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EYE ON MONEY

JAN
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2012



How to Strengthen Your Financial Safety Net

Plus... Natural Disasters and Your Income Taxes • Navigating Volatility

The Budget Control Act of 2011's impact on Federal Student Aid



Helps keep the Pell Grant Program afloat for two more years.

Signed into law on August 2, 2011, the Budget Control Act increases the mandatory funding for the Pell Grant Program by \$10 billion for 2012 and \$7 billion for 2013. This additional funding will help fill a funding gap in the Pell Grant Program that provides grants of up to \$5,500 to low-income students.



Eliminates subsidized loans for graduate and professional students.

Beginning July 1, 2012, graduate and professional students will no longer be eligible for subsidized Stafford Loans—the type of loan that the federal government pays the interest on while the student is still in school.

While this change will increase the cost of borrowing for graduate and professional students, they will still be able to borrow the same amount—up to \$20,500 per year—with Unsubsidized Stafford Loans.



Eliminates Direct Loan repayment incentives.

Currently, students who borrow from the Federal Direct Loan Program and make their first 12 repayments on time are rewarded with a partial rebate of their loan origination fee. This repayment incentive will no longer be available for new Direct Loans disbursed after July 1, 2012.

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Where to Find Scholarships

YOU DO NOT NEED TO BE IN DIRE FINANCIAL STRAITS to score free money for college. There are more than one million scholarships available. And although some scholarships are based on financial need, many are awarded to students on the basis of their academic, athletic, or artistic achievement, field of study, ethnic background, community service record, or other criteria. If you are interested in applying for scholarships for the 2012-2013 academic year, it is time to get cracking. The application deadlines for many scholarships fall between January and April.

Here are a few ideas of where to begin your scholarship search.

- The U.S. Department of Education's FREE online scholarship search at www.FederalStudentAid.ed.gov/scholarship.
- Your college's financial aid office or website.
- Businesses and organizations with which you are associated, such as your employer, religious group, and civic groups.
- Organizations related to the student's field of study.
- Your high school guidance office or a local college financial aid office may be able to point you toward local scholarships that are not listed online.
- Your library may offer scholarship guide books. ■

Please talk to your financial advisor about the best way to save and pay for a college education.

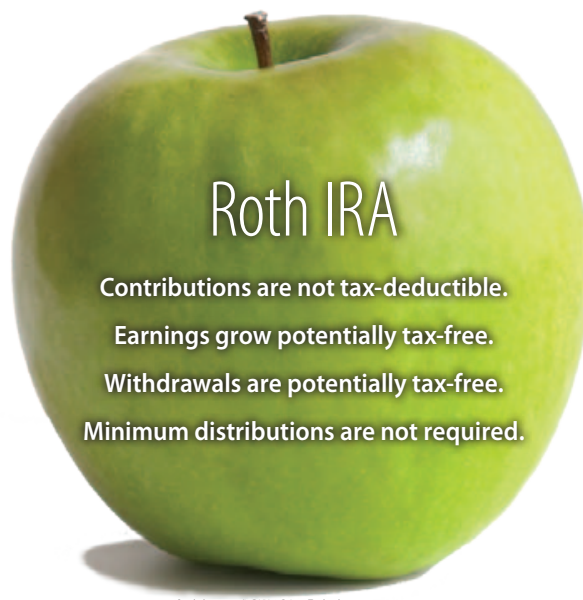
Traditional vs. Roth IRA

Which is right for you?



Traditional IRA

- Contributions may be tax-deductible.
- Earnings grow tax-deferred.
- Withdrawals are taxed as ordinary income.
- Minimum distributions are required beginning at age 70½.



Roth IRA

- Contributions are not tax-deductible.
- Earnings grow potentially tax-free.
- Withdrawals are potentially tax-free.
- Minimum distributions are not required.

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Deciding between a Traditional IRA and a Roth IRA can be tricky. While both types of individual retirement accounts offer great tax advantages, there are significant differences. We'll explore those differences and some of the factors in choosing an IRA here. Your financial advisor can tell you more, as well as help you choose the IRA that is right for you.

What is your current income?

The first thing to consider when choosing between a Traditional and Roth IRA is your income. To make a contribution to a Roth IRA for 2011, your modified adjusted gross income must be less than \$122,000 if you are single, \$179,000 if you are married and file a joint tax return, or \$10,000 if you are married, file a separate tax return, and lived with your spouse at any time during the year. If your income is above the limit for your tax filing status, your only option is a Traditional IRA, which does not have income limits on who can contribute.

