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EYE ON MONEY

SEP OCT 2024

529 Education Savings Plans

A tax-smart way to save for your child's future

plus

DONOR-ADVISED FUNDS

WHEN TO REVIEW YOUR LIFE INSURANCE

HOW TO AVOID CAPITAL GAINS TAX WHEN YOU SELL YOUR HOME

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FINANCIAL

Three financial tasks to tackle in September or October.

Review your disaster preparedness. There are still a few months left in the 2024 hurricane and wildfire seasons so if you haven't stored your important financial and legal documents in a safe location yet or assembled a kit with items you may need if you have to leave home quickly, get moving!

College students: Apply for financial aid. Generally, the Free Application for Federal Student Aid (FAFSA) and the CSS Profile become available on October 1 for the next academic year, and it may be in your best interest to complete the applications sooner rather than later because some aid is awarded on a first-come, first-served basis.

Review your health insurance coverage. Fall is open enrollment season for many health plans so now is generally a good time to review your coverage and decide whether you'd like to make any changes for next year. ■

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Portability: Preserving Your Spouse's Unused Estate Tax Exclusion May Save You a Bundle in Taxes

PORTABILITY MAKES IT POSSIBLE for a surviving spouse to use the unused portion of their deceased spouse's exclusion for federal gift and estate taxes. Here's how it works.

You can generally give away up to $13.61 million during or after your lifetime without owing any federal gift or estate taxes on the transfers. That's due to the basic exclusion, also known as the lifetime exclusion, which is currently set at $13.61 million (2024).

Married couples can give away twice that amount by using each of their exclusions. And when one spouse dies without fully using their exclusion, the unused portion of it can be transferred to the surviving spouse for their own use. But the transfer is not automatic. The executor of the deceased spouse's estate must file a timely federal estate tax return to elect portability of the unused exclusion amount.

If the deceased spouse's estate is required to file an estate tax return because its value is more than the filing threshold, the executor has nine months after the date of death to file the return, but may request an additional six months to file.

If the deceased spouse's estate is not required to file a return other than to elect portability, the executor generally has five years after the date of death to file a return in order to elect portability.

So is it worth filing a federal estate tax return simply to elect portability? It may be if the value of your combined estate is sizable. Here's why. Many spouses leave most or all of their estate to their spouse. Thanks to the marital deduction, there generally is no federal gift or estate tax on outright transfers between spouses. But unless portability is elected, the surviving spouse now has only their own exclusion to shelter their combined estate from future transfer taxes.

So if the value of your estate is in the millions, talk to your estate planning professional about what you can do to help minimize federal gift and estate taxes.

And keep in mind when estimating whether your estate may eventually be subject to estate taxes that the current $13.61 million exclusion is temporary. It is scheduled to decrease to its pre-2018 level ($5 million, adjusted for inflation) after 2025 unless Washington changes the law. ■

PLEASE CONSULT YOUR ESTATE PLANNING PROFESSIONAL FOR ADVICE.

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BOND YIELDS

Bond Yields: Measuring the Returns on a Bond

Yield is an important measurement to understand when selecting bonds. And if you've ever shopped for bonds before, you've probably noticed that yield is measured in a few ways. Here are some of the most common ways.

COUPON RATE IS THE FIRST MEASUREMENT you may see when evaluating a bond. A bond's coupon rate is the interest rate used to calculate the bond's interest payments. You can generally determine how much interest a fixed-rate bond will pay each year by multiplying the bond's face value (typically $1,000) by its coupon rate. For example, a bond with a $1,000 face value and a 5% coupon rate will pay $50 interest each year until the bond matures.

That's good information to have, but keep in mind that the bond's price will fluctuate after the bond is issued and may differ from its face value. So unless you purchase a bond at its face value, you'll also want to know its current yield. The **current yield** is the annual rate of return you can expect based on the bond's current market price.

However, current yield does not consider a bond's maturity. For that, you'll need the bond's **yield to maturity**, or YTM, which is an estimate of the annual rate of return you might expect if you hold the bond until maturity. It takes into account the interest you may earn and reinvest over the remaining years and any capital gain or loss if you purchased the bond at a price other than its face value. This particular measurement is especially helpful when comparing bonds with different maturities and coupon rates.

