WE RANK AMERICA'S 300 BEST COLLEGE VALUES p 40

Kiplinger's

PERSONAL FINANCE

MONEY SMART LIVING

PLUS 7 great dividend stocks p 33

THE POWER OF $1,000

You'll be shocked at how far a grand will go: 55 ways to invest it, spend it or give it away. p 60

FEBRUARY 2015

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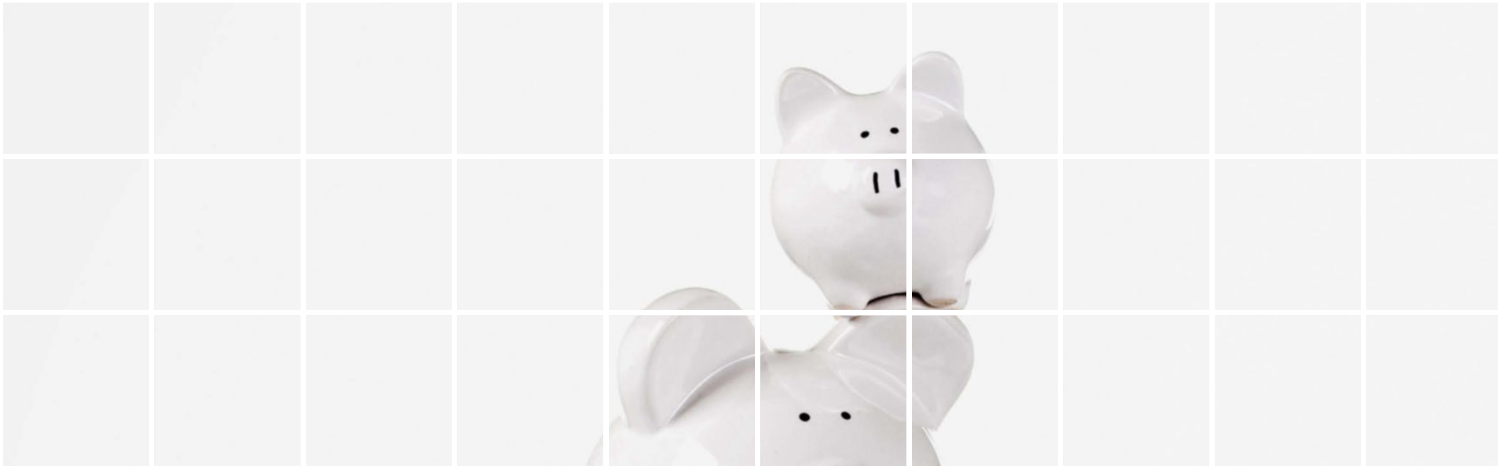

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ERIKA LARSEN/REDUX

MONEY

LIVING // COVER

ON THE COVER: Photo-illustration by John Sposato

Find the Best College for You

Our exclusive, easy-to-use tool lets you filter Kiplinger's list of the 300 best college values using the criteria important to you.

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Surprising Tax Deductions
Extraordinary deductions that pass muster with the IRS.

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TOP 5 TAX FEATURES

1. The Most Overlooked Tax Deductions
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2. Calculate Your Share of U.S. Tax Burden
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3. Surprisingly Successful Tax Deductions
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5. 10 Most Tax-Friendly States in the U.S.
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INTERACT

CARS THAT REFUSE TO DIE

David Muhlbaum celebrates 15 models with exceptional—and maybe surprising—endurance and value. Share your picks.

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DAVID MUHLBAUM
@DaveyDog

GREAT STOCK FUNDS FOR 2015

Columnist Steve Goldberg's picks have widely different strategies (and expenses), but share a history of solid results.

kiplinger.com/links/goldberg15

STEVE GOLDBERG
@Kiplinger

JUMP-START YOUR RETIREMENT PLAN

Mark your calendar for a free live chat with NAPFA planners on February 19, 9 A.M.–5 P.M., and get answers to your most pressing retirement-planning challenges.

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FROM TOP: ISTOCKPHOTO.COM (2); THINKSTOCK; LISE METZGER (2)

Janet Bodnar

FROM THE EDITOR

LISE METZGER

Our Best College Rankings

As college costs have risen, so has the volume of the debate over whether schools are delivering "value" for the money. At *Kiplinger's,* determining value is our stock in trade, and our college rankings are no exception. We have been ranking the best values in public colleges since 1998, and the top values in private schools since 1999. We were the first to assess colleges based on a combination of academic quality and affordability criteria, and we think our rankings continue to provide the best, most objective measure of value.

For this year's rankings (see page 40), we started with a database of nearly 1,200 public and private colleges and used measures of academic quality to whittle that number to several hundred. Then our reporting team contacted each school to fill in any missing data and to get the schools to sign off on the final numbers.

We've made a number of changes this year that will make our list even more useful to families. For starters, we've combined both public and private colleges into one special report with four separate lists: the top schools among public colleges, private universities, liberal arts colleges, and—for the first time—a combined list of the top 50 public and private schools. (At kiplinger.com/links/collegefinder, you can use our handy tool for a side-by-side comparison of 300 colleges on the full list.)

One thing you'll notice is that the combined list is dominated by private institutions. That's because "the average financial aid award is a little higher at private schools, and so is the four-year graduation rate," explains reporter Kaitlin Pitsker, who spent months combing through the data. Lesson for parents: Don't assume in-state public schools are always the least expensive option. A private school could be even more affordable.

One number you won't see on our list is a figure for earnings after graduation. That's because we haven't found a data source that meets our standards. Much of the available information is self-reported by graduates, rather than compiled by schools, and the sample size is small.

For the first time, we give schools credit only for their four-year graduation rate—not for their five- or six-year grad rate—to get a more precise measure of college affordability, as well as a proxy for value in the workplace. "If you're out in four years, you're paying less and incurring less debt," says senior associate editor Sandra Block, who wrote our story. "Plus, you're getting into the workforce faster."

> "We've made a number of changes that will make our list even more useful."

Beyond the numbers. Families should start with the rankings and then make a list of potential schools based on their personal interests and definition of success, which isn't necessarily salary after graduation. Your student may prefer a special-interest school, such as one of the service academies, or a school that focuses on a strong core curriculum. (At WhatWillTheyLearn.com, you'll find a guide that grades more than 1,000 colleges on whether they require a seven-subject core curriculum that "delivers the tools students will need to succeed in career and community.") When you visit a school, head for the career center to see how serious it is about helping students land internships and jobs or apply to grad school. And get a feel for the campus culture. When I recently visited my undergraduate alma mater, St. Bonaventure University, in upstate New York, I struck up a conversation with a polite student who had held the door for me and learned that she was from Connecticut. What had brought her to western New York, I asked, when she could have gone to a state school closer to home? "When I visited the campus," she replied, "I knew this was the place for me." ■

JANET BODNAR, EDITOR
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Kiplinger's PERSONAL FINANCE

Please Recycle This Magazine

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The Missing Online Broker

Not including Vanguard in your survey struck us as akin to ignoring the iceberg in a story about the Titanic ("Best of the Online Brokers," Dec.). We can't imagine why Vanguard opted not to participate, but given its unique structure and its prominence in the online brokerage business, it should have been covered in the article anyway. Vanguard probably wouldn't have won in every category, but in ease of transactions and brokerage fees (we pay $2 to trade domestic stocks), we bet no firm would have beaten Vanguard.

NANCY & DEXTER ANDERSON
STONINGTON, CONN.

Editor's note: Vanguard chose not to participate in *Kiplinger's* broker survey because, a spokesperson said, the company is in the midst of upgrading its brokerage services platform.

You're all wet regarding the research ratings on Fidelity (5 stars) and TD Ameritrade (0 stars). I am a client of both companies and have been checking both of them several times a week for years, and TD Ameritrade is just as good as Fidelity in this regard. In fact, Ameritrade was better until last fall, when Fidelity made its research section easier to navigate.

FRANK WHEELOCK
DEWITT, N.Y.

Advantage: ETFs. In your introduction to exchange-traded funds, I think you omitted one more benefit: ETFs' capitalization and investment style do not change ("Your Essential Guide to ETFs," Dec.). I have often had to sell a small-cap growth fund when it grew too large and became a mid-cap growth or blend mutual fund.

ANTHONY CORNETTA
NORTHPORT, N.Y.

Milestone anniversary. It is with pleasure that I note that with the January 2015 issue of *Kiplinger's Personal Finance* magazine, I celebrate the 50th anniversary of my continuous subscription to this magazine (known in 1965 as *Changing Times*). At age 77, I don't know how many more years I have left, but *Kiplinger's Personal Finance* and my other Kiplinger publications will continue to be part of those years.

THOMAS DIENER
BRENTWOOD, TENN.

CORRECTION. *Postal carriers may accept gift cards worth $20 or less as long as the cards cannot be exchanged for cash ("What You Need to Know About Holiday Tipping," Dec.).*

Q READER POLL

Which would you pay for out of pocket?

A non-covered prescription drug	49%
An out-of-network doctor	33%
Concierge medicine	22%
Surgery at an out-of-network facility	17%
None of these	38%

To learn more about alternatives to health care coverage, turn to page 52.

SOURCE: POLL SURVEYED 283 *KIPLINGER'S* READERS.

ONLINE CHATTER

OUR RECOMMENDATIONS IN "The Best List" (Dec.) drew these comments:

"I find password manager LastPass especially useful when you don't always work on the same computer. And I couldn't live without TurboTax, either."

"I recommend Microsoft Money for personal-finance management software." [We liked Mint.com.]

"With regard to good places to retire: RetirementandGoodLiving.com lists top retirement locations in both the U.S. and overseas (including a few on your list)."

LETTERS TO THE EDITOR

Letters to the editor may be edited for clarity and space, and initials will be used on request only if you include your name. Mail to Letters Editor, Kiplinger's Personal Finance, 1100 13th St., N.W., Washington, DC 20005, fax to 202-778-8976 or e-mail to feedback@kiplinger.com. Please include your name, address and daytime telephone number.


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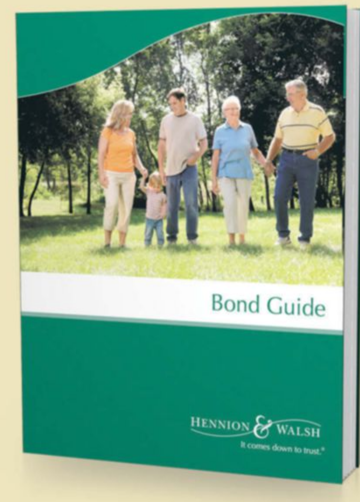

Municipal Bonds Offer Three Big Advantages.

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If you're a prudent investor in need of investment income, you don't want to gamble with your precious nest egg. If you're nearing retirement or are already retired, you want to do everything you can to make sure your investments can support your retirement. That's why our free Bond Guide makes "must" reading.

Advantage #2: The potential for regular, predictable income.

When you invest in municipal bonds, you typically get interest payments every six months unless they get called or default. Because default rates for the investment-grade-rated bonds favored by Hennion & Walsh are historically low (according to Moody's 2012 research,*) you can enjoy a regular income stream in retirement. Please note that if a bond is called, any bond you may buy in the future with the proceeds, may earn more or less than the original called bond.

Advantage #3: The potential for tax-free income.

Good news! Income from municipal bonds is NOT subject to federal income tax and, depending on where you live, may also be exempt from state and local taxes.

About Hennion & Walsh

Since 1990, Hennion & Walsh has specialized in investment grade tax-free municipal bonds. The company supervises over $2 billion in assets in over 15,000 accounts and provides individual investors with institutional quality service and personal attention.

Dear Investor,

We urge you to call and get your free Bond Guide. Having tax-free municipal bonds as part of your portfolio can help get your investments back on track and put you on a path to achieving your investment goals. Getting your no-obligation guide could be the smartest investment decision you'll make.

Investing in bonds involves risk including possible loss of principal. Income may be subject to state, local or federal alternative minimum tax. When interest rates rise, bond prices fall, and when interest rates fall, bond prices rise. *Source: Moody's Investor Service, March 7, 2012 "U.S. Municipal Bond Defaults and Recoveries. 1970-2011." Past performance is not guarantee of future results.

Here's just some of what you'll learn . . .

Why municipal bonds may deserve a place in your portfolio. (Page 1)

Why insured bonds often provide an extra degree of security. (Page 2)

Why municipal bonds can potentially provide safety of principal. (Page 3)

How municipal bonds can potentially provide tax-free income. (Page 3)

Strategies for smart bond investing. (Page 4)

Municipal bond facts every investor should know. (Page 4)

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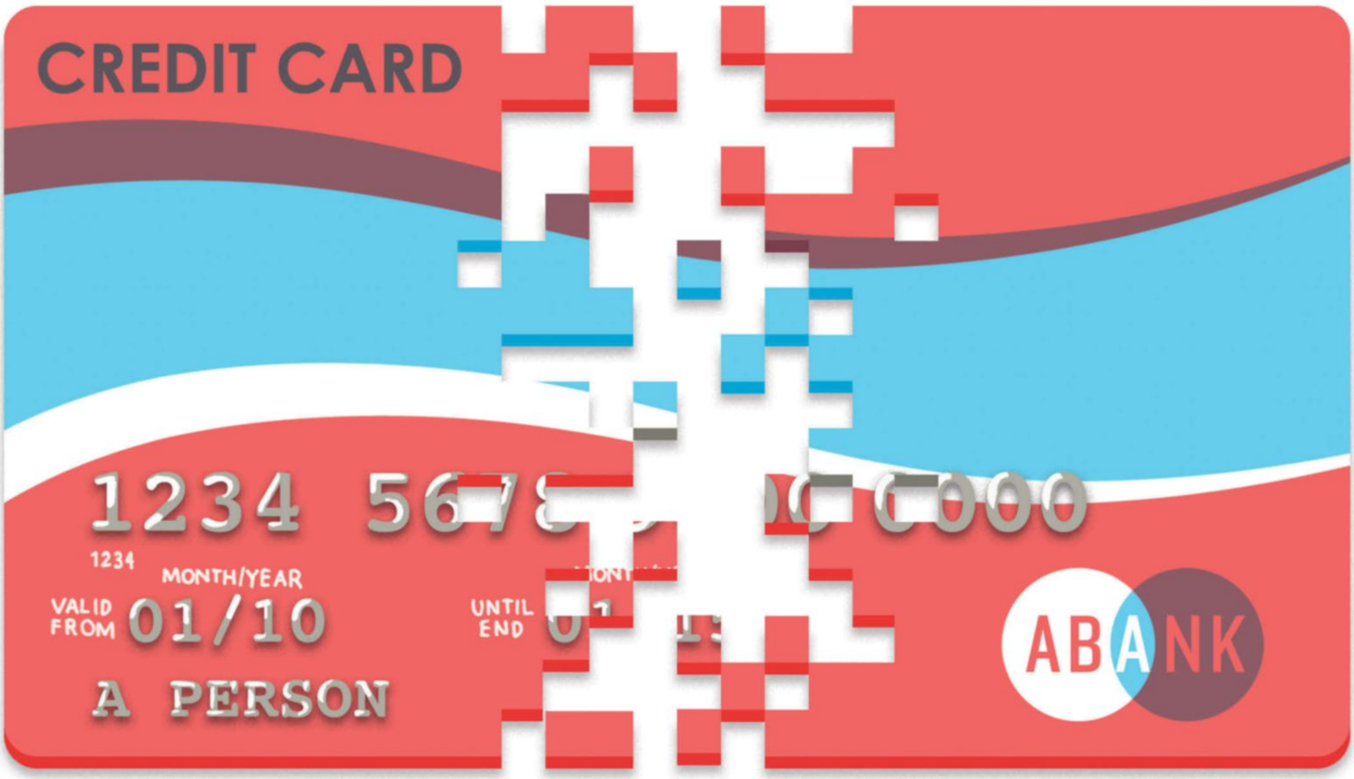


TOPIC A

DATA BREACHES: WHEN TO WORRY

They're a dime a dozen, but some are more of a threat. BY ANNE KATES SMITH

IF YOU SHOPPED AT HOME Depot or Neiman Marcus, ate at P.F. Chang's or Jimmy John's, banked at JPMorgan Chase, or used an American Express card in 2014, then chances are good that some of your personal information was exposed in a data breach. You probably knew that. The question is, how much should you care?

It's easy to understand why consumers are starting to yawn in the face of a steady stream of data-breach notifications. Through early December, the Identity Theft Resource Center had counted more than 700 data breaches in 2014—representing a 26% increase over 2013 and surpassing the high set in 2010.

A 2014 survey conducted by the Ponemon Institute found that nearly one-third of consumers had received at least two notifications of a breach in the previous two years; 10% had received more than five. And although 76% of victims felt stress about the breach, more than half did not take any steps to protect against identity theft afterward.

Such inaction may not lead to disaster. Remember, a data breach does not mean you're a victim—or will be a victim—of identity theft. Nor is all ID theft harmful to the same degree. The key is to distinguish the truly dangerous breaches from the merely annoying ones.

Take it seriously if your Social Security number is compromised. "That's the golden ticket for an identity thief," says Becky Frost, senior manager of consumer education at Experian's ProtectMyID, an identity-monitoring service.

You're actually more likely to become the victim of ID theft if your credit or debit card info is exposed than if your Social Security number is divulged. That's because thieves can start racking up charges immediately; making money from a stolen Social Security number is a multistep process.

But the consequences of a stolen Social Security number can be enormous. Your liability is limited for unauthorized charges on your debit or credit card. But with a Social Security number, a thief can get into existing accounts, open new ones, take out a loan, get a job, file a fake tax return or

SHANNON MAY

gain access to health care. Getting a new Social Security number is cumbersome and impractical. "I don't even recommend you try," says Al Pascual, director of fraud and security for Javelin Strategy & Research.

Passwords, usernames and e-mail addresses are frequently compromised. But unless the exposure includes personally identifying information in combination with other info (think name *and* account number, or log-in *plus* password), you may not even be notified. Still, theft of such data puts you at risk for so-called phishing scams, in which ID thieves try to gain additional info via e-mail or phone. You also might be in trouble if you've used the same usernames and passwords on multiple sites.

Resist the tendency to ignore a data-breach notification. If you are offered free credit monitoring, take it. And, especially if your Social Security number was exposed, consider stepping up the protection to include alerts when new accounts are established using your info. Place a 90-day fraud alert on your credit report by notifying one of the three major credit bureaus: Experian, Equifax or TransUnion. Change account numbers on affected financial accounts, monitor statements closely and report any fraudulent activity immediately. Limit damage from stolen e-mail or log-in information by using unique passwords and changing them regularly. You can keep on top of data breaches at www.idtheftcenter.org.

INTERVIEW

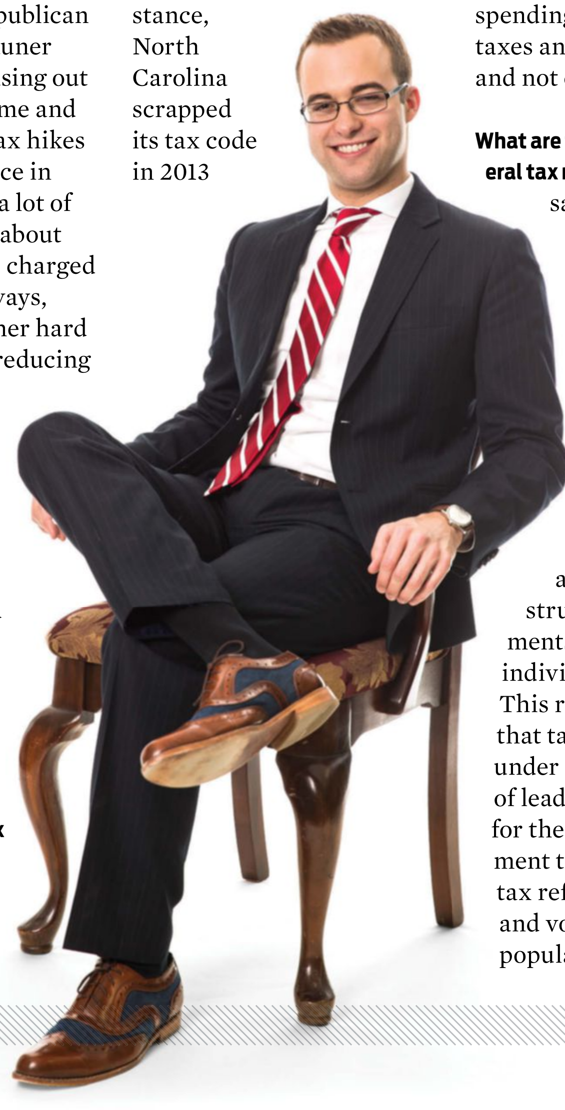
STATES TACKLE TAX REFORM

Voter backlash over a rash of tax hikes prompts lawmakers to act.