What is your age?

While you can make contributions to a Roth IRA at any age, you must be under age 70½ at the end of the year to contribute to a Traditional IRA. (You or your spouse must also still receive taxable compensation, such as wages or self-employment income, to contribute to either type of IRA.)

Will your tax rate be higher or lower in retirement?

If you are eligible to contribute to either a Traditional or Roth IRA, the next factor to consider is whether you will be taxed

in retirement at higher or lower rates than you are now. If you expect to be taxed at lower rates in retirement, which may be the case if your taxable income decreases, a Traditional IRA may be the better choice tax-wise. It offers a potential up-front tax deduction for your contributions, which helps reduce your taxes right now while your tax rates are higher. Your deductible contributions and investment earnings are not taxed until they are withdrawn, presumably in retirement when your tax rates may be lower. (To be eligible to deduct your contributions, you and your spouse must not be covered by retirement plans at work or your income must be under a certain amount.)

If you expect to be taxed at higher rates in retirement, a Roth IRA may be the way to go. Although it does not offer a tax deduction for contributions, withdrawals are totally tax-free after age 59½ and the IRA has been open for at least five years.

What other types of accounts are you using to save for retirement?

Predicting what your tax rates will be in 10, 20, or 30 years can be challenging. Unless you have a good idea of your future tax rates, you may want to consider the types of accounts you currently use and choose the IRA that offers the opposite tax treatment. For example, if most of your retirement savings are in tax-deferred 401(k) plans (which are similar to Traditional IRAs) and taxable brokerage and savings accounts, consider choosing a Roth IRA for tax diversification. This way, at least some of your savings can be withdrawn tax-free during retirement.

Will you need the money in your IRA before retirement?

A Roth IRA is often—but not always—the better choice if you will need the money in your IRA before retirement. The reason

is that you can withdraw your Roth IRA contributions tax-free at any time. This does not mean that you will get off totally tax-free if you withdraw money early. The earnings portion of your withdrawal will be subject to ordinary income tax and generally an additional 10% tax penalty if the withdrawal is made before age 59½ and before your account has been open for at least five years. In contrast, if you withdraw money from a Traditional IRA before age 59½ both your deductible contributions and your earnings will generally be subject to the 10% tax penalty, in addition to ordinary income tax.

Keep in mind that while both types of IRAs require you to be age 59½ to avoid possible penalties on withdrawals, a Roth IRA also requires that the account be open for at least five years. For this reason, a Traditional IRA may be the better choice if you open a new IRA at age 55 or older because it will allow you to tap into your savings earlier without penalty.

What are your ultimate plans for your IRA?

Do you plan to use the money in your IRA to pay your retirement expenses or do you hope to leave your IRA untouched for your heirs? If your answer is the latter, you may be better served with a Roth IRA. With a Roth IRA, you are not required to take distributions (withdrawals) at any age. With a Traditional IRA, you will need to withdraw at least a specified amount each year beginning at age 70½—not a big deal if you need the money to live on, but a pointless tax expense if you do not because of the tax bill the withdrawals will generate.

Plus, a Roth IRA opens the door for potentially decades more of tax-free growth after your lifetime. Although your heirs will generally have to take annual distributions from your Roth IRA, they can stretch those income-tax-free distributions over their lifetimes. ■

There is still time to open an IRA and make a contribution for 2011.

The last day to make a contribution for 2011 is:

April 17, 2012

Maximum Annual Contribution

2011: \$5,000 (\$6,000 if age 50 or older)

2012: \$5,000 (\$6,000 if age 50 or older)

If your income is above a certain amount, your Roth IRA contribution limit may be reduced.

Please consult your financial advisor.

Your advisor can help you determine if an IRA is a good choice for you, as well as identify which type of IRA is a better fit for your financial situation and goals.

How to Strengthen Your FINANCIAL SAFETY NET

Life is a risky business.

Fortunately, there are steps you can take to help protect yourself from the negative things that life may throw your way. With a financial safety net of savings, insurance, and legal documents, you can help protect your financial security and the security of those you love. This article explores several ways to strengthen your financial safety net. Your financial advisor can tell you more.

Cushioning the impact of a job loss.

Do you have enough money set aside for a rainy day—or more specifically to tide you over if you lost your job? If your answer is no, consider depositing part of each paycheck into an emergency fund until you have a sufficient cash reserve to cover your living expenses for several months.