But what if your bond is callable, meaning that the bond issuer has the right to redeem it prior to maturity? With a callable bond, you'll want to know the bond's **yield to call**, or YTC, which is the rate of return you can expect if the bond is redeemed at its next call date.

It's also helpful to know the lowest rate of return you may earn on a bond, barring a default by the bond issuer. There's a measurement for this called **yield to worst**, or YTW, and it is simply the lower of the bond's yield to maturity or yield to call. If a bond is not callable, its yield to worst is typically the same as its yield to maturity. ■

Please consult your financial professional for advice.

PLEASE NOTE: *Bonds are subject to interest rate risk. When interest rates rise, bond prices usually fall. The effect is usually more pronounced for longer-term securities. Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties.*

FR2024-0709-0128/E

Self-employed? Own a business? Why you may want to start a retirement plan for your business.

A retirement plan is a great way for self-employed individuals and business owners to build wealth for retirement. Here are a few reasons you may want to establish one for your business if you haven't already.

PLEASE NOTE: With a traditional retirement account, pre-tax contributions and earnings are taxed as ordinary income when withdrawn from the account. Withdrawals before age 59½ are generally subject to a 10% early withdrawal tax penalty (25% if the withdrawal is made in the first two years of participating in a SIMPLE IRA plan) unless an exception to the penalty applies. With a Roth retirement account, withdrawals are tax-free and penalty-free if made after age 59½ and after the account has been open for five years.

1 **Build wealth for your retirement.** You may be able to contribute considerably more money each year to a business retirement plan than you can to a personal IRA. How much more? To give you an example, you may be able to contribute as much as 25% of your compensation, up to $69,000, to a SEP IRA in 2024. In contrast, contributions to a personal IRA are capped this year at $7,000 for people under age 50.

2 **Attract and retain better employees.** Many job applicants and employees place a high value on access to an employer-sponsored retirement plan when considering whether to join or stay with a company.

3 **Take advantage of the tax benefits.** Contributions that your business makes to your account and your employees' accounts are generally deductible as a business expense. Plus, contributions that you make as an employee to your own account are generally made from your pre-tax income, which reduces your taxable income and income taxes for the current year. ■

Please consult your financial professional for advice regarding starting a retirement plan for your business or pursuing your retirement goals.

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529 Education Savings Plans:
A Tax-Smart Way to Save for Your Child's Future

529 education savings plans are a tax-smart way to save for college and other levels of education. Here are a few things to know about these popular plans. Your financial professional can tell you more about them, as well as help you determine whether using a 529 plan to save for future education expenses may be a smart move for you.

What is a 529 plan?
A 529 plan is a state-sponsored savings plan designed to help families save for education expenses. Nearly every state in the country offers a 529 savings plan, and some states offer more than one.

The main advantage of using a 529 plan is that money grows free from taxes while in the account and can be withdrawn free from federal taxes, and perhaps state taxes also, if used for qualified education expenses, such as tuition.

Tax-free growth potential gives families using 529 plans an edge when saving for education, but there is more to 529 plans than just income tax advantages. 529 plans also offer high contribution limits, no income restrictions on who can contribute, professionally managed investment portfolios, a special gift tax option, and more.

Anyone can open a 529 account.
As long as you are a U.S. citizen or resident with a Social Security Number or an Individual Taxpayer Identification Number, you can generally open a 529 account.

And you can open an account for anyone—your child, grandchild, niece or nephew, the neighbor's kid—even if someone else has already set up a separate account for the same beneficiary. You can even set up an account to save for your own education.

Opening a 529 account yourself, rather than contributing to an account that someone else has opened for the student, puts you in control of your gift. As the account owner, you decide how the account is invested and the timing and amount of withdrawals. You can change the beneficiary named on the account. And you can generally take the money back for yourself, although you'll owe income tax and a 10% tax penalty on the earnings portion of it.

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The earlier you begin to save, the more time your money has to potentially grow.

How early can you start? As soon as your child has a Social Security Number or an Individual Taxpayer Identification Number, you can set them up as the beneficiary of a 529 account.

You can choose nearly any state's plan.
You can choose nearly any state's plan, regardless of where you live, where the beneficiary lives, or where the beneficiary will go to school.

It's a good idea, though, to carefully consider your state's plan. Some states offer their residents special perks if they use their plan. These perks may include a state tax credit or deduction for contributions to the state's plan. Of course, there's more to consider than state-based perks when choosing a plan, so it's also a good idea to compare your state's plan to plans from other states to determine which one suits you best.