Economist Scott Drenkard is a state tax expert for the Tax Foundation, a policy research group in Washington, D.C.

Last November, Republican governors were elected in Maryland, Illinois and Massachusetts, which are traditionally Democratic strongholds. What role did taxes play? Taxes were one of the biggest issues, if not the biggest. In Illinois, Republican candidate Bruce Rauner campaigned on phasing out large personal income and corporate income tax hikes that were put in place in 2011. In Maryland, a lot of people complained about the "rain tax" [a fee charged to owners of driveways, parking lots and other hard surfaces to pay for reducing storm-water pollution in the Chesapeake Bay]. It's not the biggest levy in Maryland, but it illustrates the idea a lot of people in Maryland have that they're overtaxed compared with the rest of the country.

What does the election mean for state tax reform nationwide? I'm predicting 2015 will be the biggest year for state tax reform in a decade, if not longer. We're coming out of a recession, albeit slowly, and revenues are a little more healthy than they have been. With the revenue uncertainty gone, lots of policymakers will be looking to make changes, big and small, to make their tax codes simpler and more sensible. For instance, North Carolina scrapped its tax code in 2013 and started over with a single-bracket income tax with a generous standard deduction. The state's corporate tax rate, which used to be 6.9%, will be 5% next year and has the potential to be as low as 3% by 2017.



SIMON BRUTY

Kansas Gov. Sam Brownback narrowly won re-election, but critics blame a widening budget gap on his deep tax cuts. Can other states learn from the Kansas experience? Kansas isn't a model for tax reform. Compare it with North Carolina, which broadened its tax base and lowered rates. Kansas narrowed the base and lowered rates. Kansas also came back the following year and increased spending. You can't cut taxes and increase spending and not expect a shortfall.

What are the prospects for federal tax reform? The message next year is going to be that tax reform is accomplished across the aisle. We saw positive action in blue states such as New York and in Washington, D.C. We also saw red states, including Indiana and Nebraska, make structural improvements in corporate and individual tax codes. This really demonstrates that tax reform is possible under a variety of colors of leadership. It's time for the federal government to step up because tax reform is possible, and voting shows it's popular. **SANDRA BLOCK**

PEDRO MERA/XINHUA/LANDOV

BOOK REVIEW

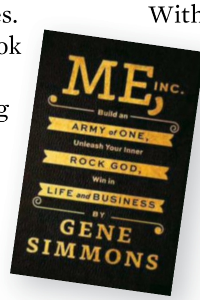
FINANCIAL TIPS FROM A ROCK ICON

Kiss frontman Gene Simmons riffs on investing, saving and building a brand.

EVEN IF YOU DON'T KNOW Gene Simmons's music, chances are you know his face—the one he's trademarked, anyway. The Kiss cofounder and bassist has established a personal brand that encompasses everything from his band's thousands of licensed products to his co-ownership of an Arena Football League team called the LA Kiss.

Simmons's latest venture is a money book titled *Me, Inc*. (Dey Street Books, $27). In it, he explains his branding strategy, a message sure to resonate with anyone looking for a job in today's market. The philosophy in a nutshell: Never forget that marketing yourself is every bit as important as what you bring to the table. "If a vacuum cleaner salesman rings at your front door, he will be selling himself first. The vacuum cleaner is secondary," Simmons writes.

The ambitious book covers other money topics, too, including investing, saving and home buying. Simmons says he set out to write an abridged version of all the money advice you never learned in school. "They don't teach you how to pay taxes, earn a living and invest," he says. "They teach you Columbus discovered America in 1492. Great. I'm prepared for life now."



But the book addresses these subjects mostly with familiar financial platitudes. Simmons tells you to live within your means and riffs on *Poor Richard's Almanack* (two pennies saved is one penny earned post-tax). Don't expect more than the Cliff's Notes version of personal finance. When Simmons does go into detail, he occasionally appears a little out of his depth. Sure, you shouldn't buy a house you can't afford, but if everyone waited to amass a net worth four times the value of the home they want to buy, as Simmons recommends, it would spell the end of homeownership as we know it. His idea of a diversified investment portfolio quickly devolves from stocks in the Dow Jones industrial average to penny stocks.

With *Me, Inc.,* Simmons offers a glimpse into the financial mind of a rock legend. But don't quit your (many) day jobs, Gene. Leave financial advice to the pros. **RYAN ERMEY**

EXCERPT FROM
The Kiplinger Letter

PUMPED-UP PRODUCE

Crop scientists are launching a counteroffensive to opposition to genetically modified foods, reminding folks that altering plant genes can lead to healthier traits and enhanced yields. On the horizon: a potato engineered to have reduced levels of a carcinogen found in baked and fried spuds, a purple tomato rich in antioxidants and rice tweaked to produce more vitamin A. (www.kiplingerbiz.com/ahead/food)

THE BUZZ

HERMAN MILLER IS SITTING PRETTY

Every time you hear another good jobs report, just think of all of the newly employed who will need a place to sit at the office. That's good news for Herman Miller, which designs and manufactures office furniture—including the iconic Aeron office chair on display in countless executive suites and in the permanent collection of the Museum of Modern Art, in New York City.

Office furniture sales in the U.S. will grow by nearly 8% in 2015, according to trade group estimates. Herman Miller is also expanding and diversifying its product line, most recently with last July's acquisition of Design Within Reach, a consumer-focused retailer that sells upscale modern-design furnishings.

Miller's profit margins are widening as the company's most profitable product lines account for more of its overall sales mix in an improving economy. Also, Miller will reap the benefits of tighter cost controls and more-efficient distribution channels as sales ramp up.

Analysts expect earnings to increase 18%, to $1.95 per share, in the fiscal year that ends in May 2015, followed by 19% growth the following year. **ANNE KATES SMITH**

BY THE NUMBERS

MLHR
SYMBOL

$30
SHARE PRICE

$1.79 billion
MARKET CAPITALIZATION

15
*P/E

1.9%
DIVIDEND YIELD

*Based on estimated fiscal 2015 earnings

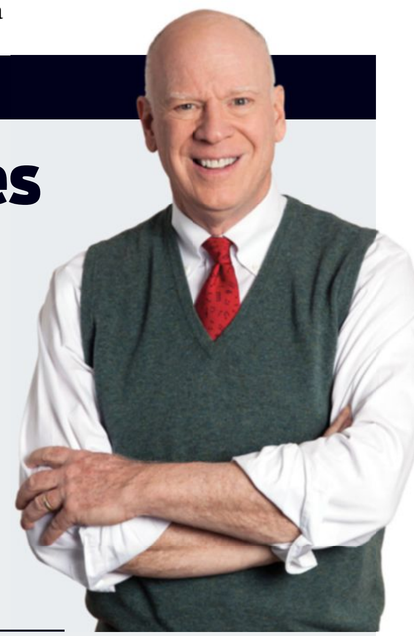
CREDIT

FIND A FIXED-RATE CREDIT CARD

There aren't many left. But with interest rates headed up, it pays to look.

WITH INTEREST RATES LIKELY to start rising later in 2015, now is a good time to think about how to keep the interest payments on your credit cards from creeping up, too. The vast majority of credit cards today have variable annual percentage rates, typically tied to an index. The number of cards with fixed APRs has waned, largely because legislation that took effect in 2010 made raising fixed rates more difficult for issuers. But some small banks and credit unions still offer fixed-rate cards, so it's worth inquiring locally. Many such institutions limit availability of their credit cards to people who live within the region or work for certain employers. But a few credit unions serve a wider market by permitting membership if you join an associated organization or donate to a nonprofit. Western Federal Credit Union offers a Visa card with a fixed APR as low as 8.99%. If you're approved, you can then become a member of the credit union by making a $25 donation to the Surfrider Foundation (recently, Western paid the donation for new customers). Purdue Federal Credit Union's Choice Rewards Visa card has a fixed rate starting at 11.5%. It's available if you join the Purdue Alumni Association ($50 annual membership; you don't have to be a former student). **LISA GERSTNER**

MONEY & ETHICS // KNIGHT KIPLINGER



Shouldn't Music Streaming Sites Pay Higher Royalties?

Q My twentysomething daughter is a passionate humanitarian who buys fair trade coffee and champions higher pay for garment workers in poor countries. But for her music downloads—after the legal boom was lowered on the "free" (pirated) music streaming sites—she now patronizes services such as Pandora and Spotify, which pay artists a pittance in royalties. I see an ethical dilemma in this, but she doesn't. How about you?

A I'm with you. Your daughter personifies a key contradiction of the millennial generation: Its professed passion for helping "the little guy" sometimes clashes with its embrace of a free-everything, "sharing economy" ethos that tends to lower the pay of traditional workers and enrich the entrepreneurs who devise new ways to slash prices.

Music sites are just one example. Others include UberX (the cheaper, ride-sharing version of the regular Uber alternative taxi service) and apartment-sharing services, both of which, if they become widely used, will gradually undercut the employment and earnings of full-time taxi drivers and hotel staff.

In the music realm, young adults are buying fewer of the 99-cent singles that iTunes sells in favor of cheaper unlimited streaming, either free (with commercials embedded) or for a monthly fee (no commercials). Recording artists both famous and obscure complain about the royalty of less than a penny that they receive for each play of their songs. Even worse, the online streaming services (and Sirius XM satellite radio) refuse to pay royalties for recordings that predate 1972—songs by the greats of jazz and blues, early rock, Motown, and even the Beatles. (Federal copyright law seems to allow this, but the issue is being fought on the state level.) Some current superstars are bypassing the streaming sites for their new CD releases, but few artists have this market power.

This is a fairness issue that should become an appealing cause for idealistic young adults who love pop music and the struggling artists who make it. For more information on the fight for higher artist royalties, visit www.musicfirstcoalition.org.

HAVE A MONEY-AND-ETHICS QUESTION YOU'D LIKE ANSWERED IN THIS COLUMN? WRITE TO EDITOR IN CHIEF KNIGHT KIPLINGER AT ETHICS@KIPLINGER.COM.

LISE METZGER

CALENDAR 02/2015

▲ SUNDAY, FEBRUARY 1
Celebrate Valentine's Day a couple of weeks early with a romantic getaway. Airlines lower fares during the post-holidays lull, but by mid February spring-break prices kick in.

FRIDAY, FEBRUARY 13
Investor alert: The S&P 500 has been down 17 of the past 23 years on the day before Presidents' Day weekend. Today may present a good opportunity to buy high-quality stocks at a discount.

SATURDAY, FEBRUARY 14


As college acceptance letters trickle in, parents of prospective students should carefully compare financial aid packages. Use the award letter comparison tool at www.finaid.org.

FRIDAY, FEBRUARY 20
February is American Heart Month. Healthcare Bluebook estimates the cost of a coronary bypass at nearly $40,000. Visit www.heart.org for tips on how to stay heart-healthy.

SATURDAY, FEBRUARY 28
It's time to start gathering your 2014 financial documents and preparing for tax season. But first, make sure you know your stuff. Check out our "Is It Taxable?" quiz at kiplinger.com/links/taxable.

RYAN ERMEY

DEAL OF THE MONTH
Hit the slopes on Super Bowl Sunday. Skiers and boarders who book their lift tickets in advance through Liftopia.com can land discounts of up to 85% compared with walk-up window rates.

ISTOCKPHOTO.COM (4)

Turning Kids Into Engineers

A former teacher builds her summer camp into a nationwide franchise.

PROFILE

WHO: Dori Roberts, 40
WHERE: Fredericksburg, Va.
WHAT: Founder and CEO, Engineering for Kids

Why engineering? I taught engineering courses to high schoolers for 11 years. I also advised my school's Technology Student Association, an after-school program in which students worked on projects for competition. Many of my students discovered late that engineering was fun and a great career option. My mission is to introduce engineering to as many kids as possible as early as possible.

How did you get started? I proposed an after-school program all about bridges at my children's elementary school. The kids built and tested their own bridge designs. The program filled up, and parents and teachers asked me if I would offer summer programs. So I created four engineering camps: mechanical, aerospace, electrical and industrial. My first summer, during the recession in 2009, I would have been happy to get 15 kids, but I got 50. I charged $159 for each weeklong, half-day camp. When I received requests for camps from other schools and community centers, I saw a business opportunity. I expanded to serve preschool and middle school kids, and I added school field trips, birthday parties and scouting events.

What resources did you need? The first year, using money from my teaching salary, I rented classroom space in community centers and stored supplies in my basement. But I was paying a lot in rental fees, so the next summer I leased permanent space. When that paid off, I opened a second learning center. We typically charge $115 for six weeks of after-school, evening or weekend classes.

Why franchise the idea? Parents from other states expressed interest in the program. I couldn't imagine running it out-of-state myself, so I attended a convention of the International Franchise Association (www.franchise.org). I took as many classes as I could and talked with representatives of children's education companies. I decided that franchising was the best way to grow Engineering for Kids (www.engineeringforkids.com).

POON WATCHARA-AMPHAIWAN

What did it cost to set up the franchise? I put in about $30,000 of my own money. My biggest up-front cost was paying a lawyer to look over my operations manuals and help me create a franchise disclosure document. Otherwise, we were pretty low-budget. My office was a small storage room in one of the learning centers, and we rented out hotel conference rooms for our first "discovery" days for prospective owners and training.

How much do you charge? A franchisee must pay from $35,125 to $90,625 up front, which includes a $19,500 franchise fee. The range depends on whether you start out home-based or rent outside space. Franchisees also pay a monthly royalty fee of 7% of the registration fees they charge for their classes. We now have 117 locations in 31 states, the District of Columbia and 12 countries.

How have your kids reacted? My daughter, Kaley, 14, is very analytical yet offers a kid's perspective, such as, "Mom, I think the kids will like this" or "We need more time for this activity." My son, Matthew, 12, wants to be a computer engineer.

PATRICIA MERTZ ESSWEIN

JAMES K. GLASSMAN > Opening Shot

Time to Buy Chinese Stocks

China's astounding economic growth is slowing. Since 2000, with the 2008–09 recession barely a speed bump, the country's gross domestic product has zoomed from $1 trillion to $10 trillion. Over the next 14 years, however, GDP will more likely just double or triple. That's an annual growth rate of 5% to 7% rather than the 10% China achieved as recently as 2010.

Even though no country's economy can grow at 10% forever, the prospect of a Chinese slowdown has investors worried. Over the past five years, SPDR S&P China ETF (symbol GXC), an exchange-traded fund that tracks Standard & Poor's China BMI index, returned just 3.5% annualized, compared with 15.7% a year for SPDR S&P 500 ETF (SPY), which tracks the popular U.S. benchmark. In fact, the U.S. fund has beaten the China fund in four of the past five calendar years (including the first 11 months of 2014). The bloom is off the Chinese rose.

Better deals. But that may be a good thing. With so many investors unhappy with China, share prices have leveled off and, in many cases, become attractive. If you don't have China in your portfolio, now is the time to put it there.

Certainly, *some* Chinese stocks are doing well. **ALIBABA (BABA, $108)**, the Hangzhou-based online shopping mall that's frequently compared to Amazon.com (AMZN), went public in September at $68 in the largest initial offering ever. Alibaba shares have since surged by nearly 60% and carry a market value of $268 billion, nearly twice that of Amazon and rapidly approaching that of Google (GOOGL). (Boldfaced stocks are those I recommend; share prices and returns are as of December 5.)

Alibaba is growing like crazy. On November 11—Singles Day in China, a traditional shopping event—the company served as middleman on its two main sites for $9.3 billion worth of sales. That's a world record, and an increase of 58% over Singles Day sales in 2013. Analysts at the Raymond James brokerage see Alibaba's revenues tripling in the next three years.

Meanwhile, the stock of **TENCENT HOLDINGS (TCEHY, $15)**, a Shenzhen-based online-services firm that provides instant messaging and recently made a deal to beam HBO programs throughout China on its video site, has jumped 44% in the past year. Its market value is now $142 billion, about that of International Business Machines (IBM). And wireless provider **CHINA MOBILE (CHL, $61)**, a longtime favorite of mine, has jumped 48% since mid March and now carries a market value of $249 billion, 24% higher than that of Verizon Communications (VZ), the largest U.S. telecom company.

I like these stocks mainly because the companies cater directly to Chinese consumers, rather than relying on international trade at a time when Europe and Japan aren't growing at all and the U.S. economy has been disappointing forecasters regularly.

And Chinese consumers are perking up. For decades, they have been saving excessively. Now they are spending. I recently attended a briefing at which Selina Zhang, of the Beijing consulting firm Meritco Services, laid out a solid case for consumer-oriented Chinese businesses at the same time she cited evidence that China's GDP would increase by less than 7% in 2015. Because of strong government support for health and pension programs and growing confidence about the future, Chinese families no longer see a large savings buffer as a necessity. Consumer spending is also getting a boost as China relaxes its one-child policy and eases restrictions on migration from rural areas to cities. Zhang pointed to good prospects for sectors such as health care and fitness centers, and it's not hard to think of other areas that will benefit, such as travel, education and dining.

"For decades, Chinese consumers have been saving excessively. Now they are spending."

LISE METZGER

"Alibaba is trying to expand aggressively around the world, but China remains the main source of its revenues."

In health care, consider **CONCORD MEDICAL SERVICES (CCM, $7)**, which operates imaging centers throughout China. Fast-growing Concord has a price-earnings ratio, based on projections of 2015 profits, of just 12. **TAL EDUCATION GROUP (XRS, $30)**, which provides after-school tutoring at more than 500 locations as well as online, will benefit as China's birth rate picks up. Its stock has tripled since June 2013 and now trades at 21 times projected earnings. That's high but seems reasonable in light of TAL's rapid growth.

I have previously suggested a couple of Chinese companies that I continue to favor: **HOMEINNS HOTEL GROUP (HMIN, $30)**, with 2,500 hotels in 315 Chinese cities, and **NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP (EDU, $21)**, a 22-year-old firm that offers test-preparation and language courses in more than 700 locations throughout China and trades at 15 times estimated earnings.

Top fund pick. All of the stocks I've cited so far trade on U.S. exchanges, but some of the best consumer-focused companies don't. Your broker can probably purchase shares for you, but another good way to buy them is through a mutual fund. One of the best is **MATTHEWS CHINA (MCHFX)**, with a modest annual expense ratio of 1.08% and managers who like to buy and hold stocks (the turnover rate is a mere 6% a year). Among the fund's top holdings are Café de Coral, a restaurant chain that started in Hong Kong and is rapidly expanding on the mainland with brands such as The Spaghetti House, and China Mengniu Dairy, a purveyor of milk and ice cream. (Neither Café de Coral nor Mengniu Dairy trades in the U.S.)

A GROWING WILLINGNESS TO SPEND BODES WELL FOR CHINESE CONSUMER STOCKS.

As its name indicates, **MATTHEWS CHINA SMALL COMPANIES (MCSMX)** invests in a slice of China's market. It, too, holds a lot of intriguing consumer names, such as **CHINA LODGING GROUP (HTHT, $23)**, with 1,500 hotels around the country; Ginko International, the first contact lens maker in China; and TAL Education. One downside: The fund has a high annual expense ratio of 1.5%.

