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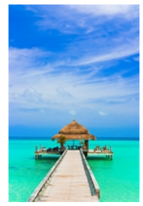
How to Plan a Last-Minute Vacation



Everyone's had their vacation planned for months ... everyone but you, that is. Fortunately, you can still have your adventure in paradise, if you're willing to put in just a little time and effort.

Take the road less traveled

The first step in planning a last-minute getaway is finding a great spot to vacation. When time is short, flexibility is key. Here are some tips.

- Consider "off-peak" destinations. For example, summer may be a good time to visit major U.S. cities that typically host conventions during the fall, or a resort town that is popular with tourists during the winter. Hotels want to fill empty rooms and may offer extra perks, lower rates, or package deals. During the off-season, it may also be easier to get a restaurant reservation and avoid long lines at attractions.
- If you're flying, search for flights at more than one airport. If you're willing to depart from any airport near you or arrive at any airport relatively close to your destination, you'll have more options and a better chance of snagging a lower-cost flight. Also consider flying during off-peak hours or taking nondirect flights.
- Check hotel websites. Many list their rate calendars on their reservations page so you can see for yourself when rooms are available (and at what price). Even top hotels occasionally have empty rooms in-season for a night or two or have last minute cancellations--it doesn't hurt to call.
- Shop around. There's a lot more available than you think, and last-minute deals on airfares, rental cars, cruises, and hotel rooms exist. Once you've decided where to go, experiment with different travel dates (if you have some flexibility) to find the best deals.

Ask the experts

Getting advice is invaluable, and who better to ask than people who have been where you're going?

- Visit travel websites and forums where you can view ratings for attractions, hotel and restaurant reviews, and even suggested itineraries posted by local residents and tourists. You can also purchase or download travel guides.
- Consider working with a travel agent who has access to last-minute package deals or special airfares, and in-depth knowledge of vacation spots.
- Once you arrive at your destination, ask questions. Most major vacation destinations have a visitor's bureau staffed with knowledgeable people just waiting to give you free advice, maps, and even help finding accommodations (sometimes at special discounts). Front-desk staff or hotel concierges are also able to recommend restaurants and sight-seeing options.

Sweat the small stuff

Saving time is a top priority when planning a last-minute vacation--here are a few suggestions that can help you get on the road quickly.

- Make a packing list, and pack most of your items ahead of time. Make sure you have address tags on your luggage before you get to the airport.
- Pick a spot to keep essential (but easy to forget) items such as your wallet or purse, keys, airline tickets, passports, cell phone (and charger), and prescription drugs so that they will be in one place in case you're in a hurry the day you depart.
- If you're flying, confirm your reservations, and if possible, select your seats and complete the check-in process from home. If you're driving to the airport, make sure your gas tank is full so you won't need to stop on the way.

Enjoy the ride

Remember, a vacation is about relaxation--not perfection. The little planning you've had time for will help smooth the way, but inevitably there will be bumps in the road. Take them in stride, and you'll be well on your way to an enjoyable last-minute vacation.

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Organizing Your Finances After Your Spouse Has Died

Duplicate copies of marriage and birth certificates are available at the county clerk's office where the marriage and births occurred. To get a duplicate copy of a military discharge, contact the National Personnel Record Center, 9700 Page Avenue, St. Louis, MO 63132.

If your spouse was a veteran, you may be eligible for burial and memorial benefits. Call 1-800-827-1000 to find the nearest VA regional office.

Do not be hasty when settling your spouse's estate. Important decisions need to be made regarding distributions, which must be made in compliance with the will and applicable laws. Seek an experienced estate planning attorney for advice.

Losing a spouse or partner is a stressful event. Yet, during this time, you must complete a variety of tasks and make important financial decisions. You may need to make final arrangements, notify various businesses and government agencies, settle your spouse's estate, and provide for your own financial security. Fortunately, there are steps you can take to make dealing with these matters less difficult.

Notify others and get advice

Dealing with both the death of your spouse and money matters at the same time can be overwhelming, especially if the death was unexpected. But there are resources available to help. First, call on close family members, friends, and clergy--you'll need their emotional support. Notify your employer and your spouse's employer. Then contact the professionals who will help you cope with the paperwork and financial matters. These may include your funeral director, attorney, insurance professional, financial advisor, and accountant. Keep their phone numbers handy.

Get organized and keep your finances current

You will need a number of documents to finalize your spouse's financial affairs. First, obtain certified copies of the death certificate. Your family doctor or the medical examiner should provide you with the death certificate within 24 hours of the death. The funeral home should complete the form and file it with the state. Get several certified copies (photocopies may not be accepted). Then, gather any estate planning documents, such as a will and trusts, and other relevant documents, such as deeds and titles. Also locate any marriage certificate, birth or adoption certificates of children, and military discharge papers, which you may need to apply for benefits. If you don't know where these documents are, they may be found in a safe-deposit box, or your attorney may have copies. You may want to set up folders so you can keep track of everything. And, although it may be difficult under the circumstances, pay your bills and keep your finances current, especially mortgage and insurance payments.