Until recently, the typical recommendation was to set aside the equivalent of three to six months of living expenses in an emergency fund. Now, the recommendations are sometimes a few months longer to help cover the additional time it may take you to find a job during this period of high unemployment. According to the U.S. Bureau of Labor Statistics, the average duration of unemployment is 40 weeks, or just over 9 months (as of October 2011).

In addition to considering overall employment conditions, be sure to consider your personal circumstances before settling on a reasonable amount for your emergency fund. For example, someone in a field where jobs are plentiful may be comfortable with fewer months' worth of emergency savings than someone in a field that is prone to frequent layoffs. Working couples who can rely on the other person's paycheck if their own paycheck stops may be comfortable with fewer months' worth of savings than a one-paycheck family. Your financial advisor can help you identify an

appropriate emergency fund amount for your circumstances.

Emergency funds are generally kept in relatively low-risk, liquid accounts. FDIC-insured money market accounts and savings accounts are good choices. A series of CDs or U.S. Treasury bills timed to mature at regular intervals can also be a good choice and may garner you a bit more interest.

Without an emergency fund, a bad situation, such as losing your job, can quickly become worse if you are forced to resort to high-interest credit cards or drain your retirement savings in order to cover your living expenses.

Insuring your income.

What if you are unable to work for a few years due to a serious illness or injury—could you still afford to pay your living expenses after your paycheck stops? To cushion the financial blow of this potential situation, there is long-term disability insurance.

Disability insurance is designed to replace part of your income for a period of time while you are unable to work due to illness or injury.

Short-term disability insurance, which many employers offer, typically replaces part of your income for up to three to six months following a disability. After that, you may be on your own unless you have a long-term disability insurance policy.



40_{weeks}

The average duration of
unemployment.

October 2011

1 in 4

Individuals entering the workforce today will become disabled before retirement age.



A long-term policy generally kicks in a few months after you become disabled and may replace part of your income for up to a specific number of years or retirement age.

Long-term disability insurance is sometimes offered through employers although you may have to chip in for the cost. It can also be purchased directly from an insurer—an ideal solution if you do not have a policy through your workplace or if your workplace policy does not offer an adequate level of protection.

If you find yourself wondering whether you will actually ever need disability insurance, consider this estimate from the Social Security Administration: one in four individuals entering the workplace today will become disabled before age 67.

Unless you have sufficient resources to carry you through to retirement age when Social Security and Medicare begin, consider reinforcing your financial safety net with a long-term disability insurance policy. This type of insurance is complex so please consult your financial advisor when choosing a policy.

Additional protection for business owners

What would happen to your business if you are ever too ill or injured to work? Could you afford to keep the doors open while you recuperate? Remember, regular disability insurance only replaces part of your personal income. For help with your business overhead expenses, consider purchasing business overhead expense insurance, which reimburses your business for expenses such as employee salaries, rent, utilities, and even the salary of someone to temporarily replace you.

Protecting your interests.

Every year, you may handle hundreds of financial transactions, such as paying bills, cashing checks, making investment decisions, and filing tax returns. Who will handle your finances if you become seriously injured or ill and are unable to manage them for yourself? Unless you have a ready answer and the legal wherewithal to back it up, there may be a weak area in your financial safety net.

You can strengthen your financial safety net with a durable power of attorney for finances. In this legal document, you grant someone you trust the power to handle financial matters on your behalf. The document can become effective on the day it is signed, or you can set it up to become effective only if and when you become unable to handle your own affairs. You can grant the person you choose, known as your attorney-in-fact, the power to handle all of your finances or only the tasks you designate. These tasks might include paying your bills, handling your banking transactions, managing your investment and retirement accounts, filing your tax returns, and so on.

Even married couples need durable powers of attorney. Although your spouse has some authority over property you own jointly, that authority is often limited. For example, while your spouse can pay bills from a joint checking account, he or she may not be able to sell jointly owned property. And if you own property solely in your own name, your spouse cannot manage or sell it.

If you become incapacitated without a durable power of attorney in place, your spouse or a close relative will have to ask a court for authority over your financial affairs. Wouldn't you rather be the one to choose who will handle your affairs?

Although you do not need an attorney to create a power of attorney, it is generally a good idea to consult one.



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Legal documents that help protect your interests

A **durable power of attorney for finances** lets you name a person to handle your finances in times when you are unable to handle them yourself.

A **durable power of attorney for health care**, also known as a health care proxy, lets you name the person you want making your health care decisions if you are unable to make them yourself.