529 plans can be used to save for all levels of education.
The money in a 529 plan can be used to pay qualified education expenses at elementary schools, secondary schools, postsecondary schools, and certain apprenticeship programs.

The elementary or secondary school can be a public, private, or religious school.

The postsecondary school can be any accredited college, university, or vocational school in the country (and even some outside of the country) that is eligible to participate in a student aid program administered by the Department of Education. This includes virtually all accredited postsecondary schools in the United States.

529 savings can be used for more than just college tuition.

College and other postsecondary schools | In addition to tuition, your savings can be used for qualified higher education expenses such as fees, books, supplies, equipment, computers, software, internet access, and if enrolled at least half-time, room and board.

Apprenticeship programs | Your savings can also be used for qualified expenses such as fees, books, supplies, and equipment required for the beneficiary's participation in an apprenticeship program that is registered and certified with the Secretary of Labor.

Student loan repayment | If there is money left over in your 529 account, you can use it to repay qualified student loans for the beneficiary and the beneficiary's siblings, up to a lifetime limit of $10,000 per borrower.

Tuition for grades K-12 | You can also use your 529 savings to pay tuition at an elementary or secondary school, up to $10,000 per year.

Please note: Although your 529 savings can be used federally tax-free for all of the qualified education expenses listed above, some states may tax withdrawals for apprenticeship programs, student loan repayment, and tuition for grades K-12 and may recapture state tax benefits.

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529 plans can be a tax-efficient way to transfer wealth.

A special tax provision that applies only to 529 plans makes it possible to contribute up to $90,000 ($180,000 for married couples) per beneficiary in a single year without your gift being subject to the federal gift tax and without using any of your lifetime exclusion for federal gift and estate taxes.

This special 529 option works by allowing contributions between $18,000 and $90,000 to be treated for federal gift tax purposes as if they were made in equal portions over five years. This enables you to apply the annual gift tax exclusion ($18,000 in 2024) to a portion of your contribution in each of the five years.

This may be an attractive option for an individual with a taxable estate because it allows them to put more money to work immediately, potentially generating tax-free earnings outside of their taxable estate to help fund a loved one's education.

Please note: If you do not outlive the five-year period, part of your gift will be added to your estate for estate tax purposes.

You can contribute a little or a lot.
There are no annual limits on the amount you can contribute. Instead, each state sets its own maximum balance per beneficiary and accepts contributions until the limit is reached. These limits currently range from about $250,000 to $550,000.

Although you can contribute large amounts, many 529 plans allow you to contribute as little as $25 at a time and some plans do not set any minimum at all on the amount you can contribute.

Contributions can generally be made by check or electronic bank transfer whenever it's convenient for you, or you can set up recurring contributions through payroll direct deposit or automatic transfers.

529 plans typically offer a range of investment options.
Depending on the 529 plan you choose, your investment options may include a variety of investment portfolios, each containing one or more funds.

Your choices may include age-based portfolios that automatically shift to more conservative investments as the beneficiary approaches college age, static portfolios that do not change their allocation as the beneficiary gets older, and individual fund portfolios that can be combined for a custom investment strategy.

Some 529 plans offer FDIC-insured banking options, such as savings accounts and CDs.

What if the beneficiary does not need the money in the 529 account?
It can be difficult to predict the path your child will take after high school so it is good to know that you have options regarding your 529 savings if your child decides not to go to college or doesn't use all of the money in the account.

One option is to leave the money in the account in case the beneficiary decides to go back to school at a later date.

Another option is to arrange for someone else in the beneficiary's family to use the money for their qualified education expenses. This can be done by changing the name of the beneficiary on the account or by rolling over the money to the family member's 529 account.

And a third option is to roll over up to $35,000 of the unused funds to the beneficiary's Roth IRA. This option is new for 2024 and comes with a few requirements, which you may want to explore.

You can also withdraw money from the account and use it for purposes other than education. However, when a withdrawal is used for something other than a qualified education expense, the earnings portion of the withdrawal will be subject to income tax and generally a 10% federal tax penalty. In certain situations, the penalty may be waived. For example, it may be waived if the beneficiary receives a tax-free scholarship, becomes disabled, or attends a U.S. military academy. ■

PLEASE CONSULT YOUR FINANCIAL PROFESSIONAL FOR ADVICE.