Settle your spouse's estate

Settling your spouse's estate is the duty of the executor, who is named in the will. Spouses generally name each other as executor of the other's estate. If this is so, your attorney can help you to wind up your spouse's financial affairs. If that is not the case, contact the executor and assist him or her when you can.

Here is a rundown of some of the most important tasks that must be completed.

- Report the death to Social Security by calling 1-800-772-1213. If your spouse was receiving benefits via direct deposit, request that the bank return funds received for the month of death and thereafter to Social Security. Do not cash any Social Security checks received by mail. Return all checks to Social Security as soon as possible. Surviving spouses and other family members may be eligible for a $255 lump-sum death benefit and survivor's benefits. Go to www.ssa.gov for more information.
- Contact all insurance companies to file claims. The policies could include individual and group life, mortgage insurance, auto credit life insurance, accidental death and dismemberment insurance, credit card insurance, and annuities.
- Arrange to retrieve your spouse's belongings from his or her workplace. Collect any salary, vacation, or sick pay owed to your spouse, and be sure to ask about continuing health insurance coverage and potential survivor's benefits for a spouse or children.
- Contact past employers regarding pension plans, and contact any IRA custodians or trustees. Review designated beneficiaries and post-death distribution options.
- Contact all credit card companies and let them know of the death. Cancel all cards unless you're named on the account and wish to retain the card.
- File the will with the appropriate probate court. If real estate was owned out of state, file ancillary probate in that state also. If there is no will, contact the probate court for instructions, or contact a probate attorney for assistance.
- Retitle jointly held assets, such as bank accounts, automobiles, stocks and bonds, and real estate.
- A federal estate tax return may need to be filed within nine months of death. State laws vary, but state estate tax and/or inheritance tax returns may also need to be filed, and may have a different filing date. Federal and state income taxes are due for the year of death on the normal filing date, unless an extension is requested. If there are trusts, separate income tax returns may need to be filed.
- Reevaluate your budget, short-term and long-term finances, insurance needs, and investment options. Update insurance policies, and your own estate and investment plans as needed.

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Retirement Rules of Thumb

Rules of thumb are usually based on a sound financial principle, and can provide a good starting point for assessing your retirement needs.

Because retirement rules of thumb are guidelines designed for the average situation, they'll tend to be "wrong" for a particular retiree as often as they're "right." However, rules of thumb are usually based on a sound financial principle, and can provide a good starting point for assessing your retirement needs. Here are four common retirement rules of thumb.

The percentage of stock in a portfolio should equal 100 minus your age

Financial professionals often advise that if you're saving for retirement, the younger you are, the more money you should put in stocks. Though past performance is no guarantee of future results, over the long term, stocks have historically provided higher returns and capital appreciation than other commonly held securities. As you age, you have less time to recover from downturns in the stock market. Therefore, many professionals suggest that as you approach and enter retirement, you should begin converting more of your volatile growth-oriented investments to fixed-income securities such as bonds.

A simple rule of thumb is to subtract your age from 100. The difference represents the percentage of stocks you should keep in your portfolio. For example, if you followed this rule at age 40, 60% (100 minus 40) of your portfolio would consist of stock. However, this estimate is not a substitute for a comprehensive investment plan, and many experts suggest modifying the result after considering other factors, such as your risk tolerance, financial goals, the fact that bond yields are at historic lows, and the fact that individuals are now living longer and may have fewer safety nets to rely on than in the past.

A "safe" withdrawal rate is 4%

Your retirement income plan depends not only upon your asset allocation and investment choices, but also on how quickly you draw down your personal savings. Basically, you want to withdraw at least enough to provide the current income you need, but not so much that you run out too quickly, leaving nothing for later retirement years. The percentage you withdraw annually from your savings and investments is called your withdrawal rate. The maximum percentage that you can withdraw each year and still reasonably expect not to deplete your savings is referred to as your "sustainable withdrawal rate."

A common rule of thumb is that withdrawal of a dollar amount each year equal to 4% of your savings at retirement (adjusted for inflation) will be a sustainable withdrawal rate. However, this rule of thumb has critics, and there are other strategies and models that are used to calculate sustainable withdrawal rates. For example, some experts suggest withdrawing a lesser or higher fixed percentage each year; some promote a rate based on your investment performance each year; and some recommend a withdrawal rate based on age. Factors to consider include the value of your savings, the amount of income you anticipate needing, your life expectancy, the rate of return you anticipate from your investments, inflation, taxes, and whether you're planning for one or two retired lives.

You need 70% of your preretirement income during retirement

You've probably heard this many times before, and the number may have been 60%, 80%, 90%, or even 100%, depending on who you're talking to. But using a rule of thumb like this one, while easy, really isn't very helpful because it doesn't take into consideration your unique circumstances, expectations, and goals.