A **living will** spells out your wishes regarding end-of-life care and removes the burden of making these difficult decisions from your relatives.

A **last will and testament** is where you provide direction about how your assets are to be distributed and who is to be the guardian for your minor children.

A **revocable living trust** enables the assets you put in the trust to be distributed to your heirs without going through probate. Plus, it enables you to name a successor trustee who can step in to manage the trust assets during your lifetime if you become incapacitated.

It is a good idea to review your legal documents every year to make sure that they still reflect your wishes.



70

The percentage of individuals over age 65 who will need long-term care services.

Average cost of long-term care services in 2010

\$6,235 per month	Semi-private room in a nursing home
\$6,965 per month	Private room in a nursing home
\$3,293 per month	Care in an assisted living facility
\$21 per hour	Home health aide
\$19 per hour	Homemaker services
\$67 per day	Adult day health care center

Source: U.S. Department of Health and Human Services, www.longtermcare.gov

Protecting your life savings from long-term care costs.

Long-term care encompasses a range of services you may need if you ever require assistance with dressing, eating, bathing, or other activities of daily living due to a long-term illness, injury, or mental impairment, such as Alzheimer's disease.

There are three things you should know about long-term care. It can be expensive. It is generally not covered by health insurance or Medicare. And there is a strong chance you will eventually need it—almost 70% of individuals over age 65 will need it at some point during their lifetime, according to the U.S. Department of Health and Human Services.

Just how expensive is long-term care? In 2010, the average annual nursing home cost in the United States was \$84,000 and home health aides ran an average of \$21 per hour. Costs vary widely from area to area, so it is important to check the costs where you live. For example, while the average annual cost of nursing home care was \$67,000 in Texas, the average cost was \$128,000 in New York State and \$251,000 in Alaska. You can check out the average costs in your area at the U.S. Department of Health and Human Services website for long-term care, www.longtermcare.gov.

Unless you can easily afford to pay for long-term care services, consider purchasing long-term care insurance. Depending on the policy you choose, this type of insurance can help you pay for care in your own home, a nursing home, an assisted living facility, or an adult day care center. Without long-term care insurance or very deep pockets, you run the risk of your life savings being consumed by long-term care costs, undermining your financial security in the process.

Ask your financial advisor whether long-term care insurance is a good choice for strengthening your financial safety net.

Protecting your loved ones from financial hardship.

If there are people who depend on you financially, life insurance may be an important part of your financial safety net.

In the event of your death, life insurance pays cash to your beneficiaries that can help them continue to live comfortably. For example, the cash can help cover day-to-day living expenses and perhaps larger expenses, such as paying off your mortgage and other debts. It can help pay your children's tuition so that they can afford the education you always envisioned for them. It can help support your spouse or your parents in retirement. To sum it up, it can help provide financial stability to the ones you love after you are gone.

Certain types of life insurance may also help provide financial stability during your lifetime, by allowing you to withdraw or borrow your policy's cash value—a feature you may appreciate if you ever need additional income for, say, retirement or emergencies.

While the obvious choice is to insure the life of the breadwinner in the family, it is usually a good idea to also insure the life of the stay-at-home spouse. The services they provide—cooking, cleaning, childcare, to name just a few—can be vital to the welfare of the family and expensive to replace.

Talk to your financial advisor about the best way to financially protect the ones you love after you are gone. Your advisor can help you determine whether life insurance should be part of your financial safety net and if so, how much coverage and what type of policy is best for your goals and budget.

If you already have a life insurance policy, review it regularly to make certain it still meets your needs. A recent marriage, a new child, or a new mortgage may each signal the need for a change to your life insurance coverage. ■



Talk to your financial advisor about ways to strengthen your financial safety net. Your advisor can help identify any weak spots and suggest ways to better protect your financial security and the security of those you love.

Natural Disasters and Your Income Taxes

If your property is damaged in a natural disaster, your income taxes may be affected as well. Depending on the amount of the insurance reimbursement that you receive, you may have a deductible loss or a taxable gain. Here's what you need to know about natural disasters and your income taxes.

Severe winter storms. Hundred-year floods. Tornadoes. Wildfires. Destructive surges from tsunamis.

Natural disasters touched millions of Americans this past year. For many of them, the natural disasters translated into financial disasters, in instances where insurance did not fully cover the damage.

If you were not fully reimbursed by insurance for damages that your property incurred in a natural disaster, you may be able to recoup part of your loss by claiming a casualty loss deduction on your federal income tax return, provided you itemize your deductions.