Asset allocation does not ensure a profit or protect against loss in declining markets.

For more complete information about a 529 education savings plan, including investment objectives, risks, fees, and expenses associated with it, please carefully read the issuer's official statement before investing. It can be obtained from your financial professional. Some states offer state residents additional benefits, such as a state tax deduction for contributions to the plan, reduced or waived program fees, matching grants, and scholarships to state colleges. Any state-based benefit offered with respect to a particular 529 education savings plan should be one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax, or other professional to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or any other 529 education savings plan to learn more about the features, benefits, and limitations of that state's 529 education savings plan.

Why use a 529 plan to save for education?

The potential for tax-free growth.

Withdrawals for qualified education expenses are not subject to federal tax and, in many cases, state tax.

Your contributions may be eligible for state tax breaks.

The money remains in your control—not the student's.

Professionally-managed investment portfolios.

Anyone can contribute—even high-income people.

The potential to contribute large amounts at one time without federal gift or estate tax consequences.

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How to Avoid or Minimize Capital Gains Tax When You Sell Your Home

Planning on selling your home soon? With the recent run-up in home prices, you may make a sizable profit when you sell. But keep in mind that all or part of the profit may be taxable. Fortunately, there may be things you can do to avoid or minimize the tax on capital gains when you sell your main home. Here are three of them. Please consult your tax professional for specific advice.

Keep track of your home improvement expenses.
Whenever you make improvements to your home, save your receipts. The amount you spend increases your home's basis, which may help you avoid or minimize tax on the increase in your home's value when you sell it. Here's the deal.

When you sell your home at a profit, the difference between the home's adjusted cost basis and the amount you realize from the sale is a capital gain and may be subject to tax.

For example, let's say you purchased your home for $600,000, made $100,000 of improvements to it while you owned it, and then sold it for $900,000. In this simplified example, the home's basis is $700,000 and the capital gain is $200,000. But if you had not tracked your home improvement expenses, the basis would have been $600,000 and the gain $300,000.

Improvements that increase basis are changes you make to your home that "add to the value of your home, prolong its useful life, or adapt it to new uses", according to the IRS. They include things like the addition of a new room, windows, roof, siding, flooring, and heating and cooling systems. They generally do not include the cost of repairs or maintenance or the cost of any improvements that are no longer part of your home. And if you received any energy credits or subsidies for making home energy improvements, they generally must be subtracted from your home's basis.

Qualify for an exclusion.
If you sell your main home at a profit, you may be eligible to exclude up to $250,000 of the capital gain from your income and avoid paying taxes on it. That amount doubles to $500,000 for married couples who file joint tax returns.

To qualify for the full exclusion, you must meet a few requirements, including:

- You must have owned the house for at least 24 months out of the previous 5 years. If you are married and file a joint return, only one spouse needs to meet this requirement.
- You (and your spouse if you file jointly) must have used the home as your main residence for at least 24 months of the previous 5 years. The 24 months do not need to be consecutive.
- You must not have claimed the exclusion in the past 2 years for another home you sold.
- You must not have acquired the home in a like-kind exchange in the past 5 years or be subject to expatriate tax.

If you don't meet the requirements, you may still qualify for the exclusion if you meet an exception, such as a separation, divorce, or death of a spouse during the ownership of the home. Don't meet any of the exceptions? Your home may qualify for a partial exclusion if you sold it because of a change in work location, certain health issues, or an unforeseeable event.

For more details about the exclusion's requirements and exceptions, please see IRS publication 523 or consult your tax professional.

Hold out for a long-term gain.
How long you owned your home before selling it affects the tax rate you will pay on any capital gain that you can't exclude.

If you owned it for one year or less, your gain is short-term and will be taxed as ordinary income at rates that currently range up to 37%.

You can qualify for a more favorable tax rate simply by waiting for longer than one year before selling your home so that the gain is long-term and qualifies for a capital gains tax rate of 0%, 15%, or 20%.

The rate you use on long-term gains depends on your taxable income. The 15% rate applies to single taxpayers with taxable incomes between $47,025 and $518,900 and married taxpayers who file jointly with taxable incomes between $94,050 and $583,750. Taxpayers with incomes below those ranges don't pay any tax on their long-term gains and taxpayers with incomes above those ranges pay 20%. (2024 amounts) ■

Home improvements that increase basis and decrease potential taxes.