Instead of basing an estimate of your annual income needs on a percentage of your current income, focus instead on your actual expenses today and think about whether they'll stay the same, increase, decrease, or even disappear by the time you retire. While some expenses may disappear, like a mortgage or costs for transportation to and from work, new expenses may arise, like yard care services, snow removal, or home maintenance--things that you might currently take care of yourself but may not want to (or be able to) do in the future. Additionally, if travel or hobby activities are going to be part of your retirement, be sure to factor these costs into your retirement expenses. This approach can help you determine a more realistic forecast of how much income you'll need during retirement.

Save 10% of your pay for retirement

While this seems like a perfectly reasonable rule of thumb, again, it's not for everyone. For example, if you've started saving for retirement in your later years, 10% may not provide you with a large enough nest egg for a comfortable retirement, simply because you have fewer years to save.

However, a related rule of thumb, that you should direct your savings first into a 401(k) plan or other plan that provides employer matching contributions, is almost universally true. Employer matching contributions are essentially "free money," even though you'll pay taxes when you ultimately withdraw them from the plan.

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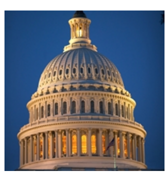
What happens to my retirement benefits if my employer goes out of business?

If your employer goes out of business, any retirement plan your employer sponsored will be terminated. If the plan is a 401(k) or other defined contribution plan, your benefits are held in trust, apart from your employer's assets, and you'll generally be entitled to receive your full account balance in a lump sum. (You can take the cash, or roll your payout into an IRA or another employer's plan.)

But if your employer sponsors a defined benefit plan, it gets a little more complicated. A defined benefit plan promises to pay you a specific monthly benefit at retirement. While defined benefit plan assets are also held in trust (or insurance contracts), apart from your employer's assets, whether a particular plan has enough cash to pay promised benefits depends on your employer's contributions and the plan's investment earnings and actuarial experience.

When a defined benefit plan is about to terminate, the Pension Benefit Guaranty Corporation (PBGC), a federal agency created specifically to protect employees covered by these plans, is notified. If the plan has enough money to cover all benefits that participants have accrued up to the plan termination date, then the PBGC will permit a "standard termination," and your employer will either purchase an annuity from an insurance company (which will provide lifetime benefits when you retire) or, if your plan permits, let you choose a lump-sum equivalent.

However, if the plan doesn't have enough money to pay all promised benefits earned up until plan termination (that is, the plan is "underfunded"), the PBGC will take over the plan as trustee in a "distress termination," and assume the obligation to pay basic plan benefits up to legal limits. For plans ending in 2012, the maximum annual benefit (payable as a single life annuity) is $55,840 for a worker who retires at age 65. If you begin receiving payments before age 65, or if your pension includes benefits for a survivor or other beneficiary, or if your plan was adopted (or amended to increase benefits) within five years of the termination, the maximum amount is lower. According to the PBGC, only 16% of retirees in recent years have seen their benefit reduced because of the annual dollar limits.



What is the Pension Benefit Guaranty Corporation?

The Pension Benefit Guaranty Corporation (PBGC) is a federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA) to help protect pension plan benefits. When a pension plan ends (a "plan termination") without enough money to pay all benefits owed to participants, the PBGC takes over and assumes the obligation to pay those benefits.

The PBGC only protects defined benefit plans--that is, qualified employer pension plans that promise to pay a specific monthly benefit at retirement, based on your pay and years of service with your employer. The PBGC doesn't protect 401(k) or other defined contribution plans, plans not covered by ERISA (for example, governmental plans and certain church plans), or plans offered by professional service employers (such as doctors and lawyers) with fewer than 26 employees.

The PBGC guarantees that you'll receive basic pension benefits up to a specified dollar amount. Basic benefits include normal and early retirement benefits, survivor annuities, and disability benefits. The maximum pension benefit is set by law and adjusted yearly. For plans ending in 2012, the maximum annual amount (based on a single life annuity) is $55,840.92 (or $4,653.41 per month) for a worker who retires at age 65. According to the PBGC, most people receive the full benefit they had earned before the plan terminated. However, this amount may be lower than the benefit you had counted on from your plan at retirement.

The PBGC maintains two insurance programs: the single-employer program protects about 33.6 million workers and retirees in about 27,600 pension plans, and the multiemployer program protects 10.4 million workers and retirees in about 1,500 pension plans. (Multiemployer plans are set up by collectively bargained agreements involving more than one unrelated employer, generally in one industry, such as trucking or construction.)

The PBGC isn't funded by general tax revenues. Rather, the PBGC collects insurance premiums from employers that sponsor insured pension plans, receives funds from the pension plans it takes over, and earns money on its investments. Employers are required by ERISA to pay insurance premiums to the PBGC.

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