also reduce stress and, quite simply, bring people pleasure. Unlike the many other ways you spend time, hobbies may increase your income, please another person, meet an obligation or promote self-improvement. They bring back the play mind of childhood.

"Hobbies are transformational," says Joe Robinson, a California-based work-life balance trainer and the author of *Don't Miss Your Life*. "The more active leisure life you have, the higher your life satisfaction."

What sparks your interest?

Following your natural interests is a good way to pick a new endeavor, Larsen says. Think about what you've always wanted to try or imagined yourself learning to do.

Living in Philadelphia, Alexis Franklin drove past the Schuylkill River multiple times a week. She loved watching the high school and college crew shells and single rowers slice their oars through the water.

"You're always admiring it and you finally say, 'Why aren't I doing this?' " recalls Franklin, 68, an actress.

She signed up for a "learn to row" class at one of the boathouses on the river. Then she took two more classes. She met other rowers and joined the masters club for anyone older than 27. Soon she was rowing almost daily.

"It becomes very addictive," she says.

The cost of rowing starts at the workout gear and boat rental fees, which can be around $40 an hour, depending on where you live. Once you row frequently, those hourly rentals add up, and it makes sense to join a club (about $1,000 a year). If you want to race in regattas, each event carries a fee of $25 to $40 per person. Buying your oar will cost around $400 and buying a shell runs from $15,000 to $30,000, Franklin says.

"It can get pricey," she acknowledges, especially if you travel long distances for regattas. Franklin twice participated in regattas in France, including Traverseine de Paris, a 26-kilometer row on the Seine River.

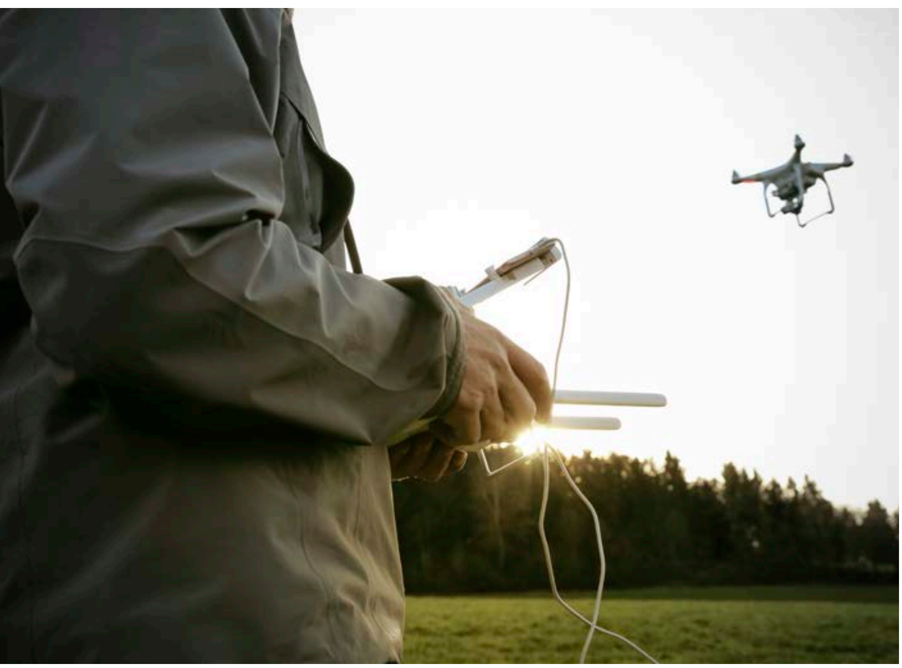
"What a great way to see Paris. I made new friends and had a once-in-a-lifetime experience," she says, noting that rowing doesn't stress your joints the way many other sports do. "We have some women in their eighties who are still rowing."

Call it dabbling

When you choose a hobby, start small. Recognize that you won't be skilled at first.

"It's not always easy to start something new, to make mistakes, to counter the societal perception that learning is for the young," Vanderbilt acknowledges.

Inventory your needs, interests and personality, Robinson suggests. Think about activities you have considered trying and ponder what you enjoy about how you currently spend your time. Perhaps it's being out in nature, serving others, learning about science, fitness or games. Do you want to be alone or with others? Are there experiences you yearn for or talents you'd like to deepen? Don't reject anything out of hand.



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"If your first response is, 'No way,' chase it for a second. What prompted that?" Larsen urges. After a bit of research, you may discover that your gut reaction wasn't based in fact.

It may help your hobby quest to enlist friends to teach you a skill or offer suggestions. Explore your community for options. Pay attention to how you feel when you're trying out a new endeavor, and remember that you're only dabbling.

"One of the things adults hate is to feel they don't know how to do something," Robinson says. "You have to go back to the way you felt as a kid of wanting to try something new."

Invest in three or four sessions, so you push past the early learning and possibly looking foolish. "A hobby leaves you in a different state of mind. It pushes you but doesn't overstress you," Larsen says.