Systems
Heating system
Central air conditioning
Furnace
Duct work
Central humidifier
Central vacuum
Air/water filtration systems
Wiring
Security system
Lawn sprinkler system

Exterior
Storm windows/doors
New roof
New siding
Satellite dish

Interior
Built-in appliances
Kitchen modernization
Flooring
Wall-to-wall carpeting
Fireplace

Insulation
Attic
Walls
Floors
Pipes and duct work

Lawn & Grounds
Landscaping
Driveway
Walkway
Fence
Retaining wall
Swimming pool

Additions
Bedroom
Bathroom
Deck
Garage
Porch
Patio

Plumbing
Septic system
Water heater
Soft water system
Filtration system

Source: IRS Publication 523

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Signs That It Is Time to Review Your Life Insurance Coverage

Things can change quickly in life, and the life insurance coverage that was sufficient to protect your family five or ten years ago may not be enough in your current situation. To help ensure that your life insurance coverage stays in sync with changes in your life, it's a good idea to review your coverage every year or so and when there are major changes in your life.

Getting married. Life insurance may be the furthest thing from your mind when you are planning a wedding. But as you begin your life together, take a moment to consider what might happen if one of you dies unexpectedly. Would the surviving spouse suffer financially without the other person's income? If they would, it is time to consider purchasing life insurance.

Life insurance can help the surviving spouse maintain the lifestyle the two of you built together by providing a cash payout that might be used to pay living expenses and pay off debt.

If you already have a life insurance policy, be sure to review your beneficiary designations and your coverage in light of your new marriage.

The arrival of a child. The birth or adoption of a child is not only a cause for celebration, it is also a signal to review your life insurance coverage. Will your current coverage provide enough cash to cover child-rearing expenses if you were to die prematurely?

A 2017 report by the USDA estimates that higher income families spend about $450,000 raising a child to age 18 (assuming a 2.2% annual rate of inflation). That number includes expenses such as housing, child care, food, transportation, health care, and clothing. It does not include college. Add in the cost of college and the overall expenditure may rise to well over a half-million dollars.

Keep in mind that $450,000 is simply an estimate, and the amount you spend may be significantly different. Generally speaking, child-rearing expenditures increase as household income increases and expenses are higher for families living in urban areas, particularly the Northeast.

To help ensure that there will be adequate funds available if your family ever needs them, it's a good idea to review your life insurance coverage with your insurance professional whenever a new child arrives. Your insurance professional can help you estimate the coverage you may need to protect your growing family's financial security.

New home or mortgage. Whenever you finance or refinance a home that you share with your family, be sure to consider whether they could afford to stay in the home without your income. If it looks unlikely, consider increasing your life insurance coverage so that the policy's proceeds are sufficient to cover the mortgage, as well as other expenses your family may need help meeting.

A salary increase. A bump up in pay often results in a bump up in lifestyle—and may indicate the need for additional life insurance coverage. If you don't adjust your coverage as your lifestyle changes, your family may one day find themselves struggling to cover their living expenses with the proceeds from a policy designed for leaner times.

Starting a business. When you start a business, it's a good idea to put a plan in place that protects your family and the business if you die prematurely. Life insurance can help provide that protection in certain scenarios.

For example, if you have a business loan, life insurance can help provide the cash needed to pay off the loan.

If you have business partners, life insurance can help protect the business in the event that one owner dies by providing cash to the surviving owners to purchase the deceased owner's share of the business from his or her heirs. ■

Please consult your financial professional for help determining if you have the appropriate life insurance coverage for your needs and financial objectives.

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Protect your family with life insurance.

Life insurance can help protect your family's financial security after your death by providing a cash payout that can help them cover their everyday living expenses and perhaps larger expenses also, such as college tuition.

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Donor-Advised Funds: A Flexible, Tax-Efficient Way to Manage Your Charitable Giving

If you like the idea of making grants to your favorite charities from a dedicated account, but don't want the expense or responsibilities of running your own foundation, you may want to consider using a donor-advised fund account to manage your charitable giving. Here are a few things to know about them. Your financial professional can tell you more.

What is a donor-advised fund?
A donor-advised fund (DAF) account is an investment account for charitable giving.