Another strong choice is **OBERWEIS CHINA OPPORTUNITIES (OBCHX)**, which has doubled its shareholders' money over the past three years, despite a troubling 2.07% expense ratio. Among its holdings is **VIPSHOP (VIPS, $22)**, an online discount retailer whose shares have soared by a factor of 40 since the company went public in March 2012. On the other side of the ledger is **500.COM (WBAI, $22)**, which provides online lottery services. Its stock has fallen 57% since last March, when 500.com came under attack from short sellers, who made what I consider questionable claims about overcharging and some other technical matters.

I would stay away from the China index funds because of their emphasis on industrial, financial and natural resources businesses. SPDR S&P China ETF, for instance, includes China Mobile and online favorites Tencent and Baidu (BIDU) among its 10 largest holdings, but three banks, three energy companies and an insurer account for the other seven stocks among the top 10.

I know that many investors remain skeptical of China. After all, it is a country that suppresses dissent, sends artists to prison, limits Internet access and uses state-run enterprises, especially banks, to direct where money is invested. Still, small consumer companies have a great deal of freedom, and the ruling Communist Party has an enormous interest in promoting economic growth in order to keep unrest at bay. As the Chinese get richer, they will want more of the good things in life: travel, entertainment, education and, of course, ice cream. ■

JAMES K. GLASSMAN IS A VISITING FELLOW AT THE AMERICAN ENTERPRISE INSTITUTE. HIS LATEST BOOK IS *SAFETY NET: THE STRATEGY FOR DE-RISKING YOUR INVESTMENTS IN A TIME OF TURBULENCE*. HE OWNS NONE OF THE STOCKS MENTIONED.

IMAGINECHINA/AP IMAGES

ANNE KATES SMITH > Your Mind and Your Money

A Dirty Money Secret

LISE METZGER

> **"Money is among the most powerful weapons of control in a relationship, but little attention is paid to the financial aspects of domestic abuse."**

Among the troubling things that have come to light during the airing of professional football's dirty, domestic-abuse laundry is this fact: Economic abuse is as much a part of the problem as is physical abuse. And financially speaking, it can be just as bruising. Economic abuse occurs when one partner takes control of the other's financial life to gain power in the relationship. It can happen to anyone, including the well-off and well-educated. The majority of victims are women, many of whom can't leave the relationship because they lack financial know-how or monetary resources.

Money is among the most powerful weapons of control in a relationship, but little attention is being paid to the financial aspects of domestic abuse. A poll by the Allstate Foundation found that 74% of Americans personally know a victim of domestic abuse, but 75% fail to connect it with economic abuse. "It hasn't been studied much," says Rutgers University social work professor Judy Postmus, director of the school's Center on Violence Against Women and Children. "A knock-down hit in an elevator gets way more attention."

Postmus has identified three categories of economic abuse: control, exploitation and sabotage. A controlling partner makes the financial decisions, has sole access to financial information—such as account numbers, the PIN for the ATM card, how much money there is and where it's stashed—and may dole out an allowance. Transfer of control happens gradually, with victims losing confidence as they become more dependent.

Exploitation occurs when the abuser damages the victim's financial standing by running up credit card debt, taking out loans or even starting businesses in the other person's name. The third category involves sabotaging the victim's ability to work—disrupting child care or transportation, or harassing the victim at work until she's let go or too embarrassed to show up.

Boosting financial literacy goes a long way toward helping victims. The Allstate Foundation's financial empowerment curriculum is used by thousands of social service providers in 42 states to help users recognize signs of abuse, escape from it and build a solid financial foundation for a new life. Find it at www.clicktoempower.org.

Division of labor. None of that applies to me, you say? Well, you don't have to be in an abusive money relationship to be in a potentially unhealthy one. All couples negotiate a division of labor. And plenty of spouses are happy to hand off the tedium of bill-paying, budgeting and money management. But abdicating involvement can land you in compromising situations, ranging from overdrawing your checking account (because you don't know what's in it) to being at a loss when death, divorce or illness forces you to manage a financial life you know nothing about. "When you give up your power over money, whether it's being taken from you or you're giving it away freely, you're setting yourself up for disaster," says financial planner Brad Klontz.

Yielding control is fine in a healthy relationship—as long as you can retrieve at will your family's financial information, including how to access all of the accounts, and you have a pretty good sense of your assets and obligations. And you still need to schedule regular debriefings with your spouse. If that sounds like the date from hell, consider whether you have a money avoidance issue, which is often the reason people cede control of their finances to the point that they fall into unhealthy or abusive situations. Such avoidance may stem from a childhood impression of money, says Klontz. Perhaps your parents fought about it, or you equate wealth with wrongdoing. Recognizing the *why* behind the behavior is often all you need to change it. ■

ANNE KATES SMITH IS A SENIOR EDITOR AT *KIPLINGER'S PERSONAL FINANCE* MAGAZINE.

These classic stock funds regularly beat their benchmarks.

BY NELLIE S. HUANG

ILLUSTRATIONS BY SHANNON MAY

OLDIES BUT GOODIES

SLOW AND STEADY WINS THE RACE. IN THE world of mutual funds, that translates into consistently good performance. If you could home in on the most-consistent funds, would you find ones that produce reliable returns in any market? // To find out, we sifted through the performance of nearly 1,500 diversified stock funds over 121 discrete 12-month periods, pitting funds against their benchmarks month after month, year after year. The concept is known as "rolling returns." We started with the one-year period from October 31, 2003, through October 31, 2004. Then we analyzed the 12 months from November 30, 2003,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Primecap Odyssey Growth

through November 30, 2004, and continued until the last period, from October 31, 2013, through October 31, 2014.

For each of those segments, we compared the funds' results against appropriate benchmarks. Large-company funds had to prove their mettle against Standard & Poor's 500-stock index. We stacked up midsize-company funds against the Russell Midcap index. Small-company funds faced off against the Russell 2000 index, which tracks the little guys. And funds that focus on large foreign companies went toe-to-toe with the MSCI EAFE index, which follows the same kinds of stocks. For the purpose of our analysis, we declared a fund to have beaten its benchmark if it topped it by 0.5 percentage point or more, a fairly stringent requirement.

Of course, we also considered other factors that we always look for in good funds: a disciplined stock-picking style, below-average to average fees and an absence of sales charges, and solid long-term returns. Plus, did the fund have the same manager over the 10-year period we sliced and diced? Although our screen included funds sold to institutional investors, we focused on those that require less than $10,000 to invest. What we found was a short list of funds with surprisingly similar characteristics:

- **Low turnover.** Managers of these cream-of-the-crop funds tend to hold on to their stocks far longer than their peers.
- **Company people.** The managers tend to view their investments as a partnership with a business and with the people behind the business, rather than as just a stock purchase.
- **Compact portfolio.** This refers not to the size of a portfolio but to the number of stocks it holds. With one exception, the best funds are not loaded with hundreds of stocks.

Below are our six picks of top-notch, low-minimum, no-load funds that score high on the consistency meter. For more data, including each fund's consistency ranking, see the table on the facing page.

HOMESTEAD SMALL-COMPANY STOCK (SYMBOL HSCSX), a member of the Kiplinger 25, was the most consistent fund on our list. It outpaced its benchmark in 69% of the rolling 12-month periods, compared with just 54% for the average small-company fund.

The managers spend a lot of time on the road in far-flung places trying to find under-the-radar, out-of-favor firms that have a catalyst to turn their businesses around. They prefer businesses they understand, so the fund is heavy with industrial stocks (25% of assets at last report) and light on technology (just 11% of assets). Holdings range from the relatively familiar Cracker Barrel Old Country Store to such obscure names as Rofin-Sinar Technologies, which makes lasers for industrial uses.

Homestead is undergoing change at the top. Longtime managers Peter Morris and Stuart Teach were set to retire in January 2015, though Mark Ashton remains. He'll be joined by Prabha Carpenter, who has been an analyst with the fund since 2002, and newly hired Gregory Halter.

For decades, Ron Baron's eponymous fund shop has made his clients richer by taking a long-term approach to investing in fast-growing small and midsize companies. **BARON PARTNERS FUND (BPTRX)** started as a hedge fund for the firm's partners and converted to a mutual fund in 2003. Since then, the fund, which Baron himself runs, has returned 14.4% annualized, beating the Russell Midcap index by an average of 1.7 percentage points per year.

Partners can invest in companies of any size, but most of its stocks have market values of less than $10 billion. To find investments, Ron Baron relies on hands-on research the firm's 30 or so analysts and fund managers conduct. The goal is to locate growing businesses that are run by smart people and to hold for the long haul—or at least until the potential for growth slows. "We sell when we think we can't double our money in a four-year period," says Baron.

Partners has held some stocks for a decade or longer. Shares of Arch Capital Group, a Bermuda-based insurer, have quintupled since they first entered the portfolio in mid 2003. "The big reason for our consistency in performance is that we have a consistent process," says Baron. "And we invest for the long term."

HENNESSY CORNERSTONE MID CAP 30 (HFMDX) isn't an index fund, but it isn't actively managed day to day, either. In fact, for most of the year the portfolio changes little. Yet despite this inaction, Cornerstone has outpaced the Russell Midcap index by an average of one percentage point per year.

Once a year, Cornerstone invests an equal share of its assets in 30 stocks. The holdings are the result of screens that target U.S. companies with market values of $1 billion to $10 billion, rising earnings, and low share prices relative to sales. "It is growth at a reasonable price," says Brian Peery, who comanages the fund with Neil Hennessy. A momentum screen strips away stocks that have dropped in price over the previous three and six months. Of the stocks that are left, those with the biggest upward price movement over the previous 12 months make the final cut. Each holding generally stays in the fund for one year. At that point, the process is repeated. The strategy is designed to avoid "the flavor of the day" investing fads, says Peery. Top holdings include apparel maker HanesBrands and chicken processor Pilgrim's Pride.

A lot of teamwork goes into each stock pick at **DODGE & COX INTERNATIONAL STOCK (DODFX)**, a member of the Kiplinger 25. The nine comanagers zero in on firms with good balance sheets, attractive growth prospects and executives who act like owners—and stocks that trade at bargain prices. The process has delivered steady results. In the fund's 13 full years of operation (including the first 11 months of 2014), it lagged the EAFE index in only two calendar years. "Everything we do at our firm, from how we are organized and managed to how we approach investing, is geared to being able to build conviction in each stock and stick with that conviction," says comanager Diana Strandberg.

The managers may follow some companies for a decade before they buy shares, as they did before investing in Samsung Electronics in late 2013. "Maybe there are questions we're not getting answers to, or the stock's valuation hasn't come into buying range," says Strandberg. Other times they move in days, as they did with Chinese search engine Baidu, which the fund acquired in mid 2013. International Stock's turnover ratio is 13%, implying that holdings stay in the fund for an average of nearly eight years. That's an eternity compared with the typical foreign stock fund, which holds stocks for less than two years, on average.

Few stock fund managers can boast a tenure of 25 years at the same fund, and only six have done so as the sole manager. But come September, **FIDELITY CONTRAFUND (FCNTX)** manager Will Danoff will join the select quarter-century club. Since he took over Contra in September 1990, the fund has delivered an annualized return of 13.4%, beating the S&P 500 by an average of three percentage points per year. But Danoff is quick to praise the dozens of Fidelity analysts and managers who help him find winners. "I get the credit, but I rely heavily on the men and women I work with in the trenches," he says.

Danoff has always been a growth-oriented investor. If a company can double its earnings in five years, he has always believed, then the stock price will double, too. But over time, he says, he has become more willing to invest in businesses that are improving and less interested in paying crazy prices for growth. He still keeps an eye out for established companies that have an edge (think Gilead Sciences and Nike). He also looks at newly public companies, such as Alibaba and Facebook, that he thinks can generate earnings growth in any kind of economic environment.

And he has learned to focus on his best ideas. Danoff spends much of his day "turning over rocks" in search of good prospects, and over the course of a year he may meet with execs from 1,000 firms. But he has learned to dial back a little on the number of holdings in his portfolio, even though Contra's assets total $111 billion. In the mid 1990s, it held some 700 stocks. At last report, the fund held just 289 stocks.

The managers of **PRIMECAP ODYSSEY GROWTH (POGRX)** don't waste time talking to reporters. We're not offended—not when Odyssey Growth has produced a 10.6% annualized return over the past 10 years. Indeed, we're happy to let the fund's four managers—Theo Kolokotrones, Joel Fried, Alfred Mordecai and M. Mohsin Ansari—do their thing: Invest in well-priced, growing companies with a catalyst that will drive share prices higher over the next three to five years. In recent years, that strategy has prompted them to invest heavily in health care and technology stocks. Some of the fund's biggest winners over the past 12 months: Illumina, a leader in genomic sequencing, and BlackBerry, the wireless phone maker in the midst of a comeback.

As bargain hunters, the managers often buy what others are dumping. For instance, they recently picked up shares of retailer Urban Outfitters, which has slumped 14% over the past 12 months as the company has struggled to match its products with its fickle young customers. (For more on what makes Primecap Management tick, see "The Best Stock Pickers You've Never Seen," Jan.) ■

Steady Winners

SIX FUNDS YOU CAN COUNT ON

Consistency scores show how often a fund topped its index over rolling 12-month periods over the past 10 years. Compare with how often the average fund in a category beat its bogey.

Fund	Symbol	Category	Consistency score	Category average consistency score	Annualized total return 1 yr.	Annualized total return 10 yrs.
Homestead Small-Company Stock	HSCSX	Small co.	69%	54%	9.9%	11.2%
Baron Partners Fund	BPTRX	Midsize co.	56	34	13.8	9.9
Hennessy Cornerstone Mid Cap 30	HFMDX	Midsize co.	53	34	19.5	12.0
Fidelity Contrafund	FCNTX	Large co.	61	42	14.3	10.0
Primecap Odyssey Growth	POGRX	Large co.	55	42	18.8	10.6
Dodge & Cox International Stock	DODFX	Lg. foreign co.	64	40	9.3	7.5
S&P 500-STOCK INDEX	—	—	—	—	**18.7%**	**7.9%**
RUSSELL 2000 INDEX	—	—	—	—	**6.7%**	**7.7%**
MSCI EAFE INDEX	—	—	—	—	**2.8%**	**5.5%**

Through December 5, 2014. SOURCE: © 2014 Morningstar Inc.

RETIREMENT »

How to Invest After You Retire

Follow our guide and your nest egg will last a lifetime. BY KATHY KRISTOF

YOU JUST TURNED 66, HAD A blast at the office party in your honor, said goodbye to the water-cooler crowd and are heading toward that great unknown called retirement. But now you've got a bad case of the willies. You're wondering whether your money will last as long as you do. After all, you don't want to run so low on cash that you're forced to pin on a name tag and call out "Welcome to Walmart" a decade from now.

So how do you approach your portfolio now that you're no longer collecting a paycheck? When it comes to investing in retirement, experts say there is one guiding principle: You can't earn back your nest egg without a steady paycheck. So you'd better make sure you're investing wisely and safely. "When you are still working and the investment markets don't do what you hope they will, you always have the option of working longer and postponing retirement," says Anthony Webb, senior economist at the Center for Retirement Research at Boston College. "Once you have retired, you have lost that margin of adjustment."

To be sure, unless you retired on the spur of the moment or grossly neglected your investments, you shouldn't have to revamp your portfolio drastically. Say you plan to withdraw 4% of your total assets in the first year of retirement and to adjust the amount by the rate of inflation in the following years. Such a withdrawal rate is unlikely to deplete your savings over a 30-year retirement. All you need to do is review your investments and determine whether your portfolio properly balances your need for safety, growth and income in a way that will keep you both physically and emotionally comfortable.

Two strategies. How do you make that determination? To start, take a look at three factors: the sources of your retirement income, the flexibility of your budget, and your ability to tolerate risk on both a practical and psychological basis. From there, you can structure a portfolio based on one of two popular asset-allocation strategies that place a high priority on safety: the *bucket* plan or the *cover the basics* approach.

The bucket formula essentially splits your savings into three pieces, which will be used in the early, middle and late stages of retirement. The cover-the-basics approach aims to match your fixed expenses with fixed sources of income, such as Social Security, pensions and immediate annuities. The rest of your assets are invested to provide income for non-necessities, such as travel and entertainment, which presumably can be postponed during a stock market downturn.

But both approaches have the same starting point: comparing your regular sources of income to monthly expenses. This step is aimed at calculating the gap between income and expenses that needs to be covered by savings. For instance, if a couple need $6,000 a month to meet day-to-day expenses and they receive $4,000 a month from Social Security at 66—the age that Uncle Sam considers full retirement age for people born between 1943 and 1954—their gap is $2,000 a month.

Advocates of the bucket approach would encourage this couple to start by putting between $48,000 and $72,000 in short-term reserves, such as bank accounts, money market funds and certificates of deposit.

MARK HOOPER

This money will earn little, if anything; the aim is simply to finance two to three years of spending. Should stocks tank during that period, the couple can live off their cash holdings and won't need to unload stocks or stock funds at unfavorable prices. When stocks recover, the couple can strategically refill the cash bucket so that they always have enough money to handle a year or two of bills, says Doug Duerr, a certified public accountant in Montville, N.J.

Retirement expert Steve Vernon prefers the cover-the-basics approach. Instead of accumulating a cash hoard to cover the gap between income and costs, retirees should consider the portion of the gap that is for fixed (that is, non-discretionary) expenses, suggests Vernon, a research scholar at the Stanford Center on Longevity, at Stanford University. He argues that retirees should use an immediate annuity to cover just that portion of the gap.

The type of immediate annuity Vernon recommends works much like a pension. You invest a lump sum with an insurance company, and the insurer pays the money back to you, with interest, guaranteeing that the monthly payments will last as long as you do but not a second longer. This approach allows you to cover all of your fixed expenses. And that permits you to take more risk with your remaining assets, Vernon says.

Unfortunately, lifetime annuities are not especially attractive nowadays. That's because their returns are based on two factors: current interest rates and the expected duration of the monthly payments. With rates scraping bottom and lifespans lengthening, a $100,000 investment in a joint-life immediate annuity will return $475 per month to a 66-year-old couple who want payments to last for both of their lifetimes, according to ImmediateAnnuities.com. If they wanted the annuity payments to adjust for inflation, the monthly payments in the early years would be lower or the up-front cost would be higher.

One way to avoid locking in too much money at low rates is to buy an immediate annuity now with a portion of your savings and invest more in annuities every few years. Payouts will be higher because you'll be older; they'll also increase if interest rates rise. Another option is a deferred-income annuity, also called longevity insurance: You get heftier payments because you pick a date down the road to begin receiving them (see "Rethinking Retirement," on page 56).

Our hypothetical couple could also delay claiming Social Security, which offers one of the best annuity deals around. After you reach full retirement age, Social Security hikes monthly payouts by 8% for each year you hold off on claiming benefits up to age 70. How does that work for our hypothetical couple with $6,000 in monthly expenses to cover? Assuming that Social Security pays them each $2,000 a month at age 66, the monthly benefit for each would be $2,751 at age 70 if they didn't claim payments until that age. (For more on when to claim benefits, see "Social Security: The Best Path for You," Jan.)

Of course, delaying retirement isn't for everyone. Some people don't want to keep working that long, and if the couple didn't claim Social Security until age 70, they'd have to cover 100% of their $6,000 in monthly expenses from savings and any pensions. But in return for making an "investment" of a little more than $192,000—the $4,000 in delayed monthly benefits multiplied by 48 months, plus cost-of-living adjustments to those payments—they would receive enough added benefits to cover almost all of the gap between income and expenses for the rest of their lives.

As for how to invest the rest of your nest egg, many experts believe that retirees can devote more of their savings to stocks than they think. That's partly because both the bucket and cover-the-basics approaches protect retirees from short-term stock market downturns. And when you have time to wait out declines, you can tolerate more stock market volatility.

The right mix depends on your age, says Catherine Gordon, a strategist at Vanguard Group. At age 66, Gordon says, you can safely invest half of your assets in stocks and the rest in bonds and cash. The stock portion of the portfolio should be divided between domestic and foreign stocks. The bond allocation should include foreign and U.S. debt and be spread among different maturities, though it shouldn't go overboard on long-term bonds.

Reader Poll

How much should a recent retiree have invested in stocks?