Build it into your schedule

A common objection to learning a new skill or adopting a hobby is the inconvenience of fitting it around your commitments. Yet how much time do you routinely spend on social media or watching television? You can tackle this challenge by committing to a class or a group of people that meets at a regular time. This could be as simple as agreeing with a group of friends to meet at the park for disc golf. Knowing they're counting on your attendance can hold you accountable.

"One of the key questions is: What season of life are you in?" says Larsen, noting that some hobbies can conflict with your day-to-day responsibilities.

For some especially busy people, solo activities may make the most sense because they can wrap around other obligations. So instead of committing to a doubles tennis team, consider running.

On a given weekend day, you can find Brad Rourke in a field or by the railroad tracks, flying a first-person drone. He straps on goggles and watches through the drone's camera as if he were a bird.

"It really is just exhilarating fun, coupled with the odd satisfaction that I imagine model train enthusiasts must feel," says Rourke, 56, a program officer at a research foundation. "The fun is in the acrobatics and exploration of things at close range from perspectives I could never see."

The drones fly from about one-third of a mile to one and a quarter miles and have a battery life of just a few minutes. Ready-to-fly drones run about $300, with the goggles and remote control costing about $1,000.

Most people enjoy strapping a GoPro to the drone to capture photos and video, which can be edited into a mini-movie.

Budget for the occasional lost drone, if it falls out of the sky or bumps into something and you can't find it.

"It's an expensive hobby and has a learning curve: Flying these while looking through goggles is hard!" he says. "But it is a blast." **K KATHERINE REYNOLDS LEWIS**

VALENTINE'S DAY

How to Find Your Valentine Online

WITH RETIREMENT A YEAR OR SO AWAY, LINDA IS looking for love.

"I don't need to be saved," says the divorced Florida grandmother of three, who didn't want her last name used. "I would love to have somebody by my side to go shopping, travel, dance, go to the movies, sit on the sofa. It would be so fulfilling."

Instead of asking her friends for suggestions, the 66-year-old turned to dating apps, and she's not alone. "There are so many more people who are 60-plus on dating apps," says Julie Spira, a Los Angeles dating coach. "The pool has grown significantly."

Indeed, roughly one-third of seniors who have dated within the last five years have used dating apps or websites, according to research from Choice Mutual, an independent insurance agency. Nearly 70% report having a relationship with someone they met online.

Getting started with online dating can seem overwhelming due to the sheer number of apps. Some cater to specific age groups, such as SilverSingles and OurTime, while others are for specific races or religions.

While many sites offer free trials or watered-down free content, finding out the price can be difficult until you register and provide some information. In general, viewing complete profiles and messaging potential dates will require a monthly subscription.

Prices at eharmony, which asks about personality traits and other information to find matches, start at an introductory rate of $19.95 for three months; it's $39.90 a month for a 24-month plan. Plenty Of Fish offers six months for $15 each month; one month by itself is $29.99. Tinder, which was launched in 2012, offers four tiers—Tinder, Tinder Plus, Tinder Gold and Tinder Platinum. Tinder Gold is $12.49 a month for six months and $8.33 a month for a year.

Initially, limit yourself to one site, says Turner Grant, a widower who wrote the recently released book *To Venus and Back: One Man's Quest to Rediscover Love* about his online dating journey. "It's so easy to get into the treadmill of becoming a serial dater," he says.

Once you choose your site, the next big task is making a profile with pictures and your bio. Avoid bathroom selfies, group photos and shots standing in front of fancy cars, which are a cliché. Spira encourages clients to have professional photos taken. "You're only as attractive as your least-attractive photo," she says.

Spira also urges clients to be positive when describing themselves. Avoid including details about failed relationships, turn-offs or anything else that doesn't highlight your best traits and abilities.

Once you start engaging with potential dates, digital and personal safety is always paramount. Be wary of anyone who avoids video calls, asks for financial information, requests a loan, wants intimate photos or claims to be traveling or working for extended periods of time, advises Michael B. Cohen of MyChargeBack, a consumer advocacy group that helps people recover money lost to online scams.

"The biggest red flag is when your prospective match doesn't agree to a video chat," he says. "Scammers want to hide their faces so you will never be able to really identify them."

Some sites feature their own security features. Tinder, for example, has a safety center feature that ties into the Noonlight personal alarm app and provides a panic button if you feel unsafe on a date.

When you decide to meet in the real world, pick a public place, let someone know where you're going, minimize alcohol intake and never discuss finances, Spira advises. "You really need to protect your heart and your wallet until you know this person is sincere and it's safe to move forward."

Grant ended up meeting his significant other in person and leaving e-dating.

Linda, meanwhile, recently renewed Match.com for six months, which she said cost about $120. "I have a lot to offer," she says. "I want to meet a man who has a lot to offer." **K DAWN WOTAPKA**

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