You can establish an account by making a tax-deductible contribution of cash or other assets to a charitable organization that sponsors DAFs, such as a community foundation, university, or the charitable arm of an investment company. Once your account is funded, you can recommend grants to other charities. While you decide on the charities you want to support, the assets in your account are invested, which may help maximize the financial support you are able to provide.

Your contributions are immediately tax deductible.
As long as you itemize deductions on your tax return, you can generally deduct the contributions you make to a DAF—even before you make a single grant to charity. This is possible because the organization sponsoring your account is a public charity so once they receive your gift, you can claim a charitable deduction for it.

You can donate now and choose your charities later.
A DAF offers you the flexibility to make a tax-deductible donation now and then recommend grants to the charities you want to support on your own timetable. This feature comes in handy when you want to make a charitable gift this year for tax reasons, but you are not ready to select your grant recipients or you simply want to space your grants out over time.

Investment growth is tax-free.
The cash and other assets that you donate to a DAF are invested and have the potential to grow tax-free over time, which may help maximize the amount available to benefit the causes you care about.

You may be able to donate complex assets.
In addition to donations of cash and publically traded securities, some DAF organizations accept donations of complex assets, such as real estate, privately held business interests, mineral rights, art, and collectibles, that other charities are not equipped to handle. After the sponsoring organization sells the donated assets, the proceeds can be used for grants to your chosen charities.

The sponsoring organization you choose matters.
When you contribute to a DAF, your contribution becomes the property of the sponsoring organization. Your role as the donor is simply to advise them how you want your gift distributed to other charities. The sponsoring organization will generally follow your grant recommendations, provided they fall within their grant guidelines. For this reason, it is a good idea to explore their guidelines before choosing where you want to establish a DAF account. While some organizations may approve grant recommendations to almost any IRS-qualified public charity in the United States, others may limit grants to a certain geographic area or require that part of your account be donated to the charity sponsoring your DAF account.

A DAF can help simplify your giving.
The organization that sponsors the DAF typically handles all of the recordkeeping and administrative tasks, such as tracking your contributions, investments, and grants and disbursing grant money to your chosen charities. This administrative support leaves you free to focus on choosing grant recipients.

Anonymity may be an option.
Some DAFs give you the option to have your grants made anonymously, which may help shield you from future solicitations and prevent others from becoming aware of your wealth. Or if you prefer to make grants publically, you can generally have your grants made in the name you've chosen for your DAF account. ■

Please consult your financial professional for advice on pursuing your philanthropic goals.

How donor-advised funds work.

1 | Contribute

You donate cash or other assets to a charitable organization that sponsors donor-advised fund accounts and receive an immediate tax deduction for your gift.

2 | Invest

Your contributions are deposited in your DAF account and are invested with the potential to grow tax-free over time, which may help maximize your philanthropic impact.

3 | Grant

You recommend grants from your account to the charities you want to support. The sponsoring organization takes care of making the grants as long as they fall within their grant guidelines.

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THE ROMANTIC ROAD | Germany

BY BRIAN JOHNSTON

This driving route was established as a tourism marketing ploy in the 1950s, but scratch below the prettiness and you'll find plenty of rough-and-tumble history.

THE ROMANTIC ROAD STARTS with a Dance of Death and soon encounters an eccentric king who went mad. It meanders on past a Crime Museum, a hospice for the destitute, and quite a few dungeons. It finishes at a decadent bishop's palace where bare-breasted women cavort across ceilings that wouldn't look out of place in a brothel.

Whoever called this the Romantic Road must have won a prize for best PR spin, but don't worry: this southwest region of Germany does have abundant charms, from ruined castles to quaint old houses in sugary colors, all snug in a landscape of vineyards and rolling woodlands backed by the Bavarian Alps. This 185-mile tourist route is one of Germany's most enjoyable. Wedged between Munich and Frankfurt, it's easy to get to but, like a wrinkle in space-time, a bit old-fashioned.

This is a fat, fertile destination offering good wine and beer, hearty food, and lashings of rich, satisfying history. The history is often romanticized for tourists, but what should really fascinate you about historical Europe is its squalor and violence, the sinister beauty of its Gothic architecture, and the power of its megalomaniac princes. It was a time of turbulent change and warfare as well as progress and artistic endeavor. Take in both the romance and reality and you'll get a rounded and intriguing insight into this marvelous region's warts as well as beauty spots.