Percentage in stocks	Percentage of readers
Less than 30%	9%
30% to 39%	15%
40% to 49%	21%
50% to 59%	27%
60% to 69%	20%
70% or more	8%

SOURCE: POLL SURVEYED 284 *KIPLINGER'S* READERS.

A look at Vanguard's target-date retirement funds—all-in-one funds that become more conservative as you approach the target date—gives you a good idea of the fund giant's ideal allocations. Vanguard Target Retirement 2015 (symbol VTXVX), which is designed for an investor on the cusp of retirement, had 51% of its portfolio in stocks and 45% in bonds at last report.

Vanguard Target Retirement 2010 (VTENX), which is for investors who are five years into retirement, has 37% of its assets in stocks and the rest in bonds and cash. Vanguard Target Retirement Income Fund (VTINX), which is aimed at clients who are 72 or older, has just 30% in stocks and the rest in bonds and cash.

Some advisers advocate a more-aggressive tack. Nick Ventura, a money manager in Ewing, N.J., suggests that retirees hold more in stocks and less in bonds than the amounts suggested by Vanguard's target funds. He says that in today's low-interest-rate environment, retirees should put special emphasis on dividend-paying stocks, including real estate investment trusts. He also thinks investors should keep some money in commodity funds to protect against inflation.

Stanford's Vernon has a simpler approach. Because he assumes that retirees have covered 100% of their fixed expenses through Social Security, annuities and pensions, he suggests that they invest the rest of their money in a traditional balanced fund, which typically has about two-thirds of its assets in stocks and the rest in bonds. Solid choices include Dodge & Cox Balanced (DODBX), FPA Crescent (FPACX) and Vanguard Wellington (VWELX). Crescent, a member of the Kiplinger 25, recently held a modest 48% of its assets in stocks. For ideas on how to put together a retirement portfolio using pure stock and bond funds in the Kip 25, see the box below.

There's no perfect formula, adds Boston College's Webb. Ultimately, you have to figure out how much risk you can tolerate and then create a mix of stocks, bonds and cash that feels comfortable. "You may not be totally right," says Webb, "but you also will never be totally wrong." ■

Kip 25 Portfolios

A Fund Mix for Each Stage of Retirement

These portfolios are made up of members of the Kiplinger 25, the list of our favorite no-load mutual funds (see "The Kiplinger 25 Update," on page 37, for the entire list). The portfolios assume that you'll spend 3% to 4% of your assets yearly.

AGE: 66

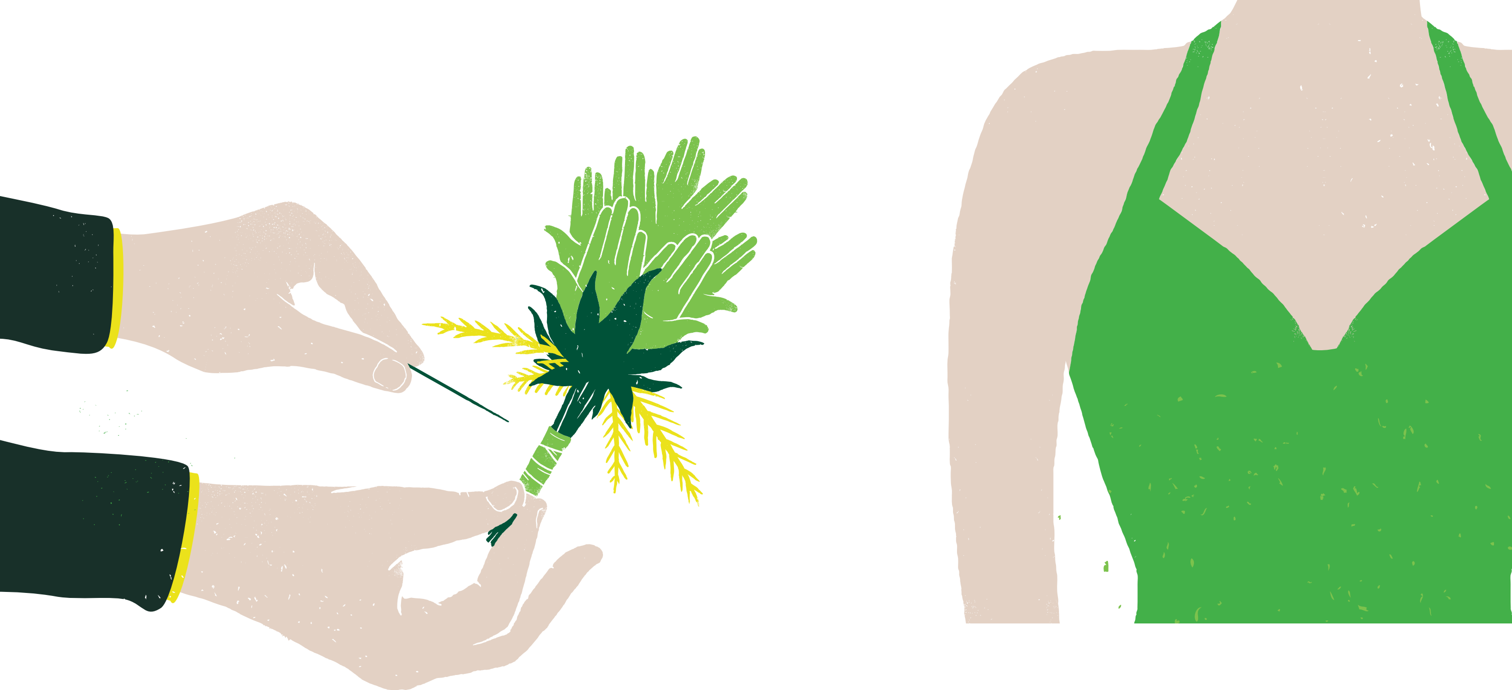
Cash	10%
Fidelity Total Bond	15
Metropolitan West Unconstrained Bond	15
Vanguard Short-Term Investment Grade Bond	5
Dodge & Cox International Stock	10
Fidelity New Millennium	15
Vanguard Dividend Growth	30

AGE: 75

Cash	10%
Fidelity Total Bond	20
Metropolitan West Unconstrained Bond	20
Vanguard Short-Term Investment Grade Bond	10
Dodge & Cox International Stock	10
Fidelity New Millennium	10
Vanguard Dividend Growth	20

AGE: 85

Cash	15%
Fidelity Total Bond	20
Metropolitan West Unconstrained Bond	15
Vanguard Short-Term Investment Grade Bond	15
Dodge & Cox International Stock	10
Fidelity New Millennium	5
Vanguard Dividend Growth	20



Our rollover consultants give you more hand-holding than a junior high prom.

We'll chaperone you through it.

You might not know what to do with your old 401(k)s. And we get that. Our dedicated rollover consultants are here to work with you in combining your retirement assets, including other IRAs, together into one IRA—one that may give you more choices and more control over your retirement investments. Pass the punch.

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All investments involve risk, and successful results are not guaranteed. **Offer valid through 04/30/2015. Funding of $25,000–$99,999 receives $100; funding of $100,000–$249,999 receives $300; and funding of $250,000 or more receives $600.** Cash bonus subject to twelve-month funding-duration condition. See Web site for details and other restrictions/conditions. This is not an offer or solicitation in any jurisdiction where we are not authorized to do business. TD Ameritrade, Inc., member FINRA/SIPC. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

LISE METZGER

“Low rates will induce investors who are less risk-averse to continue to shift into stocks, and that should increase share prices.”

JEREMY J. SIEGEL > Going Long

Dow 20,000? Why Not?

During a recent TV interview, I was asked whether I thought the Dow Jones industrial average could reach 20,000 in 2015. “Most certainly,” I answered—and immediately headlines reported that Siegel was predicting Dow 20,000 for 2015. Of course, saying that the Dow *could* reach 20,000 is about as meaningful as saying that it *could* snow in Central Park in July. Can the Dow really hit that level?

Today’s stock market is certainly not as undervalued as it was in early 2012, when I made the bullish forecast that the Dow could hit 17,000 by the end of 2013, or as in late 2013, when I predicted that the Dow would end 2014 at 18,000. As stock prices near fair market value, the range of possible outcomes increases.

Nevertheless, at 20,000 the Dow stocks would be selling at just 17 times estimated 2015 earnings—only slightly higher than the median price-earnings ratio of 16.4 for these stocks over the past 20 years. Furthermore, earnings estimates for 2015 are only about 5% above 2014 estimates. This modest growth can easily be achieved by adding 2% expected inflation to the 2% to 3% earnings boost caused by stock buybacks. And if economic growth accelerates, earnings could grow much faster.

But if the Dow is to reach 20,000 in 2015, there will have to be an expansion of P/E ratios as well as earnings growth. I believe that P/Es will continue to rise as a result of low interest rates that will persist into the year; interest rates will rise in 2015, but the increases will remain modest by historical standards. That’s because slower economic growth reduces the demand for capital, and because aging baby-boomers like the safety of bonds despite their low yields. Low rates will induce investors who are less risk-averse to continue to shift into stocks, and that should increase share prices.

Plenty of risks. Of course, a lot can go wrong with this bullish scenario. A major terrorist attack on the order of 9/11 (or worse) or a pandemic that turns out to be much worse than the recent Ebola scare is always a possibility. Another risk is a brewing shortage of skilled workers that would push wages and labor costs upward. That could generate inflationary pressures that force the Federal Reserve to raise short-term interest rates earlier and faster than anticipated.

On the international front, there are also risks. Russia’s Vladimir Putin could become more aggressive and begin eyeing the Baltic states and other former Soviet republics. In addition, China might take offense at any further monetary easing by the Bank of Japan that weakens the yen and erodes China’s competitive position. World trade is a linchpin of the global economy, and anything that disrupts trade—sanctions, embargoes, currency wars—could also cause significant economic damage.

Pleasant surprises. But there could also be plenty of unexpected upside in 2015. Labor participation rates could rise, easing fears of a labor shortage, and lower oil prices could revive productivity growth. That would increase the buying power of Americans and propel stocks higher. And wouldn’t it be nice if Congress and the President could agree on legislation to help solve our long-term-deficit problem? But don’t hold your breath; the GOP will probably wait for the 2016 election results.

Stock investors must realize that we have always lived in a world of uncertainty, and it’s no different now. You cannot wait until the sky is completely clear before you invest in the market. Right now, stocks are priced at reasonable levels relative to earnings and are particularly attractive given the returns available elsewhere in the financial markets. The Dow may not reach 20,000 in 2015, but I believe that this bull market still has plenty of room to run. ■

COLUMNIST JEREMY J. SIEGEL IS A PROFESSOR AT THE UNIVERSITY OF PENNSYLVANIA’S WHARTON SCHOOL AND THE AUTHOR OF *STOCKS FOR THE LONG RUN* AND *THE FUTURE FOR INVESTORS*.

■ ATHLETIC-SHOE GIANT NIKE HAS BOOSTED ITS DIVIDEND BY 331% SINCE 2005.

STOCKS»

Seven Great Dow Stocks for Dividends

These blue chips are strong enough to keep boosting payouts as far as the eye can see. BY TOM PETRUNO

WITH THE BULL MARKET APPROACHING ITS sixth anniversary, the tripling of share prices since the financial crisis garners headlines. But don't overlook the power of cash dividends, which over the past 90 years have accounted for roughly 40% of the U.S. stock market's total return. Dividends, and companies that can keep boosting their payments, are particularly important for older investors (see "How to Invest After You Retire," on page 28).

In that spirit, we sought to identify the best dividend stocks in the Dow Jones industrial average. Our analysis focused on two features: a strong track record of dividend increases, plus a business outlook healthy enough to support continued dividend generosity and long-term stock price growth.

Of the 30 companies in the Dow, we came up with seven names. We specifically avoided the Dow's highest yielders because those companies typically have below-average growth prospects. Instead, we chose companies that are well-positioned to boost payouts in the years ahead. Our choices are ranked by the rate of dividend increase over the past five years. For more data, see the table on the next page. Prices and returns are through December 5.

1. UnitedHealth Group (symbol UNH)

The health insurer's stock yields just 1.5%, but since 2009, no Dow member has raised its dividend faster. Its annual payout has rocketed from just 3 cents a share in 2009 to a current $1.50. That includes a rousing 34% hike in 2014. As the dividend has soared, so have the shares—by 259% since mid 2010. Yet despite the advance, the stock, at 16 times estimated 2015 profits, carries the same price-earnings ratio as the overall market.

UnitedHealth serves more than 85 million people worldwide with its various health care businesses. In the U.S., it's the largest managed-care firm, with 40 million members. That means UnitedHealth has a lot to gain (or lose) from the Affordable Care Act. Although the law means more people get access to health care, it also restricts insurers' profitability. Vishnu Lekraj, an analyst at Morningstar, says the law favors the biggest firms because their sheer size means more pricing leverage over doctors and other care providers.

2. Microsoft (MSFT)

For years, Microsoft's rising dividend was practically the only thing shareholders had to celebrate. After the 2000–02 tech-stock crash, the software titan's shares were dead money through 2012. The dividend, however, has nearly quadrupled since 2005.

Over the past two years, the stock has finally revived, soaring 94%. In part, the gain has been fueled by the arrival of a new CEO, Satya Nadella. But the market may also have a new appreciation for the massive cash generated by Microsoft's Windows and Office franchises. That supports dividend growth as Nadella wrestles with how to transform the company for a new era that is much less about PCs and much more about mobile communications and the "cloud" (that is, delivering software and computing via the Internet).

The company continues to be generous with the dividend, hiking it by 11% in September. But to boost the stock price further, Nadella has to persuade investors that he can invigorate a bottom line that has barely budged over the past three years.

3. Home Depot (HD)

Shares of the home-improvement retailer made sense five years ago as a way to bet on a recovery in housing. But many investors may not have expected the bonus of generous dividend increases: The payout has climbed at a 16% annualized rate over the past five years. Home Depot execs "have gotten religion when it comes to dividend growth," says Chuck Carlson, editor of the Big Safe Dividends Web site.

The dividend largesse has been

COURTESY NIKE

possible because of a business makeover engineered by recently retired CEO Frank Blake. He streamlined the retailer's aged supply chain, refocused on customer service and launched the company into e-commerce. Coupled with housing's revival, the result has been record cash flow—and a zooming stock price, up more than 200% since mid 2011. If you expect housing to continue to rebound, the 2,200-store chain is in great position to keep cashing in, boosting its dividend and supporting a not-so-cheap valuation of 19 times estimated earnings.

4. Nike (NKE)

Nike is a case study of how a huge company can continue to grow rapidly while funneling more of its earnings directly to investors. The sports apparel leader had nearly $28 billion in sales for the fiscal year that ended last May. That was twice the level of nine years ago. Net income surged 122% in the same period, to $2.7 billion. Nike's dividend has grown even faster: The payout is up 331% since 2005.

Although many apparel businesses are forever at the mercy of consumers' fashion whims, Nike has come to define high-performance athletic shoes and clothing. In a sense, it's a technology company, for which constant innovation is critical. And its stock, at 26 times estimated earnings, carries a tech-like valuation. But high-quality growth stories rarely come cheaply.

5. 3M (MMM)

With a deeply ingrained culture of innovation, 3M Co. has built itself into one of the world's most diverse manufacturers, producing thousands of industrial and consumer products. The lineup goes far beyond 3M's iconic Scotch tape, extending into air filters, stethoscopes, marine sealants, auto insulation and more. Something else ingrained at 3M is a belief in rewarding shareholders with a growing dividend. The company has raised the payment an average of 11% a year over the past five years. More impressive, 3M has raised its dividend for 56 straight years.

But as attractive as the dividend story is, 3M shares are suitable now only for investors with at least a five- to 10-year time horizon. The reason: The stock trades at 20 times estimated earnings. That's a lofty P/E for a firm whose earnings are predicted to rise by less than 10% in 2015.

6. ExxonMobil (XOM)

Amid a rout in energy stocks as oil prices have plunged, shares of ExxonMobil have held up better than most. In part that reflects the buffer provided by the dividend: At 2.9%, the stock's yield is well above the market average. What's more, Exxon currently pays out less than 45% of its earnings as dividends, allowing ample room for further increases.

Worth noting at a time like this, Exxon has a reputation for being picky about its spending on exploration and development. It focuses on projects that earn robust returns on capital, says Morningstar analyst Allen Good. And although the slump in oil prices is bad for Exxon's production arm, it benefits the firm's refining business because gasoline prices usually fall more slowly than crude prices. At 15 times estimated 2015 profits, Exxon and United Technologies (below) are the cheapest stocks on our list.

7. United Technologies (UTX)

Although the global economy is tepid, United Technologies is involved in two growing areas: aircraft parts and systems, and commercial building. The aircraft business is benefiting as airlines expand and upgrade their fleets. United's Pratt & Whitney unit is a major supplier of jet engines for commercial and military aircraft. The company also produces myriad other aircraft parts, including cabins, landing gear and pressurization systems. But United's biggest division, by sales, is its building and industrial-systems unit, which makes Otis elevators, Carrier air conditioners and other building components. United Technologies stands to gain as mass urbanization worldwide fuels more commercial construction.

In a surprising move, United's CEO retired in November, and chief financial officer Gregory Hayes took the top job. Hayes has worked on the finance side of United since 1999 and is well known on Wall Street. More important for shareholders, United has managed its finances well enough to keep its annual dividend payments rising for 19 consecutive years, including through the past two recessions. ■

Rising Expectations

MODEST YIELDS, ROBUST DIVIDEND GROWTH

These behemoths are ranked by five-year dividend growth rates. Buy the stocks not for current yields but for expectations that future payouts will continue to rise.

Company	Symbol	Recent price	Market value (in billions)	Price-earnings ratio*	Yield	5-year dividend growth rate
UnitedHealth Group	UNH	$100	$96.3	16	1.5%	65.7%
Microsoft	MSFT	48	399.1	16	2.6	19.0
Home Depot	HD	100	131.3	19	1.9	15.9
Nike	NKE	99	85.6	26	1.1	15.7
3M	MMM	162	104.0	20	2.1	10.9
ExxonMobil	XOM	94	397.3	15	2.9	10.4
United Technologies	UTX	111	101.5	15	2.1	8.9

Dividend growth rate is annualized; stocks are listed in order of growth rate. Through December 5, 2014. *Based on estimated earnings for 2015. SOURCES: Thomson Reuters, Yahoo.

ETF SPOTLIGHT

Coping With a Powerful Greenback

With the dollar climbing, a foreign fund that hedges against currency swings rises to the top.

ALTHOUGH FOREIGN STOCKS ARE important for diversifying your portfolio, currency swings can affect their performance. For instance, Americans who invest in Japanese shares when the dollar is weakening relative to the yen will see a boost in returns because investments in yen get translated into more greenbacks. But when the dollar is strengthening, as it has been recently, U.S.–based investors are likely to see their returns diminish. They may think it's time to get out of Dodge (or Toyota, as it were).

Another solution: Take currency out of the equation. That is the goal of **DEUTSCHE X-TRACKERS MSCI EAFE HEDGED EQUITY**. The exchange-traded fund tracks the foreign-stock MSCI EAFE index but uses futures contracts to neutralize the impact of currency fluctuations.

With currency moves off the table, the ETF's return is driven solely by the performance of its stock holdings. "You're investing like a local," says Deutsche ETF strategy head Dodd Kittsley. Over the past year, Hedged Equity has licked iShares MSCI EAFE ETF (symbol EFA), which doesn't hedge, by 8.6 percentage points.