To claim a casualty loss, your loss must be from a sudden, unexpected, or unusual event, such as a flood or tornado, which damages or destroys your home, household items, or vehicle. It does not necessarily have to be damage incurred as part of a natural disaster. However, the damage cannot be from normal wear and tear or progressive deterioration, such as termite damage to your home.

To figure a casualty loss for personal-use property, you start by determining both the adjusted basis of the property before the disaster and the difference in its fair market value immediately before and after the disaster. ("Adjusted basis" is usually the amount you paid for the property increased by the cost of any permanent improvements you made to it over the years, such as an addition to your home, and decreased by any prior casualty losses and depreciation deductions.)

From the lesser of the two amounts, subtract the insurance amount you received

or expect to receive to arrive at the amount of your casualty loss.

You cannot, however, deduct your entire casualty loss for personal-use property. You must first reduce your loss by \$100 for each casualty event for which you are claiming a loss. Then you must reduce your total loss by 10% of your adjusted gross income. After all that, you reach the amount you can deduct.

Casualty losses are generally deducted in the year they occur. However, if your loss occurred as a result of a disaster in a federally declared disaster area, you can choose to deduct the loss on the preceding year's tax return, which may result in you receiving your refund sooner. (To determine whether your damaged property is in a federally-declared disaster area, you can check the list of areas online at www.fema.gov/news/disasters.fema or ask your tax advisor.)

Some folks may actually have a taxable gain after experiencing a disaster if the amount of their insurance reimbursement exceeds the adjusted basis of their damaged property. If the property happens to be your main home, you can generally exclude the gain from income as if you had sold your home. Otherwise, you may have to pay tax on the gain.

As with most things tax-related, determining a loss or a gain after a natural disaster can be complex, and we've only touched on the general rules for personal-use property here. Please consult your tax advisor if you experience a personal or business casualty. Your tax advisor can fill you in on the details, as well as help complete the necessary tax forms. ■



EXAMPLE: How to calculate a casualty loss deduction

Let's say fire destroyed your home, which you purchased years ago for \$500,000, including \$30,000 for the land. The land was not damaged in the fire. This was your only casualty or theft loss for the year. The fair market value (FMV) of your property immediately before the fire was \$550,000 (\$510,000 for the house and \$40,000 for the land). The FMV immediately after the fire was \$40,000 (the value of the land). You collected \$470,000 from the insurance company. Your adjusted gross income for the year the fire occurred was \$200,000. Your deduction for the casualty loss in this example would be \$9,900. (This example applies only to personal-use property. The rules for business-use property are different.)

1. Adjusted basis of the entire property	\$500,000
2. FMV of the entire property before the fire	\$550,000
3. FMV of the entire property after the fire	\$40,000
4. Decrease in FMV of entire property (line 2 – line 3)	\$510,000
5. Loss (smaller of line 1 or line 4)	\$500,000
6. Subtract insurance you received	\$470,000
7. Loss after reimbursement	\$30,000
8. Subtract \$100	\$100
9. Loss after the \$100 rule	\$29,900
10. Subtract 10% of your \$200,000 AGI	\$20,000
11. Casualty loss deduction	\$9,900

Navigating Volatility



Fluctuations are a natural part of investing in the stock market. Some days the market will be up, other days it will be down—and on some of those days, the changes will be dramatic. If wide swings in the stock market leave you feeling queasy, here are a few tips that may help you better navigate stock market volatility.

1 Remember that you are in stocks for the long haul.

Although the value of stocks will fluctuate more than other investments in the short term, over time they have historically provided higher returns than bonds or cash. The potential for higher returns is probably why you invested in stocks in the first place. Keep that in mind if you are considering moving everything into the relative stability of bonds and cash. Although bonds and cash can make for a smoother ride, they may not get you as far as stocks in the long term. The key words here are “long term”. Because stocks are more volatile than other investments in the short term, stocks are generally only appropriate for investors’ long-term goals—say, those goals that are ten, twenty, or thirty years out. If you will need your money in the next few years, the stock market is generally not the place for it.

2 Find the asset allocation that is right for you.

How you divvy up your portfolio among stocks, bonds, and cash can help you manage volatility. Because bonds and cash are less volatile than stocks, adding them to a stock portfolio reduces the day-to-day volatility of the overall portfolio. Of course, it also reduces growth potential, so it is important to choose the mix of assets that balances your need for growth with your ability to tolerate short-term fluctuations in value. That mix is known as your target asset allocation.