Much of the Romantic Road follows old north-south trading routes. The route begins at Füssen in southern Bavaria, once the first stop across the Alps on the road from Venice. The agreeable pastel-painted old town, topped by a castle, is where you'll find the macabre chapel painting of the Dance of Death to remind you of all the terrors medieval folk imagined.

Dating to a much later age, King Ludwig II's nineteenth-century homage to perceived medieval romance perches on a crag just outside town. The improbable castle of Neuschwanstein is the most famous sight along the Romantic Road, if technically just slightly off it. You can get stunning views of the castle and its alpine backdrop by hiking up to Marienbrücke in an hour or so: no wonder Ludwig fell in love with these mountains.

LEFT: **Rothenburg ob der Tauber is one of Europe's best-preserved medieval towns.** BELOW: **The castle of Neuschwanstein is perhaps the most famous sight along Germany's Romantic Road.**

If the turreted building looks strangely familiar, it's because Walt Disney used Neuschwanstein as one of his inspirations for Snow White's castle. The theatrical interior is decorated with stars and swans, angels and dragons, and scenes from Wagnerian legend. Yet Ludwig's life was no fairytale: he was haunted by madness and eventually drowned in mysterious circumstances in an alpine lake in 1886.

The Romantic Road skirts west of Munich to Augsburg. This small city was an important commercial and banking center during the Middle Ages, as well as the seat of a powerful bishop. The wealthy Fugger banking family established a hospice for the poor in 1521 that still operates today—rent to live here is one euro a year for the underprivileged. Augsburg's finest hour as one of Europe's wealthiest towns is seen in its imposing city hall, art-crammed churches, and prosperous merchant houses. Thanks to surrounding industries and a university, it still buzzes today; a well-heeled population gives it a good dining scene.

Continue north along the Romantic Road and you soon encounter the young Danube River. Donauwörth made its mark as a trading city on the first navigable section of the Danube. Nearby stands Germany's largest fortress in an insolent display of battlements: a reminder that warfare, not romance, was the preoccupation of the age.

Not that you'd know it at Dinkelsbühl, a serene riverside town with half-timbered houses, many decorated with frescoes and carvings showing scenes from German mythology or the Bible. Dinkelsbühl was one of several free imperial cities that answered directly to the Holy Roman Emperor but were otherwise free to conduct their own affairs—and get rich on trade between Italy and Germany.

Its marketplace was the center of life in medieval times and is overlooked by a fine Gothic church. These days, waitresses in jolly skirts and white lace aprons bang slabs of plum tart onto outdoor tables, as honeymooners giggle in souvenir shops. The walk along Dinkelsbühl's town walls is lovely in late afternoon, the smell of gingerbread (a local specialty) wafting up from below.

From here, the drive meanders through agricultural landscapes and over bubbling streams where fishermen catch trout and perch. You might want to stop at the princely palace at Weikersheim, a masterpiece of late Renaissance architecture bursting with wood carvings and stuffed deer heads. Its formal gardens, full of statues of gnomes and beasts, gradually melt away into woodland and hillside.

Just before you get there you'll discover the Romantic Road's finest town of all, Rothenburg ob der Tauber, astride a bluff above the Tauber River that flows for only 82 miles before it joins the Main River an hour southeast of Frankfurt. The valley is patch-worked with bright yellow fields of colza, and dense in vineyards that notably produce fresh and fruity Silvaner wine.

Rothenburg was established in the ninth century and reached its fame and fortune in the fourteenth century as a free imperial town that grew wealthy on trade in wool, wine, and livestock. This is one of Europe's best-preserved medieval towns and oozes romance by the bucketful: cobbled streets, moody churches, clock towers, an ornate town hall, houses hung with medieval signs, fountains, and cafés groaning with cream cakes. The local specialty is the Schneeball or snowball, a variation on the doughnut.

If you think the real Middle Ages was this pretty, however, adjust your perceptions with a visit to the Medieval Crime Museum, with its finger screws, masks of shame, and (for bakers who sold underweight loaves of bread) a torture chair. You can also do an evening tour with a night watchman in period costume who regales you with tales of thieves and cutthroats, plague and sieges.

The Romantic Road comes to an official end at Würzburg. The lovely and lively university town was once the seat of a prince-bishop whose Residenz is one of the most outstanding baroque palaces anywhere. The grand staircase is surmounted by a vast Tiepolo fresco with allegories representing the continents, while the chapel is a madness of baroque beauty, oozing rock-candy pillars and dimpled cherubs.