Not surprisingly, investors are flocking to currency-hedged funds. Assets in the Deutsche ETF have more than quintupled over the past year, to $1.3 billion. Just keep in mind that if currency trends reverse course, you may regret owning a fund that doesn't benefit from a drop in the buck. **RYAN ERMEY**

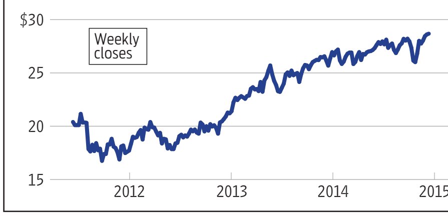
Deutsche X-trackers MSCI EAFE Hedged Equity

Key Facts

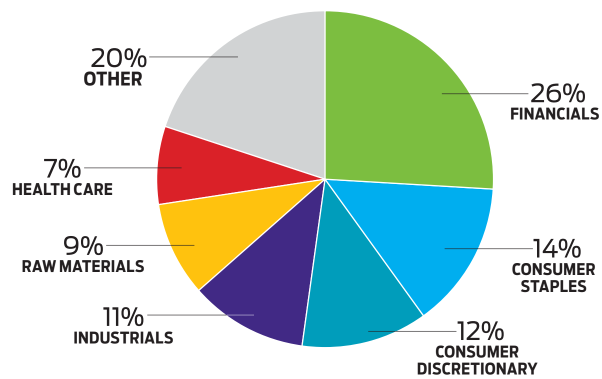
SYMBOL: DBEF
CLOSING PRICE: $29
ASSETS: $1.3 billion
START DATE: June 9, 2011
STOCK HOLDINGS: 911
AVG. PRICE-EARNINGS RATIO: 15*
AVG. MARKET VALUE: $36.7 billion

*Based on estimated earnings.

Performance



Sector Breakdown: Financial stocks lead the way



SOURCES: Deutsche Bank, Morningstar. Sector figures do not add up to 100% because of rounding.

Large Blend Foreign ETFs Ranked by one-year return

Rank/Fund	Symbol	Total return* 1 yr.	3 yrs.	5 yrs.	2011 market correction†	Exp. ratio
1. Deutsche X-trackers MSCI EAFE Hdgd Eq	DBEF	**10.2%**	16.1%	—	—	0.35%
2. iShares MSCI EAFE Minimum Volatility	EFAV	**8.5**	11.4	—	—	0.20
3. PowerShares Intl Dividend Achievers	PID	**6.2**	10.8	8.4%	−19.2%	0.54
4. PowerShares S&P Intl Devel Low Vol	IDLV	**5.8**	—	—	—	0.25
5. WisdomTree Global ex-US Div Growth	DNL	**5.2**	5.0	3.7	−29.1	0.58
MSCI EAFE INDEX		**2.4%**	**12.0%**	**6.2%**	**−23.9%**	

LARGEST DIVERSIFIED INTERNATIONAL STOCK ETFs Ranked by assets

Rank/Fund	Symbol	Assets (billions)	Total return* 1 yr.	3 yrs.	5 yrs.	2011 market correction†	Expense ratio
1. iShares MSCI EAFE	EFA	**$54.1**	1.6%	11.5%	5.6%	−25.3%	0.33%
2. Vanguard FTSE Emerging Markets	VWO	**47.1**	5.3	4.1	2.6	−30.4	0.15
3. iShares MSCI Emerging Markets	EEM	**36.0**	0.9	2.9	1.4	−30.6	0.67
4. Vanguard FTSE Developed Mkts	VEA	**24.1**	1.5	11.6	5.7	−25.9	0.09
5. iShares MSCI Japan	EWJ	**15.9**	0.2	9.8	5.0	−10.8	0.50
MSCI EAFE INDEX			**2.4%**	**12.0%**	**6.2%**	**−23.9%**	

Through December 4, 2014. *Assumes reinvestment of all dividends and capital gains; three- and five-year returns are annualized. †Market correction is from April 29 through October 3, 2011. —Not available; fund not in existence for the entire period. **Expense ratio** is the percentage of assets claimed annually for operating a fund. SOURCE: © 2014 Morningstar Inc.

LISE METZGER

JEFFREY R. KOSNETT > Income Investing

Don't Part With Preferreds

"Following big price run-ups, most income categories are no longer cheap. But neither are they overvalued."

I don't expect interest rates to move much before mid to late summer. When bond yields do bounce, you'll barely notice. Yields on short-term debt might climb a quarter of a percentage point. Rates for long-term Treasury and corporate bonds and mortgage securities might work their way up by a half-point. For income investors, that is a benign outlook.

Yet my in-box is full of dire forecasts that 2015 will mark the beginning of a multiyear climb in rates to pre-2000 levels, when the benchmark 10-year Treasury paid more than 6%. The thinking is that with the U.S. economy improving, demand for credit will grow and the Federal Reserve will have to jack up rates to restrain inflation. I think this reasoning is unpersuasive and merely parrots the classic econ textbook line that rates take off when growth picks up.

But these aren't old-school times. Yields in the U.S. are notably higher than those of other developed countries, and that attracts capital here. The break in oil prices means it's unlikely that inflation will take off. And the economy is showing that it can expand by 3% without creating so much demand for credit that interest rates soar.

For investors, however, things have changed. In the winter of 2013–14, steals and deals were abundant in such categories as municipal bonds, real estate investment trusts and preferred stocks. Today, though, following big price run-ups, most income categories are no longer cheap. But neither are they overvalued.

So what's an income investor to do? Let's ponder the question through the prism of one winning high-yield exchange-traded fund, **ISHARES U.S. PREFERRED STOCK (SYMBOL PFF)**. Thanks to its juicy yield (5.6% today) and the appreciation of many of its holdings, the ETF returned 12.9% in 2014 through December 5. If you're lucky enough to own PFF, it's natural to ask whether you should sell now or stay put.

Because selling high is a basic tenet of successful investing, I wouldn't criticize anyone for lightening up on the ETF. After all, a 13% gain is well above the long-term annual return for *common* stocks, and it's not much less than the 14.5% return in 2014 of Standard & Poor's 500-stock index.

Preferred math. Moreover, opportunities for further appreciation are limited. When I recently cross-referenced the ETF's 331 holdings with the preferred-stock price listings at www.wsj.com, I found that a slew of the preferreds were at their 52-week highs or only pennies short. For example, PFF holds a series of Royal Bank of Scotland preferreds with interest coupons that range from 5.75% to 7.65%; each began 2014 selling at nearly $20 per share, meaning the issues were yielding 7.2% to 9.6%. But by early December, each preferred was trading for more than $24. To duplicate the ETF's 2014 performance in 2015, the Royal Bank preferreds (and others like them) would have to hit $27 or $28. Unless interest rates plunge in the coming year—that's a bet even I wouldn't make—such a development is unlikely.

However, I also wouldn't object if you chose to hang on to the preferred ETF. First, the yield on your actual cost in PFF may be tough to match. If you bought the fund at the start of 2014 for about $37, your annual yield works out to 6.1%, not the 5.6% you would get if you bought today.

Second, a 5.6% current return isn't bad in today's low-yield world. Few mainstream income investments pay much more. The question you should ask yourself is whether 5.6% is fair compensation for the risks you take. Given decent economic growth and the low likelihood of interest rates jumping significantly, preferreds will probably hold their own in the coming year. So if you don't want to sell PFF, you don't have to. ■

SENIOR EDITOR JEFF KOSNETT IS ALSO THE EDITOR OF *KIPLINGER'S INVESTING FOR INCOME*, A MONTHLY NEWSLETTER THAT FOCUSES EXCLUSIVELY ON THIS TOPIC.

THE KIPLINGER 25 UPDATE

A New Manager Brings New Tricks

A CHANGING OF THE GUARD took place at T. Rowe Price Small-Cap Value in mid 2014, when longtime manager Preston Athey retired and handed over stewardship of the fund to David Wagner. The transition occurred in the middle of a year in which small-capitalization stocks badly trailed their large-cap brethren. Making matters worse, Small-Cap Value trailed its benchmark, the Russell 2000 index, by five percentage points over the past 12 months.

Historically, the fund has held up better than its bogey during rough patches. In 2011, for example, when the Russell 2000 registered a loss of 4%, Small-Cap Value was basically flat. Is the recent lag related to the management change? Wagner says he did some "soul-searching" and concluded that the answer was no.

The fund's strategy of investing in undiscovered cheap stocks remains unchanged. Wagner says the explanation for the past year's disappointing results goes back to his company-by-company approach to stock picking. That can lead to excessive weightings in stocks that are sensitive to developments in one industry or another.

And that was precisely what cost the fund in 2014. For starters, Small-Cap Value had 6% of its assets in energy stocks as of June 30, not long before oil prices started to plunge. But other holdings also proved energy-sensitive, says Wagner. Among them was barge operator Kirby Corp., which transports tankers filled with petroleum products, among other things. "It's a fantastic, well-managed company," says Wagner, but the drop in oil prices sent Kirby shares reeling nearly 30% in less than three months toward the end of 2014. The fund also took a hit when sluggish housing demand dragged down its housing-related holdings, including builders M/I Homes and Meritage, furniture maker and retailer Ethan Allen Interiors, and Dixie Group, a maker of floor coverings for manufactured homes.

Wagner has instituted new processes to identify sector sensitivity in the portfolio. He has also trimmed holdings that have climbed, such as Greenbrier Cos., a manufacturer of rail cars whose stock more than doubled between January and September of 2014. He used the proceeds to buy shares of clobbered energy stocks. "The values have become so desirable," says Wagner. **NELLIE S. HUANG**

REACH YOUR GOALS: TO SEE PORTFOLIOS USING THESE FUNDS, GO TO KIPLINGER.COM/LINKS/PORTFOLIOS.

U.S. Stock Funds	Symbol	Total return* 1 yr.	3 yrs.	5 yrs.	10 yrs.	Added to Kip 25
Akre Focus Retail	AKREX	16.4%	21.4%	18.8%	—	Dec. 2009
Artisan Value	ARTLX	7.7	14.0	12.4	—	May 2012
Baron Small Cap Retail	BSCFX	4.7	17.1	15.6	8.5%	Dec. 2007
Davenport Equity Opps	DEOPX	17.4	21.4	—	—	May 2014
Dodge & Cox Stock	DODGX	16.0	24.1	16.0	7.5	May 2008
Fidelity New Millennium	FMILX	12.6	19.4	16.4	10.0	May 2014
Homestead Small-Co Stock	HSCSX	9.9	19.7	18.9	11.2	May 2012
Mairs & Power Growth	MPGFX	12.7	21.6	16.5	8.6	Jan. 2013
Parnassus Mid Cap	PARMX	15.6	18.7	15.9	—	Aug. 2014
T. Rowe Price Sm-Cap Value	PRSVX	1.7	15.3	14.8	8.3	May 2009
Vanguard Dividend Growth	VDIGX	16.9	18.5	14.8	9.4	May 2010
Vanguard Selected Value	VASVX	11.2	20.4	16.4	9.6	May 2005
International Stock Funds	**Symbol**	**Total return* 1 yr.**	**3 yrs.**	**5 yrs.**	**10 yrs.**	**Added to Kip 25**
Cambiar Intl Equity	CAMIX	0.1%	11.7%	8.0%	5.8%	May 2014
Dodge & Cox Intl Stock	DODFX	9.3	15.8	8.7	7.5	May 2005
Harding Loevner Emrg Mkts	HLEMX	4.1	7.7	5.3	9.8	May 2013
Matthews Asian Gro & Inc Inv	MACSX	1.3	9.5	7.5	9.2	Aug 2013

Specialized/ Go-Anywhere Funds	Symbol	Total return* 1 yr.	3 yrs.	5 yrs.	10 yrs.	Added to Kip 25
FPA Crescent	FPACX	9.8%	12.9%	10.8%	8.6%	Oct. 2008
Merger	MERFX	2.1	2.9	2.8	3.6	June 2007
Bond Funds	**Symbol**	**Total return* 1 yr.**	**3 yrs.**	**5 yrs.**	**10 yrs.**	**Added to Kip 25**
DoubleLine Total Return N	DLTNX	5.8%	5.0%	—	—	May 2011
Fidelity Intermed Muni Inc	FLTMX	6.6	3.7	4.0%	4.1%	May 2004
Fidelity New Markets Income	FNMIX	7.8	6.3	7.5	8.5	May 2012
Fidelity Total Bond	FTBFX	5.2	3.8	5.3	5.2	May 2014
Met West Unconstrained Bd M	MWCRX	3.7	7.4	—	—	May 2013
Osterweis Strategic Income	OSTIX	2.7	5.9	6.5	6.5	May 2013
Vanguard Sh-Tm Inv-Grade	VFSTX	1.7	2.5	2.8	3.6	May 2010
Indexes		**Total return* 1 yr.**	**3 yrs.**	**5 yrs.**	**10 yrs.**	
S&P 500-STOCK INDEX		**18.7%**	**20.8%**	**15.8%**	**7.9%**	
RUSSELL 2000 INDEX†		**6.7**	**18.2**	**16.0**	**7.7**	
MSCI EAFE INDEX#		**2.8**	**11.6**	**6.2**	**5.5**	
MSCI EMERGING MARKETS INDEX		**1.5**	**3.6**	**2.8**	**9.5**	
BARCLAYS AGGREGATE BOND INDEX‡		**5.3**	**2.7**	**4.2**	**4.7**	

Through Dec. 5, 2014. *Three-, five- and ten-year returns are annualized. —Not available; fund not in existence for the entire period. †Small-company U.S. stocks. #Foreign stocks. ‡Tracks high-grade U.S. bonds.

KATHY KRISTOF > Practical Investing

5 Lessons From My Winners

"Lesson three: When Wall Street leaves a company for dead, stop to check its pulse."

I've spent the past few months discussing some of the errors I've made in my Practical Investing portfolio, so I thought it might be time to talk about a few of my winners. This exercise isn't just to massage my bruised ego (although it does feel a lot better than berating myself for missteps). Investors can learn from both wise and unwise moves. Periodically reviewing your decisions—and thinking about what, if anything, you would do differently—can help you become a better investor.

Four of my stocks have more than doubled since I bought them: **APPLE (SYMBOL AAPL, $115, 110% TOTAL RETURN)**, **MICROSOFT (MSFT, $48, 106%)**, **SEAGATE TECHNOLOGY (STX, $66, 217%)** and **SPIRIT AIRLINES (SAVE, $84, 503%)**. A fifth, Lockheed Martin (LMT), would also have been a big winner had I not sold it too soon. (All prices and returns are as of December 5.)

Why did I buy these stocks? With Apple and Microsoft, the lure was cash. Both companies are loaded with the green stuff and continue to add to their treasuries. Businesses that are flush with cash can repay debt, make acquisitions, pay dividends and buy back stock. I invested in Apple and Microsoft a few months after I recommended both in an August 2011 *Kiplinger's* story called "Cash-Rich Stocks to Buy Now." *Lesson one: Cash is king.*

I discovered Spirit while writing a story for the Web site in July 2011 about the risks of buying initial public offerings (kiplinger.com/links/ipo). Spirit was one of three then-recent IPOs recommended in that story. Its stock didn't get caught up in a first-day buying frenzy, probably because Wall Street hated airline stocks at the time. But Spirit was profitable and growing rapidly, so three months after we posted the article I bought 723 shares for $13.96 apiece, a couple of bucks above the IPO price. Wall Street now loves airline stocks, and Spirit is my biggest winner. *Lesson two: Wall Street is fickle. Keep your own counsel.*

I wrote about Seagate in a July 2012 article titled "An Old Tech Lion Roars Back." The piece noted that the disk-drive maker's shares were selling for a "ludicrously low" 3.2 times projected earnings. A nearly invisible price-earnings ratio is often a sign that a company is in deep trouble, or at least that earnings estimates are overly optimistic. But in this case, Wall Street seemed to be channeling junior high kids who were bored with "old tech."

To be sure, 75% of Seagate's sales were tied to personal computers, a business that Wall Street has declared dead. And the firm's ability to tap the cloud storage market was not yet established. But as I mulled the market's dismal prognosis, I was creating vast amounts of data, including pictures and videos, that I wanted to store. So I bought a new hard drive—and about a month after the article appeared, I picked up 435 shares of Seagate for $23.11 apiece. *Lesson three: When Wall Street leaves a company for dead, stop to check its pulse.*

Premature sale. Lockheed entered my portfolio a month after I recommended it in a December 2011 article titled "8 Blue Chips to Buy Now." Despite a near government shutdown and constant battles over the federal budget, which create uncertainty about defense spending, Lockheed shares climbed 25% in the 13 months after I bought them. At that point, I sold because I thought I could do better elsewhere. Bad move. Since I bailed, the stock has soared 98%. *Lesson four: When you own a great company, ignore temporary setbacks. Buy and hold.*

My untimely sale of Lockheed wasn't a total bust. I used some of the proceeds to buy an additional 105 shares of Apple at $60 apiece (the figures are adjusted for a recent seven-for-one split). I've made 92% on those shares, but I would have done better had I just held on to Lockheed. *Lesson five: When it comes to trading, less is better.* ■

KATHY KRISTOF IS A CONTRIBUTING EDITOR TO *KIPLINGER'S PERSONAL FINANCE* AND AUTHOR OF THE BOOK *INVESTING 101*.

LISE METZGER

FUND SPOTLIGHT

A Dividend Fund Charges to the Top

Helped by energy-related partnerships, this young fund has delivered stellar results.

IT PAYS TO INVEST IN COMPANIES THAT regularly boost their dividends. But you don't have to follow strict rules to succeed, as Paul Dlugosch and Scott Moore, the managers of **BUFFALO DIVIDEND FOCUS**, have shown. Over the past year, their two-year-old fund has bested Standard & Poor's 500-stock index by eight percentage points.

Dlugosch and Moore focus on steady dividend raisers. But unlike some investors who employ a similar strategy, they don't demand a certain number of years of consecutive payout boosts. The managers start with U.S.-traded stocks with a market value of at least $1 billion and a minimum yield of 2.0%—about 800 firms in all. They then home in on bargain-priced companies that have a strong competitive edge in their industry and that generate enough cash profits to support—and boost—dividends over time. The resulting portfolio includes companies that have only recently begun to pay dividends, such as Apple, and firms that have been sharing the wealth for decades, such as General Mills.

Much of the fund's success has been fueled by its stake in energy-related master limited partnerships, says Moore. These partnerships typically own oil refineries, pipelines and other infrastructure. Shares of two holdings, Phillips 66 Partners and EQT Midstream Partners LP, both of which own and operate oil and gas pipelines, returned 96% and 68%, respectively, over the past year. **KAITLIN PITSKER**

LARGE BLEND FUNDS Ranked by one-year returns

Rank/Name	Symbol	Total return through Dec. 5* 1 yr.	3 yrs.	5 yrs.	Max. sales charge	Exp. ratio	Toll-free number
1. Buffalo Dividend Focus	BUFDX	26.3%	—	—	2.00%r	0.93%	800-492-8332
2. Nuveen Concentrated Core A@	NCADX	25.4	—	—	5.75	1.22	800-257-8787
3. TCW Concentrated Value N@	TGFVX	24.7	23.2%	14.6%	none	1.14	800-248-4486
4. Nuveen Large Cap Core A@	NLACX	23.9	—	—	5.75	1.17	800-257-8787
5. Nuveen Large Cap Core Plus A@	NLAPX	22.7	—	—	5.75	1.80	800-257-8787
6. Baird LargeCap Inv@	BHGSX	21.8	18.7	15.4	none	1.00	800-792-2473
7. Franklin Focused Core Equity A@	FCEQX	21.6	20.0	15.0	5.75	1.22	800-632-2301
8. JPMorgan US Research Equity Plus A@	JEPAX	21.5	22.1	—	5.25	1.25	800-480-4111
9. PNC Large Cap Core A@	PLEAX	21.3	18.0	14.9	5.50	1.11	800-622-3863
10. JPMorgan Intrepid America A@	JIAAX	20.9	22.2	16.0	5.25	1.04	800-480-4111
CATEGORY AVERAGE		15.9%	19.2%	14.3%			

20 LARGEST STOCK MUTUAL FUNDS Ranked by size

Rank/Name	Symbol	Assets† (billions)	Total return through Dec. 5* 1 yr.	3 yrs.	5 yrs.	Max. sales charge	Toll-free number
1. Vanguard Total Stock Market Idx Inv@	VTSMX	$329.2	17.1%	20.5%	16.0%	none	800-635-1511
2. Vanguard 500 Index Inv@	VFINX	171.0	18.5	20.6	15.7	none	800-635-1511
3. American Growth Fund of America A@	AGTHX	145.7	14.7	20.5	14.0	5.75%	800-421-0180
4. Vanguard Total Intl Stock Idx Inv@	VGTSX	131.2	2.4	9.2	4.8	none	800-635-1511
5. American EuroPacific Growth A@	AEPGX	125.6	4.6	11.9	6.2	5.75	800-421-0180
6. Fidelity Contrafund@	FCNTX	111.1	14.4	19.1	15.6	none	800-343-3548
7. American Capital Income Builder A@	CAIBX	98.2	11.6	12.1	9.2	5.75	800-421-0180
8. American Income Fund of America A@	AMECX	97.9	12.9	13.9	11.5	5.75	800-421-0180
9. Franklin Income A@	FKINX	94.3	7.2	11.4	10.0	4.25	800-632-2301
10. Vanguard Wellington@	VWELX	89.5	13.2	14.5	11.4	none	800-635-1511
11. American Capital World Gro & Inc A@	CWGIX	89.3	11.0	16.4	9.5	5.75	800-421-0180
12. Fidelity Spartan 500 Index Inv@	FUSEX	84.4	18.6	20.7	15.7	none	800-343-3548
13. American Balanced A@	ABALX	79.9	12.5	15.0	12.3	5.75	800-421-0180
14. American Washington Mutual A@	AWSHX	77.9	16.3	19.0	15.2	5.75	800-421-0180
15. American Invstmt Co of America A@	AIVSX	77.4	18.7	20.5	13.9	5.75	800-421-0180
16. American Fundamental Inv A@	ANCFX	72.9	15.0	19.1	13.9	5.75	800-421-0180
17. Dodge & Cox International Stock	DODFX	66.5	9.3	15.8	8.7	none	800-621-3979
18. Dodge & Cox Stock	DODGX	60.3	16.0	24.1	16.0	none	800-621-3979
19. American New Perspective A@	ANWPX	58.3	9.5	16.5	11.0	5.75	800-421-0180
20. BlackRock Global Allocation A@	MDLOX	57.3	6.2	8.5	6.6	5.25	800-441-7762
S&P 500-STOCK INDEX			18.7%	20.8%	15.8%		
MSCI EAFE INDEX			2.8%	11.6%	6.2%		

*Annualized for three and five years. @Rankings exclude share classes of this fund with different fee structures or higher minimum initial investments. †For all share classes combined. rMaximum redemption fee. MSCI EAFE index consists of developed foreign stock markets. SOURCES: © 2014 Morningstar Inc., Vanguard.