Although asset allocation can help manage volatility, it does not ensure a profit or guarantee against a loss in declining markets. For example, if all markets—stocks, bonds, and cash—are declining, even a well allocated portfolio will decline in value. It just may not decline as far as a portfolio that is entirely invested in stocks.

Your financial advisor can help you choose an asset allocation that is appropriate for your financial objectives, tolerance for risk, and the length of time remaining until you will need your money. If you have already chosen an asset allocation and increases in stock market volatility make you want to bail out of stocks, maybe it is time to reassess your asset allocation with your advisor. Your tolerance for risk may have changed since your asset allocation was originally chosen.

Once your target allocation is in place, keep an eye on it. Your actual percentages of stocks, bonds, and cash will stray from your target percentages over time due to differences in performance. If the percentage of stock in your portfolio begins to creep up, so will your portfolio’s overall volatility. Although it can be tempting to let stocks ride while they are performing well, trimming back your stock holdings to your target percentage reduces your portfolio’s exposure to volatility and puts you in a better position to weather the next stock market downturn.

3 Do not try to time the market.

Jumping in and out of the stock market in an effort to anticipate which way the market will move next is rarely a successful long-term strategy. Although the stock market tends to move in cycles, no one can predict with absolute certainty which way the market is headed that day, week, or month. If you jump out of the stock market in a downturn and then fail to jump back in at the right moment, you will miss any rallies that occur.



These tips are general in nature. Please ask your financial advisor about the best way for you to navigate stock market volatility.

Please Note: Past performance is not indicative of future results. All investments are subject to risk. Bonds are subject to credit, interest rate, and inflation risk.





Tirol: Winter Wonderland

BY BRIAN JOHNSTON

The train from Innsbruck starts with a barely perceptible gathering momentum, and soon you're pressed against the back of the seat as you begin your steep ascent, past chalets deep in snow. Already the sun is catching the mountain peaks, tingeing the rocks and snow with gold. The train swings upwards, the scenery changing angles, giving new vistas of winter landscapes: farms dripping with icicles, fir trees turned white. The early morning air is crystal clear all the way to the horizon. Everything is white, blue, white, and more white, the only color the bright, gleaming orange of the train carriages as they swing up the hillside. As the train reaches its destination, snow-capped peaks stand in every direction, strung out across the valley.

Welcome to Tirol. There are many reasons to visit this mountain region in western Austria, and the train journey from Innsbruck to the little town of Igls is one of them. The sunny alpine plateau on which Igls sits is another, dotted with stands of pine trees and meandering trails that remain open even in winter. That means that, unlike other alpine viewing-spots that are little more than a platform of rock, this plateau offers plenty of room to move about. Indeed, when you've drawn your breath after admiring the view, it might be time to hike a winter trail, hurtle downhill on a toboggan, have a horse-drawn sleigh ride, try your hand at skiing or snowshoeing... or just sit on a restaurant terrace enjoying the sun and panoramas.

Tirol is a very good place for novices

to try their hand at some winter sports: snowboarding, skiing, cross-country skiing, and snowshoeing are all offered, and at beginner levels. Tobogganing, of course, might be the easiest for the uninitiated; in theory you just point your toboggan down the slope and let yourself go. Those brave enough to pick up speed will be thrilled. The toboggan gets faster and faster and faster, and you begin to wonder whether you should dig your feet into the snow to slow yourself down—but are too scared of having them wrenched off in the process. At the corners of your eyes, the snowy slopes are a white blur. Adrenalin pumps, the ice is flying by, the runners of the toboggan hissing. The whole glittering snow-filled valley and mountains seem to be rushing towards you at a crazy angle.

Left, snowshoeing in Tirol, left. Below, view over the rooftops of Innsbruck to the Alps.

Afterwards you collapse in the snow, gasping for breath, laughing and delirious.

Tobogganing isn't the only fun. Build a snowman, rolling great heavy balls of snow around the field, where they leave higgledy-piggledy tracks behind them as if from a giant drunken slug. Knock confetti drifts of snow from tree branches onto your head (or someone else's!) and tear icicles from the eaves of chalets. If you don't rediscover the child within, then Austria in the winter just isn't for you.

If you want to enjoy the great winter outdoors without risk to life and limb, then walking is still possible all through the winter, even at the summit of Patscherkofel, the mountaintop reached from Igls by cable car. The four-mile path known as the Zirbenweg that leads around the summit of Patscherkofel is suitable for just about anyone.