If you want to know why reformations and revolutions erupted in Europe, just wander with gaping jaw around this dazzling and ostentatious palace. The road may well have been romantic for the bishop, but the peasants of the day hardly had a life so pretty in pink and gold leaf. The tourist version of European history is seductive, but an investigation of its darker side will give you plenty to ponder. ■

FYI

What's On at the Art Museums and Studios

The illustrations of Maurice Sendak, the quilts of African American women, and the modern art of Southern artists are just a few of the special exhibitions being presented in the art museums this fall. Plus many Open Studio days are planned for September and October 2024.

DENVER, CO

Wild Things: The Art of Maurice Sendak

Denver Art Museum | October 13, 2024–February 17, 2025

A special exhibition celebrating the works of American artist and author Maurice Sendak stomps into the Denver Art Museum for a few months beginning in October 2024. *Wild Things* will feature more than 400 sketches, artworks, storyboards, and paintings created by Sendak, including all of the original paintings for Sendak's wildly popular children's book, *Where the Wild Things Are*. In addition to his illustrations, the exhibition also touches on Sendak's work as a theater set designer and film collaborator and includes works by other artists that he collected.

CHARLOTTE, NC

Southern/Modern

The Mint Museum | October 26, 2024–February 2, 2025

A major survey of modern art created in the American South will open in October 2024 at The Mint Museum in Charlotte. *Southern/Modern* focuses on paintings and works on paper created by artists working in the South between 1913 and 1955, such as Carroll Cloar, Aaron Douglas, Caroline Durieux, Will Henry Stevens, Alma Thomas, Josef Albers, Jacob Lawrence, and Elaine de Kooning. Full of vibrant works, *Southern/Modern* shows how in the South, as elsewhere, modern artists linked social and aesthetic progress, hoping to change the way people saw their world.

ATLANTA, GA

Patterns in Abstraction: Black Quilts from the High's Collection

High Museum of Art | June 28, 2024–January 5, 2025

Drawn from the High Museum of Art's collection of quilts made by Black women, *Patterns in Abstraction* brings together recent acquisitions to answer "How can quilts made by African American women change how we view the history of abstraction?" All of the quilts were made by quilters in the Southeastern United States, including well-known quilters from Gee's Bend, Alabama and Atlanta. Presented as objects made for use and with the artistic intent to represent people, places, and things abstractly, the 17 quilts in this exhibition offer a window into how the production of nonacademic artists can transform our understanding of artistic innovation in American art.

UNITED STATES

Open Studios | *September–October 2024*

Many artists across the country open their studios on weekends each fall to provide the public with a behind-the-scenes glimpse of their work and workspaces. Here are just a few of them. Philadelphia's Open Studio Tours will be held on October 19–20 and 26–27 this year. San Francisco's Open Studios will span four weekends, beginning on September 21–22. And Boston's Jamaica Plain neighborhood will hold their annual Open Studios on September 28–29. ■

QUIZ

Where in the world are you?

1. If you are watching massive chunks of the Hubbard Glacier plunge into the bay, you are in:

A. Alaska
B. Antarctica

2. If you are snorkeling among tropical fish in Bora Bora's turquoise lagoon, you are in:

A. French Polynesia
B. The Cook Islands

3. If you are flying along the cliffs of the Na Pali coast, you are in:

A. Maui
B. Kauai

4. If you are hanging out with the monkeys on the island of Roatan, you are in:

A. Panama
B. Honduras

5. If you are at the rail as your cruise ship leaves the port of Piraeus, you are in:

A. Greece
B. Italy

6. If you are lounging on the beach at CocoCay, you are in the:

A. Cayman Islands
B. Bahamas

7. If you are winding your way through the hundreds of islands and islets that dot Ha Long Bay, you are in:

A. Vietnam
B. Thailand

8. If you are watching the stars come out from the deck of a ship in the Milford Sound, you are in:

A. Alaska
B. New Zealand

9. If you are sailing the Dalmatian Coast between Split and Dubrovnik, you are off the coast of:

A. Spain
B. Croatia

10. If you are walking along a beach in Phuket, ankle deep in crystal blue water, you are in:

A. Thailand
B. Australia

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

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