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RETURNS FOR THOUSANDS OF FUNDS ONLINE

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EXPLANATION OF TERMS

Total return assumes reinvestment of all dividends and capital gains; three- and five-year returns are annualized. Returns reflect ongoing expenses but not sales charges.

Maximum sales charge A figure without a footnote means the commission is deducted from the money you send to the fund. A figure with an *r* is the maximum redemption fee charged when you sell shares. Funds that charge both sales and redemption fees are footnoted with an *s* next to the front-end load.

Expense ratio is the percentage of assets claimed annually for operating a fund.

» MONEY

PRINCETON, UNC-CHAPEL
LL AND SWARTHMORE TOP
IS YEAR'S LISTS.

Kiplinger's

Best COLLEGE VALUES 2015

Our new combined rankings show how public and private colleges stack up against each other. The top school: Princeton University. **BY SANDRA BLOCK**

THE SEEMINGLY UNSTOPPABLE RISE IN THE COST OF higher education slowed last year, but make no mistake: It still costs a boatload of money to send a child to college. Just how big a boat you'll need depends on how you navigate the college search. Your cost depends on the type of school your child attends, your eligibility for financial aid, the kind of financial aid the school offers and the school's sticker price—that is, what you'll pay if you don't get any aid at all. // With so many variables, it's crucial to start by looking at the universe of

See full rankings, research/compare colleges at **kiplinger.com/links/college**

colleges, and not limit yourself to just private or just public schools. We make it easy for you. This year, for the first time, *Kiplinger's* presents a combined ranking of colleges as well as our separate rankings of best values in private and public schools. Also for the first time, we present the public-school rankings (which we've been publishing since 1998) and private-school rankings (published since 1999) in a single issue so you can compare the lists side by side.

All the schools in our rankings meet our definition of value—a quality education at an affordable price. For quality, we measure admission rate, test scores of incoming freshmen and student-to-faculty ratio (see "How We Rank the Schools," on page 46). On the financial side, we base our public-school rankings on in-state costs, as always, but for the combined list, we use costs for out-of-state students, the better to represent the choice students face when comparing private schools and out-of-state public schools. Each list factors in the schools' generosity in offering financial aid.

Another important change from previous years: Our rankings now measure only four-year graduation rates. That change penalizes schools with a high percentage of students that graduate in five or six years, but it's based on simple math: The faster your child graduates, the less money you'll spend on his or her education.

Because private schools typically offer more-generous financial aid and have a better graduation rate than public colleges, they dominate the top spots on our combined list. And all but a smattering of schools meet full need, meaning you won't be scrambling to fill a gap between your expected family contribution and the amount of financial aid you receive (although loans may be part of the deal).

THE ENVELOPE, PLEASE

The number-one value on our combined list: Princeton University. The generous financial aid package offered by this Ivy League institution helps put it in the top spot, as do its tough admission standards (only 7% of applicants get in) and its six-to-one student-to-faculty ratio. Princeton also leads our list of private universities, as it has twice before.

For liberal arts colleges, ranked separately from private universities to account for their different missions, Swarthmore returns to the head of the class, making it a five-time winner. The small school, outside Philadelphia, has a low student-faculty ratio, high test scores among incoming freshmen and an average need-based aid award that brings the cost for students who qualify to about one-third of the sticker price.

The University of North Carolina at Chapel Hill tops the public-school rankings for the 14th straight time and is also number one for best out-of-state value; it's number 22 on our combined list. Carolina's top-notch academics along with strong financial aid—the average net price for in-state students after need-based aid is a bargain at $6,332—contribute to its success.

Lately, however, Carolina's reputation has been tainted by the revelation that over 18 years, hundreds of student athletes received inflated grades or credit for nonexistent courses. Many athletes were "steered" to bogus classes by academic counselors. "This scandal is devastating to us," says chancellor Carol Folt. So how can the school remain atop our list? "Our rankings live and die by the numbers," explains *Kiplinger's* editor Janet Bodnar. "And the scandal didn't affect the overall academic quality and value that we measure."

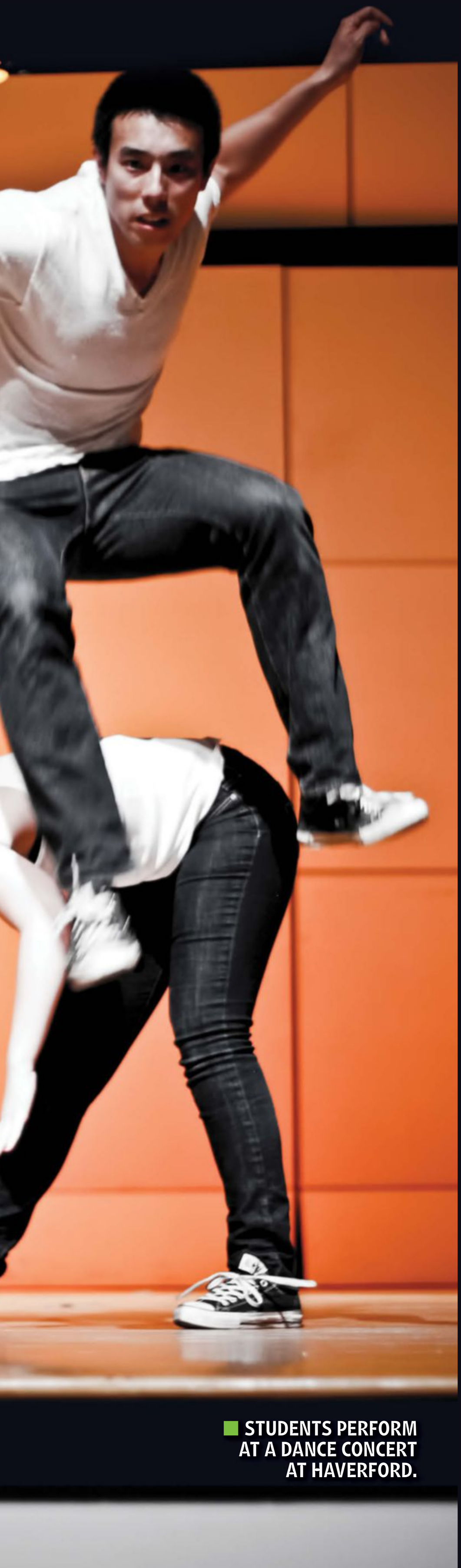
FACTOR IN FINANCIAL AID

In 2014–15, the average sticker price for an in-state, four-year public institution, including tuition, fees, and room and board, rose 3%, to $18,943 a year, according to the College Board. The average published price for a four-year private nonprofit college or university rose 3.6%, to $42,419 a year.

The majority of families, though,

COURTESY HAVERFORD COLLEGE

PAGES 40-41 FROM LEFT: COURTESY PRINCETON UNIVERSITY; THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL; SWARTHMORE COLLEGE



STUDENTS PERFORM AT A DANCE CONCERT AT HAVERFORD.

The Quaker Connection

Four Schools for the Price of One

IT'S LUNCHTIME AT HAVERFORD COLLEGE, AND BACKPACKS ARE STREWN INSIDE the entrance to the dining center, a cozy spot that feels more like a ski lodge than a cafeteria. In the library, laptops sit unattended while their owners dash out for a bite to eat. Every bit of life on campus, from the unattended belongings to the un-proctored, self-scheduled final exams, reflects the school's student-run honor code and Quaker tradition, both of which emphasize trust and mutual respect.

This small liberal arts college (number four on our liberal arts rankings and number eight on our combined list), located on a 216-acre campus just eight miles west of Philadelphia, attracts stellar students. More than half of incoming freshmen score 700 or higher on the verbal or math portion of the SAT. A nine-to-one student-faculty ratio means students get plenty of face time with their professors. And an impressive 91% of students (the second-highest on our combined list) graduate in four years—with every student completing a senior thesis. Many students have their work published before graduation.

Perhaps the nearly $63,000 sticker price per year of a Haverford education gives you, well, sticker shock. But generous need-based aid awards bring the average cost of attendance to about $22,000 a year. And the average debt of students who borrow (only about 30%) is $14,110, compared with the national average of $27,300.

That's owing, in large part, to the school's loan policy: Loans aren't included in the financial aid packages of students whose families earn less than $60,000 per year (see the box on page 44). And for families who do earn more, the loan portion of the school's financial aid awards tops out at $3,000 per year (some families borrow more on their own). "We don't want debt to be an obstacle to the career aspirations that our graduates have," says president Dan Weiss. For indebted graduates, including those who select less-lucrative careers, Haverford recently announced a debt-relief program that will provide funds for up to three years to those struggling with repayment.

Because Haverford is one of four schools in the Quaker Consortium, students may take classes at nearby Swarthmore College and Bryn Mawr College (numbers 1 and 37 on our liberal arts list, respectively). For classes that aren't offered by those three schools, students can take a 20-minute train ride to Philadelphia for classes at the University of Pennsylvania (number 11 on our list of private colleges). "It's just mind-blowing to have access to an Ivy League school like Penn," says Haverford senior Ming-Fui Chai.

With nearly 10,000 undergraduates, the University of Pennsylvania boasts an impressive six-to-one student-faculty ratio and an 88% four-year graduation rate. The highly selective university admits only 12% of applicants—but for those who get in, Penn offers generous need-based aid (the average award is more than $38,000) and doesn't include loans as part of a student's financial aid package.

The school's urban campus is part of the city of Philadelphia but doesn't lose its collegiate vibe as students hustle down tree-lined Locust Walk on the way to class, careful to avoid walking across the compass rose on the sidewalk (tradition has it that doing so leads to poor exam grades). For the past six years, Penn has kept tuition hikes below 4% while funding campus improvements—including the 24-acre Penn Park, a public green space bordered by the Schuylkill River and leading to downtown Philadelphia. **KAITLIN PITSKER** don't pay those amounts, and the aid they receive can vary significantly. At Princeton, for example, 40% of this year's freshman class, or 520 students, will pay the full sticker price: $59,165. Among the remaining 60%, 460 students will pay a net price of between zero and $15,000, and 320 will pay between $15,000 and $54,000, says Robin Moscato, director of financial aid.

In 2001, Princeton became the first university to introduce a no-loan policy, which means its financial aid package consists entirely of grants (for more on no-loan policies, see the box on this page). About one-fourth of students still borrow, but their average debt at graduation is about $5,600, the lowest on all our lists.

All of the schools at the top of our rankings provide strong financial aid packages, often involving no-loan or low-loan deals. For students who qualify, such packages can make an elite private institution affordable, even compared with a public school—which is why it's important to look beyond the sticker price. Alyssa Johncola, a senior at the University of Pennsylvania and the daughter of two Philadelphia police officers, says she's paying less to attend the Ivy League school than she would have paid to attend Penn State, Pennsylvania's largest public university. "I didn't even know about Penn until my high school adviser told me to apply," she says.

Another way to trim the tab is to make sure your child graduates in four years. All of the schools at the top of our combined list have four-year graduation rates that are well above the average of 33% for public schools and 53% for private schools. At Haverford College, number eight on our combined list and number four on our liberal arts list, 91% of students get their undergraduate degree in four years. Pomona College, number nine on our combined list, is located on a picture-postcard campus facing California's San Gabriel Mountains, but students don't hang around to admire the view: 93% earn their degree in four years.

As for public institutions, here, too, our top-ranked schools do a fine job of propelling students into the workplace. The University of Virginia, which ranks second for in-state and out-of-state public schools, has an 86% four-year grad rate, the highest on the list. The University of North Carolina at Chapel Hill ushers 81% of undergraduates out the door in four years.

MORE WAYS TO FIND VALUE

Some of the best values for your family may be out-of-state public colleges and universities, particularly if your own state's schools aren't a good fit for your child and you don't expect much financial aid. UNC–Chapel Hill's sticker price for out-of-state students is $45,494, a bargain compared with the $61,878 sticker price of nearby Duke University, a top private school (number 10 on our combined list).

If you do expect financial aid, the value offered by our top-ranked public schools for out-of-state students gets even better: The average cost at UNC–Chapel Hill for those students after need-based aid is $31,414. The University of Virginia's average cost for out-of-state students who qualify for need-based aid is $35,071, compared with a sticker price of $53,706. The State University of New York at Geneseo, number three among public colleges for out-of-state value, charges an average of $24,349 for out-of-state students who receive need-based aid—but even without financial aid, SUNY Geneseo is an out-of-state bargain, at $29,942.

Suppose you don't qualify for need-based aid but you aren't managing a successful hedge fund, either. If your child is a high achiever, he or she may still qualify for merit aid. Although none of the Ivies offer merit-based aid, several institutions at the top of our private-school rankings do. Washington and Lee University, number two on our liberal arts list, offers merit aid to 13% of students who don't qualify for need-based aid, with an average scholarship of about $35,000.

Public universities also offer merit aid that lowers the cost of tuition for eligible students. The University of Virginia offers merit aid to 13% of students without need, and Truman State (number 12 for out-of-state value) offers aid to an impressive 60%. ■

Student Debt

No-Loan Policies Pay Off

IN 2001, PRINCETON UNIVERSITY ANNOUNCED THAT STUDENTS WHO WERE accepted would receive 100% of their financial aid in the form of scholarships and grants. Loans were off the table. Since then, about six dozen schools have adopted "no loan" financial aid programs, including the top 10 on our combined list of public and private colleges and universities. Some schools, such as Haverford College, limit their no-loan programs to families who earn less than $60,000 a year. Others, such as Princeton and Yale University, extend the program to all students who receive financial aid.

The programs don't eliminate loans altogether. At most no-loan schools, financial aid packages include earnings from a work-study program. If students decide not to work, they may need to borrow to make up the difference. Some students also borrow to cover costs that aren't covered by their financial aid packages. In addition, the financial aid package is based on the school's estimate of what the family can afford to pay. That means some families must borrow to make up the difference.

At Penn, the no-loan policy has enabled the school to enroll students who would have otherwise ruled out an Ivy League education, says University of Pennsylvania provost Vincent Price. "If this school is beyond your means, we will sort it out," says Price.

Using the Tables

HOW WE RANK THE SCHOOLS

THE FORMULA

55% QUALITY MEASURES

45% FINANCIAL MEASURES

TO COME UP WITH our best values, we start with data on nearly 1,200 public and private four-year schools provided by Peterson's, then add our own reporting. We narrow the list based on measures of academic quality. We then rank each school using cost and financial aid measures. Quality criteria account for 55% of total points, and cost criteria account for 45% (in the explanations below, criteria in boldface appear in the tables). For 2015, for the first time, we include a combined list of the 50 best values in private liberal arts colleges, private universities and public colleges to show how the top schools in each of the three categories stack up against each other. We also include our rankings of the top 50 private universities, top 50 liberal arts colleges and top 100 public universities. (For the top 100 schools in each category, visit kiplinger.com/links/college.)

COMPETITIVENESS

In this category, we include **admission rate** (the percentage of applicants offered admission) and yield (the percentage of students who enroll out of those admitted). The first number demonstrates the selectivity of the school, and the second shows its ability to compete with other schools for accepted applicants. We also consider the percentage of incoming freshmen who are **high scorers on the SAT or ACT**, because high achievers enhance the academic atmosphere.

GRADUATION RATES

On the quality side, our rankings give the most weight to the **four-year graduation rate** to reward colleges that help students get undergraduate degrees on time and within budget.

ACADEMIC SUPPORT

Freshman retention rate shows the percentage of students who return for their sophomore year, an indication of how successful the college is in keeping them on track. **Students per faculty**—the average number of students per faculty member—is another measure of how well each college fulfills its academic mission.

COST AND FINANCIAL AID

To evaluate costs, we give the most points to schools with the lowest **total cost** (tuition, fees, room and board, and books). In the combined rankings, we use out-of-state costs for the public schools to provide an apples-to-apples comparison with private schools. In the public-school rankings, we rank the schools according to in-state costs and calculate out-of-state costs separately for the out-of-state rank.

We then add points to schools that reduce the price through **need-based aid** (grants but not loans) and to those that knock down the price through **non-need-based aid**. Some schools fail to cover the gap between expected family contribution and the aid they provide. We reward schools with the highest **percentage of need met**, and we give points to schools based on the percentage of students without need who receive non-need-based aid.

STUDENT INDEBTEDNESS

Schools that keep down **average debt at graduation** deserve extra points, and we reward them accordingly. We also factor in the **percentage of students who borrow**. The lower the number, the better the score.

Kiplinger.com

MORE TOP SCHOOLS

For a sortable list of top public and private colleges, visit kiplinger.com/links/college.

Additions and exclusions

Our rankings focus on traditional four-year schools with broad-based curricula, along with student housing. This year we've included schools in the City University of New York (CUNY) system, which has introduced on-campus student housing in recent years, in our public-school rankings.

Schools that offer great value but focus on special or narrow academic programs, such as the military service academies, are excluded. For our public-college rankings, Cornell University, best known as a member of the Ivy League, is another exception. It has three land-grant state schools, each of which costs about $31,000 a year for in-state tuition and fees; these schools have been omitted from the public list because the majority of schools at Cornell are part of the privately endowed university.

Schools we couldn't rank

In our continuing effort to provide the most accurate and complete data available, we have excluded schools that did not supply us with all the data required to accurately calculate their ranking. Here are the schools, listed in alphabetical order:

Allegheny College, Meadville, Pa.

Bard College, Annandale-on-Hudson, N.Y.

Baylor University, Waco, Tex.

California Polytechnic State University, San Luis Obispo

Catholic University of America, Washington, D.C.

Columbia University, New York, N.Y.

Concordia College, Moorhead, Minn.

Denison University, Granville, Ohio

Ithaca College, Ithaca, N.Y.

Moravian College, Bethlehem, Pa.

Northeastern University, Boston, Mass.