It takes several hours to ramble around the generally flat circuit, through clumps of centuries-old pine trees and mountain ridges, where panoramic views of the Inn Valley and the Alps greet you at every corner.

Sometimes the snowfields are hard, crunching and squeaking underfoot with every step. Sometimes the snow looks like sand, sculpted by the wind into ripples and indentations, and the crust is so thin you can fall through to your waist in powder if you stray too far off the path—a lot of fun, but very exhausting. You can avoid that problem by wearing snowshoes, which look something like tennis rackets and are strapped to the bottom of your feet, distributing your weight more widely on the snow. The region even offers free snowshoeing tours for the uninitiated, departing every day throughout the winter from the Innsbruck Congress in the city.

Emboldened by a foray into winter sports, it might also be time to attempt cross-country skiing. The gently rolling plateau around Igls, Mutters, or Birgitz is ideal; the Sellraintal region around Lüsens

is also a good area for the sport. The more ambitious can head to higher altitudes; indeed, you can even cross-country ski on the Stubai Glacier. The local tourist office makes it all too easy by offering a free shuttle service to skiing destinations—or perhaps a handy ride home if your ambition has taken you too far.



So off you go into the winter wonderland. The Alps are beautiful in any season, but nothing can surpass the winter for wonder and romance. Suddenly the houses appear all the same: no flowers or awnings, just little square blocks with sharply-sloping roofs deep in caps of snow, huddled together in the valley bottom. Further up into the mountains abandoned huts are so deep in snow they're buried up to their eaves; and their roofs too are covered thick, leaving only small triangles of wood and a strange humped shape as evidence of their existence. In Igls, lampposts sport little tops of snow. In the evenings, snow falls spiraling in their light, the heavy flakes glittering like diamonds. The trees are frozen fantastical sculptures, each branch coated in white crystals as delicate and fragile as encrustations by Swarovski.

Walking and cross-country skiing are all very well, but if you feel the need for speed then Tirol, needless to say, isn't short of downhill skiing and snowboarding venues. This is a breathtaking place to ski—quite literally sometimes, as the cold air grips your

lungs and makes you gasp. On the coldest days, every turn of your skis throws up chips of ice that hang suspended in the air before falling, you could almost imagine, with a steely tinkle back onto the piste. On warm days, you can be sitting in your T-shirt on a restaurant terrace with your face turned up to the sun, and icicles dripping and glinting on the eaves of the chalet.

Then back to the ski runs, where you can swoosh past great tumbling glaciers or through forests of pine where snow glints on the trees and falls in little explosive puffs as you speed past. With nine ski regions around Innsbruck, offering 175 miles of runs and 80 lifts, you won't tire of the scenery any time soon. And if you're already a proficient skier or snowboarder, you can head for the snowboard fun parks or off-piste skiing. Night skiing in the

Kühtai and Rangger Köpfl ski areas is also a delightful experience.

If there's another pleasure about the cold outside, it's the excuse it gives you to head inside and enjoy some cozy winter restaurants, of which there are many dotted about the villages above Innsbruck. Certainly the appetite you seem to work up in winter is suited to the hearty Austrian fare. Try Tafelspitz, a staple available on just about every Austrian menu in the land: boiled beef flavored with onion, celery root, juniper berries, and spices. Or just stop off in a chalet café right on the mountain slopes for a mug of coffee floating with whipped cream and accompanied by warm apple strudel straight from the oven.

Outside, snow slides off the roof with a sudden whoosh and thuds into the drifts below the eaves. The wind moans in the trees, rattling the shutters. Inside you're warm and cozy, candles setting happy faces aglow. Good Austrian food is guaranteed to warm the cockles of the heart, and just the thing to fuel up on before you set off once more into the winter wonderland. ■



Bicentennial Commemoration of the War of 1812 and the Birth of the Star Spangled Banner

TALL SHIPS, Navy vessels, and the Blue Angels flight demonstration team will take part in week-long events in five historic ports this year to commemorate the bicentennial of the War of 1812 and the writing of our national anthem, the Star-Spangled Banner.

The tour of ships and aircraft kicks off in April 2012 in New Orleans, a battle site in the War of 1812, and then proceeds to New York, Baltimore/Annapolis, Norfolk, and Boston. It was in Baltimore in 1814 that Francis Scott Key was inspired to write the anthem upon seeing the stars and stripes still flying over Fort McHenry after heavy British bombardment.

"In each of the port cities, the Navy ships and the tall sailing ships will be open for public visiting, and citizens will have the opportunity of interacting with the talented young sailors from around the world," said U.S. Secretary of the Navy Ray Mabus.

A number of the Navy ships will continue into the Great Lakes—the site of several battles in the War of 1812—for visits along the Canadian and U.S. shorelines.

Please visit www.opsail.org for more specific information about the naval and tall ship tour. You may also want to check out www.visit1812.com for a listing of events planned at other historic sites in commemoration of the War of 1812.

★ NAVY SHIP / OPSAIL TALL SHIP VISITS:

New Orleans, LA April 17–23
New York, NY May 23–30 (Fleet Week)
Norfolk, VA June 1–12 (Harborfest)
Baltimore / Annapolis, MD June 13–19
Boston, MA June 30–July 6
New London, CT (Tall Ships only) July 6–July 9

★ BLUE ANGELS SHOWS:

NAS New Orleans, LA April 21–22
Hudson River, NY May 21–23
Virginia Beach, VA June 2–3
Baltimore, MD June 16–17
Boston Harbor, MA July 2–4

★ NAVY SHIP VISITS:

Milwaukee, WI August 8–13
Chicago, IL August 15–20
Toledo, OH August 22–27
Cleveland, OH August 27–September 4
Detroit, MI September 5–10
Buffalo, NY September 12–17



AERIES

1. The ruins of this Incan village (below) cling to a Peruvian mountain ridge about 8000 feet above sea level.
 - A. Zanadu
 - B. Machu Picchu
2. Capped by a monastery, this rocky tidal island juts up from the coastal sands of Normandy.
 - A. Cluny
 - B. Mont Saint Michel
3. The hotel Le Château Frontenac sits high on a bluff overlooking the Saint Lawrence River in this city's Old Town.
 - A. Montreal
 - B. Quebec
4. This monumental tower stands on Telegraph Hill overlooking San Francisco.
 - A. Sears Tower
 - B. Coit Tower
5. Nestled more than 400 feet above the ground in an iron lattice structure, this Alain Ducasse restaurant overlooks the City of Lights.
 - A. Le Jules Verne
 - B. Le Louis XV
6. The giant statue of Christ the Redeemer stands with open arms on a granite peak high above this city:
 - A. Rio de Janeiro
 - B. Honolulu
7. With winds frequently exceeding 100 miles per hour, the weather observatory on the top of this New Hampshire mountain is often cited as having the worst weather in the world.
 - A. Mount Washington
 - B. Mount Marcy
8. This walled medieval town, known for its many towers, perches on a hill in the Tuscan countryside.
 - A. San Gimignano
 - B. Venice
9. One of the most important fortresses in Scotland sits high on Castle Rock overlooking this city:
 - A. Glasgow
 - B. Edinburgh

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ANSWERS: 1-B; 2-B; 3-B; 4-B; 5-A; 6-A; 7-A; 8-A; 9-B



Providing Simple, Effective, Proven Tax and Business Planning Solutions For Small Business Entrepreneurs

- Business By Design currently serves over 600 small business client relationships
- Result driven, customized tools for our niche market of small business entrepreneurs
- Value, experience, and knowledge of what it takes to run a small business

Area of Focus: Business Coaching, Tax Planning, Tax Preparation, Business Transition, Self-Directed IRA Coaching, Real Estate Investment Tax Planning. Special emphasis is given to business entity structuring and asset protection strategies.

For over 16 years, Paul Miller has been helping entrepreneurs implement effective tax and business planning tools. When Paul became self-employed in 1993, not much existed in tax planning beyond “traditional accounting” relationships. Paul realized he and other business owners were looking for something more. That is when the business model of Business By Design began to take shape. Paul developed a firm providing Business Coaching and Tax Planning for small businesses using the same tax planning strategies larger companies use.

Today Paul’s firm, Business By Design, uses a unique “Team” approach to assist its clients with all their tax planning and accounting needs. Paul utilizes the skills of a highly trained, diverse staff to provide a high level of result-oriented services to clients. His firm consists of Accountants, CPA’s, Enrolled Agents, Para-legal, Administrative Staff, paired with his own entrepreneurial expertise. Business by Design’s current client relationships range from Real Estate Agents, Trade Contractors, Builders, Consultants, Retail Store owners, to the self-employed individual.

Business By Design, Inc.

4918 Lincoln Drive • Edina, MN 55436 • Office: (952) 392-1200

paulmiller@biz-by-design.com • www.biz-by-design.com