Shimer College, Chicago, Ill.

Simmons College, Boston, Mass.

Wagner College, Staten Island, N.Y.

Worcester Polytechnic Institute, Worcester, Mass.

MARC A. WOJNO, KAITLIN PITSKER AND DAVID KUCHLER HELPED COMPILE THIS DATA.

The Kiplinger Top 50

ALL COLLEGES		QUALITY MEASURES					FINANCIAL MEASURES						
Rank	Name	Under-grad. enroll.	Admission rate	Freshman retention rate	Students per faculty	4-yr. grad. rate	Total cost	Avg. cost after need-based aid	% of need met	Avg. cost after non-need-based aid	% of students need aid*	% of students non-need aid†	Avg. debt at grad.
1	**Princeton University**, Princeton, N.J.	5,323	7%	99%	6	88%	$59,165	$21,982	100%	$59,165	58%	0%	$5,552
2	**Yale University**, New Haven, Conn.	5,430	7	99	6	90	60,850	16,582	100	60,850	52	0	13,009
3	**Swarthmore College**, Swarthmore, Pa.	1,534	14	96	8	89	60,840	22,139	100	24,106	50	1	19,338
4	**Washington and Lee University**, Lexington, Va.	1,855	18	97	8	86	58,062	18,212	100	23,002	41	13	21,538
5	**Wellesley College**, Wellesley, Mass.	2,474	29	96	7	87	59,838	20,463	100	59,838	58	0	14,030
6	**Harvard University**, Cambridge, Mass.	6,722	6	97	7	86	59,607	17,632	100	59,607	61	0	12,560
7	**Rice University**, Houston, Tex.	3,965	17	98	6	79	54,766	20,201	100	42,933	41	25	17,856
8	**Haverford College**, Haverford, Pa.	1,187	23	98	9	91	62,758	21,634	100	62,758	51	0	14,110
9	**Pomona College**, Claremont, Calif.	1,612	14	97	8	93	61,432	17,946	100	61,432	53	0	13,441
10	**Duke University**, Durham, N.C.	6,646	12	97	7	87	61,878	22,603	100	42,055	45	23	18,456
11	**Amherst College**, Amherst, Mass.	1,785	14	98	8	90	62,206	16,602	100	62,206	60	0	15,466
12	**Vassar College**, Poughkeepsie, N.Y.	2,477	24	95	8	90	62,090	20,441	100	62,090	62	0	16,365
13	**Bowdoin College**, Brunswick, Maine	1,795	15	97	9	88	60,400	20,375	100	59,400	45	7	21,292
14	**Williams College**, Williamstown, Mass.	2,077	18	98	7	90	61,870	19,305	100	61,870	51	0	12,474
15	**Vanderbilt University**, Nashville, Tenn.	6,835	13	97	8	87	60,294	20,921	100	36,505	48	19	20,303
16	**California Institute of Technology**, Pasadena	977	11	97	3	82	57,603	22,129	100	57,603	51	0	15,010
17	**MIT**, Cambridge, Mass.	4,528	8	98	8	84	59,240	22,968	100	59,240	61	0	17,891
18	**University of Richmond**, Richmond, Va.	2,983	31	94	8	82	58,570	22,378	100	35,270	42	28	22,225
19	**Colgate University**, Hamilton, N.Y.	2,890	27	95	9	87	61,235	21,702	100	61,235	35	0	18,719
20	**Stanford University**, Stanford, Calif.	7,061	6	99	5	76	59,888	19,428	100	59,888	50	0	16,640
21	**Middlebury College**, Middlebury, Vt.	2,495	18	95	9	87	60,160	21,776	100	60,160	39	0	17,715
22	**University of North Carolina at Chapel Hill**	18,370	27	96	13	81	45,494	31,414	100	38,754	42	7	17,602
23	**Dartmouth College**, Hanover, N.H.	4,276	10	98	8	87	63,293	21,917	100	63,293	50	0	15,660
24	**Davidson College,** Davidson, N.C.	1,788	26	96	10	90	59,146	25,429	100	36,900	46	11	25,075
25	**Hamilton College**, Clinton, N.Y.	1,926	27	94	9	90	61,270	24,843	100	61,270	47	0	19,426
26	**University of Pennsylvania**, Philadelphia	9,712	12	98	6	88	62,352	24,094	100	62,352	46	0	19,798
27	**Cornell University**, Ithaca, N.Y.	14,393	16	97	9	87	61,834	26,208	100	61,834	51	0	20,577
28	**Brown University**, Providence, R.I.	6,455	9	97	8	84	60,848	22,110	100	60,848	44	0	24,382
29	**Colby College**, Waterville, Maine	1,820	26	93	10	89	60,200	21,794	100	55,520	45	3	25,079
30	**Macalester College**, St. Paul, Minn.	2,039	34	95	10	85	57,912	24,249	100	47,003	68	19	21,939
31	**Hillsdale College**, Hillsdale, Mich.	1,486	50	95	11	65	34,066	26,108	70	28,798	38	75	25,502
32	**Grinnell College**, Grinnell, Iowa	1,721	35	93	9	81	57,517	21,816	100	42,424	69	47	16,570
33	**Barnard College**, New York, N.Y.	2,489	21	98	10	82	61,850	24,714	100	61,850	39	0	18,815
34	**Emory University**, Atlanta, Ga.	7,836	26	94	8	84	58,980	22,676	98	38,080	34	6	26,055
35	**Bates College**, Lewiston, Maine	1,791	24	92	10	89	61,520	24,065	100	61,520	46	0	22,534
36	**Wesleyan University**, Middletown, Conn.	2,906	20	95	9	86	62,798	23,322	100	15,795	47	1	21,635
37	**Carleton College**, Northfield, Minn.	2,045	21	96	9	90	60,896	27,580	100	58,139	55	14	18,000
38	**Kenyon College**, Gambier, Ohio	1,705	38	95	10	87	60,790	25,415	96	47,750	42	22	18,902
39	**Colorado College**, Colorado Springs, Colo.	2,040	22	96	10	79	58,418	27,910	99	49,689	37	14	20,566
40	**University of Chicago**, Chicago, Ill.	5,659	9	99	6	88	65,386	28,837	100	55,181	47	33	23,978
41	**Claremont McKenna College**, Claremont, Calif.	1,316	12	96	9	84	63,115	24,016	100	42,480	40	7	23,273
42	**University of Virginia**, Charlottesville	16,087	30	97	16	86	53,706	35,071	100	43,536	30	13	21,815
43	**Wheaton College**, Wheaton, Ill.	2,444	70	95	12	79	41,840	23,395	89	36,019	55	32	25,413
44	**Georgetown University**, Washington, D.C.	7,636	17	96	11	88	61,968	25,305	100	61,968	35	0	24,064
45	**College of the Holy Cross**, Worcester, Mass.	2,912	33	95	10	89	58,742	29,660	100	23,204	58	1	30,880
46	**Johns Hopkins University**, Baltimore, Md.	5,185	17	97	12	88	63,029	28,493	100	30,242	46	2	22,808
47	**University of Notre Dame**, Notre Dame, Ind.	8,477	22	99	10	90	60,511	29,822	100	50,497	49	12	27,827
48	**Washington University in St. Louis**, Mo.	7,336	16	96	8	88	61,804	29,119	100	54,168	35	18	23,082
49	**Smith College**, Northampton, Mass.	2,606	43	94	9	82	60,474	24,613	100	44,274	62	11	23,583
50	**Northwestern University**, Evanston, Ill.	8,688	14	98	7	86	63,554	28,122	100	61,140	45	7	24,334

Cost data through November 17, 2014. *Percentage of all undergraduates who received need-based aid. †Percentage of all undergraduates without need who received non-need-based aid.
SOURCE: Peterson's Undergraduate Database.

The Top 50 Private Universities

PRIVATE UNIVERSITIES	QUALITY MEASURES					FINANCIAL MEASURES						
										% of students		
Rank/Name	Under-grad. enroll.	Admission rate	Freshman retention rate	Students per faculty	4-yr. grad. rate	Total cost	Avg. cost after need-based aid	% of need met	Avg. cost after non-need-based aid	need aid*	non-need aid†	Avg. debt at grad.
1 **Princeton University**, Princeton, N.J.	5,323	7%	99%	6	88%	$59,165	$21,982	100%	$59,165	58%	0%	$5,552
2 **Yale University**, New Haven, Conn.	5,430	7	99	6	90	60,850	16,582	100	60,850	52	0	13,009
3 **Harvard University**, Cambridge, Mass.	6,722	6	97	7	86	59,607	17,632	100	59,607	61	0	12,560
4 **Rice University**, Houston, Tex.	3,965	17	98	6	79	54,766	20,201	100	42,933	41	25	17,856
5 **Duke University**, Durham, N.C.	6,646	12	97	7	87	61,878	22,603	100	42,055	45	23	18,456
6 **Vanderbilt University**, Nashville, Tenn.	6,835	13	97	8	87	60,294	20,921	100	36,505	48	19	20,303
7 **California Institute of Technology**, Pasadena	977	11	97	3	82	57,603	22,129	100	57,603	51	0	15,010
8 **MIT**, Cambridge, Mass.	4,528	8	98	8	84	59,240	22,968	100	59,240	61	0	17,891
9 **Stanford University**, Stanford, Calif.	7,061	6	99	5	76	59,888	19,428	100	59,888	50	0	16,640
10 **Dartmouth College**, Hanover, N.H.	4,276	10	98	8	87	63,293	21,917	100	63,293	50	0	15,660
11 **University of Pennsylvania**, Philadelphia	9,712	12	98	6	88	62,352	24,094	100	62,352	46	0	19,798
12 **Cornell University**, Ithaca, N.Y.	14,393	16	97	9	87	61,834	26,208	100	61,834	51	0	20,577
13 **Brown University**, Providence, R.I.	6,455	9	97	8	84	60,848	22,110	100	60,848	44	0	24,382
14 **Emory University**, Atlanta, Ga.	7,836	26	94	8	84	58,980	22,676	98	38,080	34	6	26,055
15 **University of Chicago**, Chicago, Ill.	5,659	9	99	6	88	65,386	28,837	100	55,181	47	33	23,978
16 **Georgetown University**, Washington, D.C.	7,636	17	96	11	88	61,968	25,305	100	61,968	35	0	24,064
17 **Johns Hopkins University**, Baltimore, Md.	5,185	17	97	12	88	63,029	28,493	100	30,242	46	2	22,808
18 **University of Notre Dame**, Notre Dame, Ind.	8,477	22	99	10	90	60,511	29,822	100	50,497	49	12	27,827
19 **Washington University in St. Louis**, Mo.	7,336	16	96	8	88	61,804	29,119	100	54,168	35	18	23,082
20 **Northwestern University**, Evanston, Ill.	8,688	14	98	7	86	63,554	28,122	100	61,140	45	7	24,334
21 **Tufts University**, Medford, Mass.	5,180	19	96	9	87	62,077	27,224	100	61,577	38	2	24,266
22 **Boston College**, Chestnut Hill, Mass.	9,049	32	95	13	89	61,622	29,292	100	43,285	43	3	21,139
23 **Brigham Young University**, Provo, Utah	27,765	49	89	19	31	18,322#	13,532	34	14,626	47	43	15,769
24 **Clark University**, Worcester, Mass.	2,380	62	89	10	76	49,330	22,955	95	31,874	59	68	24,990
25 **Lehigh University**, Bethlehem, Pa.	4,931	31	94	10	73	57,770	25,910	96	45,893	42	10	33,309
26 **Wake Forest Univ.**, Winston-Salem, N.C.	4,823	35	93	11	82	60,138	28,022	100	43,104	39	18	35,902
27 **University of Southern California**, Los Angeles	18,445	20	96	9	78	63,114	33,852	100	45,161	40	27	28,474
28 **University of Rochester**, Rochester, N.Y.	6,177	36	96	10	77	61,978	27,621	98	49,948	42	42	29,914
29 **Yeshiva University**, New York, N.Y.	2,885	82	90	6	65	51,204	25,816	88	29,411	54	36	22,718
30 **Stevens Institute of Technology**, Hoboken, N.J.	2,691	38	96	10	45	60,530	45,968	91	50,963	86	66	14,315
31 **Villanova University**, Villanova, Pa.	7,042	49	94	12	86	57,433	29,519	81	43,742	44	11	35,853
32 **Bentley University**, Waltham, Mass.	4,247	44	94	14	81	57,660	29,857	94	41,495	44	31	31,208
33 **Brandeis University**, Waltham, Mass.	3,614	37	93	10	86	62,025	31,077	90	42,102	51	11	28,647
34 **Drake University**, Des Moines, Iowa	3,383	66	88	11	66	42,616	26,651	76	30,275	56	71	32,106
35 **Elon University**, Elon, N.C.	5,599	54	90	12	77	42,814	29,227	62	36,656	34	29	28,327
36 **Gonzaga University**, Spokane, Wash.	4,896	68	94	12	71	47,189	28,614	78	35,462	57	83	32,347
37 **Trinity University**, San Antonio, Tex.	2,153	64	88	9	70	49,150	25,340	91	33,973	48	83	38,540
38 **Santa Clara University**, Santa Clara, Calif.	5,435	50	95	12	77	58,479	37,500	69	45,983	43	46	29,026
39 **Creighton University**, Omaha, Neb.	4,076	77	91	11	67	46,556	25,448	88	31,646	55	68	35,510
40 **George Washington University**, Washington, D.C.	10,357	34	92	13	76	61,735	31,856	89	42,955	43	33	31,337
41 **Drury University**, Springfield, Mo.	1,575	73	84	11	43	32,479	18,302	81	24,460	63	82	23,750
42 **University of Miami**, Coral Gables, Fla.	11,380	40	91	12	71	57,964	32,295	75	37,724	42	31	27,827
43 **New York University**, New York, N.Y.	22,615	32	92	10	77	64,022	42,284	60	55,235	48	9	30,688
44 **Carnegie Mellon University**, Pittsburgh, Pa.	6,306	25	94	13	74	63,822	36,044	82	55,708	44	12	30,798
45 **Whitworth University**, Spokane, Wash.	2,358	65	89	11	65	48,550	27,415	81	33,378	69	79	24,465
46 **Case Western Reserve**, Cleveland, Ohio	4,661	42	94	10	65	57,734	30,460	83	36,422	59	58	34,998
47 **University of Tulsa**, Tulsa, Okla.	3,428	41	90	11	52	47,531	40,681	82	30,480	36	61	34,610
48 **Union University**, Jackson, Tenn.	2,829	74	94	11	51	37,870	31,870	63	25,906	58	33	26,656
49 **Boston University**, Boston, Mass.	18,165	37	93	13	80	61,694	33,451	87	44,530	36	10	37,694
50 **American University**, Washington, D.C.	7,341	43	88	12	76	56,815	35,735	69	40,421	47	22	32,307

Cost data through November 17, 2014. *Percentage of all undergraduates who received need-based aid. †Percentage of all undergraduates without need who received non-need-based aid. #For non-Mormons; $13,322 for Mormons. SOURCE: Peterson's Undergraduate Database.

The Top 50 Private Liberal Arts Colleges

LIBERAL ARTS COLLEGES		QUALITY MEASURES					FINANCIAL MEASURES						
Rank	Name	Under-grad. enroll.	Admission rate	Freshman retention rate	Students per faculty	4-yr. grad. rate	Total cost	Avg. cost after need-based aid	% of need met	Avg. cost after non-need-based aid	% of students need aid*	% of students non-need aid†	Avg. debt at grad.
1	**Swarthmore College**, Swarthmore, Pa.	1,534	14%	96%	8	89%	$60,840	$22,139	100%	$24,106	50%	1%	$19,338
2	**Washington and Lee Univ.**, Lexington, Va.	1,855	18	97	8	86	58,062	18,212	100	23,002	41	13	21,538
3	**Wellesley College**, Wellesley, Mass.	2,474	29	96	7	87	59,838	20,463	100	59,838	58	0	14,030
4	**Haverford College**, Haverford, Pa.	1,187	23	98	9	91	62,758	21,634	100	62,758	51	0	14,110
5	**Pomona College**, Claremont, Calif.	1,612	14	97	8	93	61,432	17,946	100	61,432	53	0	13,441
6	**Amherst College**, Amherst, Mass.	1,785	14	98	8	90	62,206	16,602	100	62,206	60	0	15,466
7	**Vassar College**, Poughkeepsie, N.Y.	2,477	24	95	8	90	62,090	20,441	100	62,090	62	0	16,365
8	**Bowdoin College**, Brunswick, Maine	1,795	15	97	9	88	60,400	20,375	100	59,400	45	7	21,292
9	**Williams College**, Williamstown, Mass.	2,077	18	98	7	90	61,870	19,305	100	61,870	51	0	12,474
10	**University of Richmond**, Richmond, Va.	2,983	31	94	8	82	58,570	22,378	100	35,270	42	28	22,225
11	**Colgate University**, Hamilton, N.Y.	2,890	27	95	9	87	61,235	21,702	100	61,235	35	0	18,719
12	**Middlebury College**, Middlebury, Vt.	2,495	18	95	9	87	60,160	21,776	100	60,160	39	0	17,715
13	**Davidson College**, Davidson, N.C.	1,788	26	96	10	90	59,146	25,429	100	36,900	46	11	25,075
14	**Hamilton College**, Clinton, N.Y.	1,926	27	94	9	90	61,270	24,843	100	61,270	47	0	19,426
15	**Colby College**, Waterville, Maine	1,820	26	93	10	89	60,200	21,794	100	55,520	45	3	25,079
16	**Macalester College**, St. Paul, Minn.	2,039	34	95	10	85	57,912	24,249	100	47,003	68	19	21,939
17	**Hillsdale College**, Hillsdale, Mich.	1,486	50	95	11	65	34,066	26,108	70	28,798	38	75	25,502
18	**Grinnell College**, Grinnell, Iowa	1,721	35	93	9	81	57,517	21,816	100	42,424	69	47	16,570
19	**Barnard College**, New York, N.Y.	2,489	21	98	10	82	61,850	24,714	100	61,850	39	0	18,815
20	**Bates College**, Lewiston, Maine	1,791	24	92	10	89	61,520	24,065	100	61,520	46	0	22,534
21	**Wesleyan University**, Middletown, Conn.	2,906	20	95	9	86	62,798	23,322	100	15,795	47	1	21,635
22	**Carleton College**, Northfield, Minn.	2,045	21	96	9	90	60,896	27,580	100	58,139	55	14	18,000
23	**Kenyon College**, Gambier, Ohio	1,705	38	95	10	87	60,790	25,415	96	47,750	42	22	18,902
24	**Colorado College**, Colorado Springs	2,040	22	96	10	79	58,418	27,910	99	49,689	37	14	20,566
25	**Claremont McKenna College**, Claremont, Calif.	1,316	12	96	9	84	63,115	24,016	100	42,480	40	7	23,273
26	**Wheaton College**, Wheaton, Ill.	2,444	70	95	12	79	41,840	23,395	89	36,019	55	32	25,413
27	**College of the Holy Cross**, Worcester, Mass.	2,912	33	95	10	89	58,742	29,660	100	23,204	58	1	30,880
28	**Smith College**, Northampton, Mass.	2,606	43	94	9	82	60,474	24,613	100	44,274	62	11	23,583
29	**Whitman College**, Walla Walla, Wash.	1,541	57	94	9	80	57,428	29,859	96	48,693	44	50	17,114
30	**Thomas Aquinas College**, Santa Paula, Calif.	366	81	87	11	73	32,500	16,716	100	32,500	80	0	15,521
31	**Bucknell University**, Lewisburg, Pa.	3,532	30	94	9	87	61,040	37,394	95	47,454	45	13	22,500
32	**Centre College**, Danville, Ky.	1,381	69	90	10	80	47,940	23,662	83	30,198	59	89	25,269
33	**Scripps College**, Claremont, Calif.	990	36	93	10	80	62,740	28,646	100	39,221	41	16	20,125
34	**Sewanee: Univ. of the South**, Sewanee, Tenn.	1,620	60	91	11	76	48,300	24,681	91	37,524	44	43	23,721
35	**Kalamazoo College**, Kalamazoo, Mich.	1,458	67	92	12	73	50,545	24,954	91	35,660	65	81	27,275
36	**St. Olaf College**, Northfield, Minn.	3,125	59	94	12	83	52,200	24,247	96	39,741	64	62	27,483
37	**Bryn Mawr College**, Bryn Mawr, Pa.	1,328	40	91	8	81	60,890	25,877	100	49,612	53	7	21,017
38	**Mount Holyoke College**, South Hadley, Mass.	2,183	47	89	10	76	56,096	26,381	100	40,342	67	38	23,291
39	**Harvey Mudd College**, Claremont, Calif.	807	19	99	8	86	65,327	32,337	100	55,584	50	40	28,255
40	**Berea College**, Berea, Ky.	1,623	34	81	11	47	7,892	4,326	92	7,892	98	0	6,652
41	**Rhodes College**, Memphis, Tenn.	2,027	58	93	11	75	53,025	28,684	81	36,154	52	79	26,581
42	**Gustavus Adolphus College**, St. Peter, Minn.	2,455	63	91	11	82	50,593	25,265	89	34,944	73	96	33,523
43	**Pitzer College**, Claremont, Calif.	1,081	15	91	10	72	62,750	27,643	100	57,750	32	1	18,030
44	**Oberlin College**, Oberlin, Ohio	2,894	30	93	10	76	62,712	31,641	100	49,171	49	70	25,018
45	**Skidmore College**, Saratoga Springs, N.Y.	2,684	35	93	9	83	61,392	24,392	93	49,392	43	1	24,371
46	**Lafayette College**, Easton, Pa.	2,486	34	91	10	85	60,840	27,622	98	39,178	39	13	25,281
47	**Dickinson College**, Carlisle, Pa.	2,396	44	90	9	83	60,739	30,032	96	49,869	51	29	24,739
48	**DePauw University**, Greencastle, Ind.	2,304	61	92	10	74	54,846	25,289	89	38,208	53	19	25,305
49	**Gettysburg College**, Gettysburg, Pa.	2,533	42	88	10	81	59,320	29,123	92	45,353	58	36	28,866
50	**Hope College**, Holland, Mich.	3,388	70	88	12	68	39,550	22,262	78	31,634	57	58	30,289

Cost data through November 17, 2014. *Percentage of all undergraduates who received need-based aid. †Percentage of all undergraduates without need who received non-need-based aid.
SOURCE: Peterson's Undergraduate Database.

The Top 100 Public Colleges

PUBLIC COLLEGES		QUALITY MEASURES				FINANCIAL MEASURES						
						In-state costs		Out-of-state costs				
In-state rank/Name		Undergrad. enroll.	High scorers on SAT (V/M) or ACT*	Students per faculty	4-yr. grad. rate	Total	After need-based aid	Rank	Total	After need-based aid	Percentage of students who borrow	Average debt at graduation
1	**University of North Carolina at Chapel Hill**	18,370	73%/80%	13	81%	$20,412	$6,332	1	$45,494	$31,414	39%	$17,602
2	**University of Virginia**, Charlottesville	16,087	84/86	16	86	24,520	5,885	2	53,706	35,071	35	21,815
3	**University of Florida**, Gainesville	33,168	66/74	21	64	17,233	10,359	8	39,511	32,637	43	20,708
4	**University of California**, Berkeley	25,951	75/85	17	72	29,640	6,541	6	54,270	31,171	43	17,468
5	**University of California**, Los Angeles	28,674	66/77	17	69	27,128	8,510	11	50,171	31,553	49	20,229
6	**University of Michigan**, Ann Arbor	28,283	96	15	76	24,780	10,901	13	53,200	39,321	47	27,163
7	**College of William and Mary**, Williamsburg, Va.	6,271	87/85	12	83	29,250	15,833	5	50,954	37,537	38	24,400
8	**University of Wisconsin–Madison**	31,319	92	17	56	20,210	10,820	4	36,460	27,070	50	25,664
9	**University of Maryland**, College Park	26,658	70/82	18	66	21,190	12,895	14	41,483	33,188	45	25,254
10	**University of Georgia**, Athens	26,278	61/65	17	58	20,882	12,028	18	39,092	30,238	48	20,254
11	**University of Washington**, Seattle	29,754	46/70	11	58	24,433	10,433	28	45,552	31,552	47	21,263
12	**North Carolina State University**, Raleigh	24,536	52/72	18	41	19,402	9,821	15	34,657	25,076	57	19,530
13	**New College of Florida**, Sarasota	793	85/62	10	57	16,803	7,117	23	39,831	30,145	39	17,927
14	**University of Texas at Austin**	39,979	58/72	18	51	22,036	13,323	39	47,042	38,329	50	25,300
15	**Ohio State University**, Columbus	44,201	94	19	59	21,135	12,103	10	37,635	28,603	56	26,472
16	**University of California**, Santa Barbara	19,362	58/71	17	68	29,385	11,396	30	52,263	34,274	56	20,452
17	**Georgia Institute of Technology**, Atlanta	14,558	85/97	17	41	23,028	13,758	24	42,332	33,062	42	25,027
18	**Binghamton University** (SUNY)	12,997	70/86	20	69	22,648	15,127	9	34,288	26,767	51	23,912
19	**Truman State University**, Kirksville, Mo.	5,898	84	17	54	16,541	9,902	12	22,605	15,966	55	23,761
20	**New Mexico Inst. of Mining and Tech.**, Socorro	1,604	74	13	19	14,658	8,849	17	26,586	20,777	48	19,880
21	**James Madison University**, Harrisonburg, Va.	18,431	35/40	16	65	19,366	11,806	29	34,226	26,666	52	23,562
22	**Florida State University**, Tallahassee	32,528	94	26	57	17,714	13,768	19	32,881	28,935	53	23,782
23	**College of New Jersey**, Ewing	6,653	55/69	13	73	27,901	16,265	16	38,514	26,878	60	32,362
24	**SUNY Geneseo**	5,504	70/75	19	67	20,292	14,699	3	29,942	24,349	65	20,790
25	**Texas A&M University**, College Station	44,072	41/60	22	51	19,701	10,566	42	36,878	27,743	49	25,223
26	**Va. Polytechnic Inst. & State Univ.**, Blacksburg	24,034	48/67	16	61	21,071	14,583	35	37,102	30,614	55	26,925
27	**Purdue University**, West Lafayette, Ind.	29,440	37/62	13	42	21,242	9,664	52	40,044	28,466	51	29,121
28	**University of Connecticut**, Storrs	18,032	52/70	16	68	25,624	17,306	26	45,804	37,486	62	24,600
29	**Clemson University**, S.C.	16,931	56/74	17	59	22,942	18,949	38	40,958	36,965	49	34,114
30	**University of California**, Irvine	23,530	31/59	19	68	29,127	11,148	50	52,005	34,026	55	20,728
31	**University of California**, San Diego	22,676	57/83	19	57	31,245	13,456	40	54,123	36,334	59	21,653
32	**University of Minnesota**, Twin Cities	34,449	90	17	55	23,180	14,262	7	30,430	21,512	61	28,384
33	**Stony Brook University** (SUNY)	15,992	52/77	18	45	20,978	13,432	25	34,398	26,852	60	23,089
34	**University of Texas at Dallas**	13,049	56/76	22	46	22,548	14,465	36	42,070	33,987	43	20,504
35	**University of North Carolina at Wilmington**	12,428	38/46	17	52	16,629	10,941	45	30,657	24,969	57	23,575
36	**University of Illinois at Urbana–Champaign**	32,695	91	18	68	27,650	16,093	22	42,276	30,719	52	24,657
37	**University of California**, Davis	26,663	42/66	17	51	29,584	12,965	57	52,462	35,843	58	19,970
38	**Baruch College** (CUNY)	14,082	40/78	16	39	23,433	16,306	21	33,453	26,326	20	9,949
39	**Appalachian State University**, Boone, N.C.	16,025	30/32	16	42	14,928	7,372	46	28,095	20,539	56	20,467
40	**Indiana University**, Bloomington	36,862	39/52	18	58	21,381	10,972	90	44,234	33,825	52	27,619
41	**University of Delaware**, Newark	17,629	46/55	13	69	25,010	16,488	54	43,360	34,838	62	32,571
42	**University of Central Florida**, Orlando	51,269	41/48	31	36	16,814	12,092	69	32,913	28,191	48	23,186
43	**Rutgers, State Univ. of N.J.**, New Brunswick	33,900	42/65	11	57	27,012	14,581	33	41,790	29,359	64	24,284
44	**University of Alabama**, Tuscaloosa	29,440	65	21	43	19,406	10,854	48	33,906	25,354	46	28,508
45	**University at Buffalo** (SUNY)	19,831	28/55	14	52	22,435	17,300	62	35,855	30,720	45	16,105
46	**Hunter College** (CUNY)	16,690	33/50	14	22	17,819	11,272	27	27,389	20,842	72	13,000
47	**University of Pittsburgh**, Pa.	18,615	64/79	14	64	29,742	22,101	34	40,138	32,497	69	34,623
48	**University of South Carolina**, Columbia	24,180	43/54	18	54	21,576	16,603	53	39,858	34,885	45	25,711
49	**St. Mary's College of Maryland**	1,819	54/48	11	71	26,754	15,466	41	41,604	30,316	53	24,624
50	**Michigan State University**, East Lansing	37,988	73	17	50	23,414	14,389	78	45,179	36,154	46	25,821

Cost data through November 17, 2014. *Percentage of 2013–14 freshman class that scored 600 or higher on verbal/math SATs or 24 or higher on ACT.
SOURCE: Peterson's Undergraduate Database.

PUBLIC COLLEGES		QUALITY MEASURES				FINANCIAL MEASURES						
						In-state costs		Out-of-state costs				
In-state rank	Name	Under-grad. enroll.	High scorers on SAT (V/M) or ACT*	Students per faculty	4-yr. grad. rate	Total	After need-based aid	Rank	Total	After need-based aid	Percentage of students who borrow	Average debt at graduation
51	**University of North Carolina at Asheville**	3,736	55%/47%	14	37%	$16,075	$9,328	49	$30,946	$24,199	58%	$17,696
52	**University of South Florida**, Tampa	31,100	37/47	24	36	16,810	10,831	32	27,725	21,746	59	22,719
53	**Queens College** (CUNY), Flushing, N.Y.	15,351	17/36	14	25	19,725	13,725	37	28,545	22,545	13	14,000
54	**University of Minnesota**, Morris	1,946	67	15	50	21,110	11,343	20	21,110	11,343	71	24,313
55	**Miami University**, Oxford, Ohio	15,462	91	18	68	26,646	18,582	31	42,753	34,689	54	27,181
56	**Pennsylvania State Univ. at University Park**	40,085	36/57	17	65	29,782	23,053	68	42,732	36,003	66	35,430
57	**University of Missouri**, Columbia	26,965	72	20	47	19,933	11,670	63	34,960	26,697	55	24,875
58	**University of Arkansas**, Fayetteville	21,009	73	19	37	19,064	12,271	44	31,154	24,361	48	24,111
59	**University of Mississippi**, Oxford	16,677	53	19	36	18,204	11,056	66	30,252	23,104	49	25,613
60	**SUNY New Paltz**	6,570	31/29	15	50	19,803	15,057	71	29,453	24,707	66	25,741
61	**Florida International University**, Miami	39,045	35/33	27	21	18,591	12,778	65	30,990	25,177	49	17,893
62	**University of Oklahoma**, Norman	20,985	69	18	35	19,341	12,372	55	32,115	25,146	50	22,140
63	**University of California**, Santa Cruz	15,695	37/44	18	50	29,565	11,076	100	52,443	33,954	59	22,523
64	**Louisiana State University**, Baton Rouge	24,923	68	23	40	21,054	11,782	80	38,771	29,499	39	21,613
65	**University of Wisconsin–La Crosse**	9,630	63	20	36	15,005	9,257	61	22,578	16,830	68	26,072
66	**University of North Florida**, Jacksonville	14,263	35/36	20	21	17,069	11,421	67	30,787	25,139	49	17,617
67	**Western Carolina University**, Cullowhee, N.C.	8,448	13/15	16	32	15,255	9,272	75	25,648	19,665	75	20,273
68	**University of Nebraska–Lincoln**	19,376	63	21	32	19,081	12,316	64	33,001	26,236	59	23,951
69	**Univ. of Science and Arts of Okla.**, Chickasha	916	40	13	27	12,300	4,735	87	20,340	12,775	53	23,964
70	**Iowa State University**, Ames	27,659	62	19	38	16,604	9,997	59	29,490	22,883	62	29,898
71	**University of Massachusetts–Amherst**	22,134	45/61	18	59	25,900	16,461	79	41,455	32,016	70	28,999
72	**SUNY Oneonta**	5,852	17/26	18	53	19,868	15,159	51	29,518	24,809	66	15,373
73	**Oklahoma State University**, Stillwater	20,493	64	20	34	17,182	10,669	56	29,767	23,254	51	22,541
74	**West Chester University of Pennsylvania**	13,711	17/24	20	44	18,386	13,068	93	28,836	23,518	73	30,396
75	**California State University**, Long Beach	30,474	14/27	22	14	19,508	13,081	47	25,196	18,769	43	13,386
76	**University of Maryland**, Baltimore County	11,136	49/64	20	37	22,146	14,702	60	34,444	27,000	56	22,603
77	**University of Louisville**, Ky.	15,957	61	16	25	19,142	10,742	85	33,030	24,630	55	21,742
78	**University of Tennessee**, Knoxville	21,182	83	17	37	23,754	15,089	76	42,214	33,549	53	23,729
79	**Missouri Univ. of Science and Technology**, Rolla	6,146	91	17	25	21,070	14,107	43	33,924	26,961	73	21,659
80	**SUNY Plattsburgh**	5,639	15/22	16	41	19,921	13,728	70	29,571	23,378	75	26,894
81	**San Diego State University**, Calif.	27,809	22/35	28	33	23,373	13,373	73	34,533	24,533	48	18,100
82	**Ramapo College of New Jersey**, Mahwah	5,614	21/29	17	59	26,338	16,033	81	34,988	24,683	70	30,755
83	**Purchase College** (SUNY)	4,265	30/19	16	50	22,312	15,577	72	31,962	25,227	74	25,159
84	**Salisbury University**, Md.	8,004	32/42	16	47	20,480	14,942	58	28,826	23,288	62	23,545
85	**Rowan University**, Glassboro, N.J.	10,951	25/38	13	49	25,522	16,759	74	33,476	24,713	70	31,526
86	**University of Northern Iowa**, Cedar Falls	10,380	39	16	37	16,695	12,136	89	26,593	22,034	76	23,151
87	**Arizona State University**, Tempe	38,735	34/44	22	38	21,227	12,856	92	35,573	27,202	55	21,137
88	**Auburn University**, Auburn, Ala.	19,799	81	18	38	23,578	16,469	82	40,762	33,653	41	27,146
89	**Christopher Newport Univ.**, Newport News, Va.	5,094	40/36	16	50	23,178	17,499	83	33,506	27,827	56	27,324
90	**Texas Tech University**, Lubbock	27,044	21/35	20	33	18,913	11,875	86	29,773	22,735	52	23,838
91	**Western Washington University**, Bellingham	14,026	32/28	20	38	20,105	11,068	77	31,547	22,510	54	21,173
92	**Univ. of Mary Washington**, Fredericksburg, Va.	4,383	33/22	14	66	22,326	15,155	84	35,612	28,441	57	15,626
93	**Colorado State University**, Fort Collins	23,798	61	17	38	21,525	13,251	98	37,705	29,431	54	23,726
94	**California State Polytechnic Univ.**, Pomona	20,952	16/32	25	10	21,688	12,651	88	32,848	23,811	46	20,636
95	**Temple University**, Philadelphia, Pa.	28,068	30/37	14	39	26,434	19,677	95	36,460	29,703	76	34,382
96	**SUNY Albany**	12,822	17/30	19	56	21,753	14,758	96	33,393	26,398	69	25,729
97	**Massachusetts College of Liberal Arts**, N. Adams	1,538	26/13	13	38	19,988	13,863	94	28,933	22,808	79	28,109
98	**SUNY Oswego**	7,328	17/22	18	40	21,071	14,466	91	30,721	24,116	80	26,946
99	**Illinois State University**, Normal	17,749	54	17	46	24,082	14,548	97	31,672	22,138	71	29,121
100	**Richard Stockton College of N.J.**, Galloway	7,539	16/26	17	42	25,319	17,093	99	31,840	23,614	76	33,944

Cost data through November 17, 2014. *Percentage of 2013–14 freshman class that scored 600 or higher on verbal/math SATs or 24 or higher on ACT.
SOURCE: Peterson's Undergraduate Database.

FAMILY FINANCES»

Pay Cash for Your Health Care

Sometimes you can get better service if you don't use your health insurance—and you can save money, too. **BY KIMBERLY LANKFORD**

IN AN ERA OF HIGHER HEALTH INSURANCE deductibles, rising out-of-pocket costs, shrinking provider networks and fewer choices in health care, more people are taking matters into their own hands. Instead of using their health insurance for all of their care, they're going off the grid and paying cash so that they can see the doctors they choose or get the drugs they prefer. Some are paying a fee to their primary care physician in exchange for longer office visits and 24/7 access.

Going off the grid doesn't mean ditching your health insurance altogether. You'll still need insurance for big-ticket medical care. But it usually makes sense to get a high-deductible policy to save on premiums. Payments you make in cash may count toward your deductible, and if you contribute to a health savings account or a flexible spending account, you can usually use that money tax-free to cover your out-of-pocket costs for medical expenses, even if your insurer doesn't count them toward the deductible. The payoff: more control over your care, which may cost less than you'd pay with your health insurance policy.

CASH FOR CONCIERGE CARE

Frustrated by the lack of time they can spend with patients when controlled by insurers, many primary care doctors are shrinking their practices and charging a fee in return for personalized attention and round-the-clock access. Costs and levels of access vary widely. The typical fee ranges from $1,800 to $5,000 per year, but some physicians keep their practices a bit larger and offer access for as little as $40 to $75 per month. The fees generally aren't covered by insurance or Medicare, but charges for doctors' visits may be covered.

Concierge care appeals to people who want to control who they see, as well as when and how. "They want a doctor who is acting as their advocate and adviser, to have a relationship that's more akin to old-fashioned care," says Wayne Lipton, managing partner and CEO of Concierge Choice Physicians, which includes about 200 doctors in 22 states.

Pamila Brar, an internal medicine physician in La Jolla, Calif., and president-elect of the American Academy of Private Physicians, a trade organization for concierge doctors, charges $3,300 per year and has just 200 patients. About half of them have been diagnosed with cancer or a complex condition. Brar helps them coordinate their care and assess their options. "I have had a number of patients whom I've taken care of in the last months of their lives," she says.

Adult children who live far from their aging parents have also started hiring her to provide the parents with special attention, advocacy and even house calls. Nathan Myhrvold and his brother, Cameron, who live in Seattle, researched concierge doctors for their 87-year-old mother, Natalie, when she moved to a retirement community in San Diego. "We wanted someone to watch after her and give her extra care if required," says Nathan.

They asked for recommendations from their doctors in Seattle and narrowed the list to three. After interviewing all three doctors, they picked Brar. Their mom goes to Brar for checkups, and she or her sons can contact Brar anytime with questions about her health. Brar also coordinates Natalie's specialists and prescriptions, and even went to the emergency room when Natalie was taken there after a fainting spell. "It's great to have a point of contact who is completely plugged in with what's going on," says Nathan.

THE GYM MEMBERSHIP MODEL

Some companies are saving money by switching employees to high-deductible policies but offering access to primary care (and often subsidizing the cost) through a subscription model: a monthly fee paid to the practitioner, similar to a gym membership. "Trying to insure primary care makes no sense," says Doug Nunamaker, a family

ERIKA LARSEN/REDUX

House Calls on Demand

When Holly and Mike Schuster's three kids get sick, they don't need to leave home. The Schusters pay cash for pediatric nurse practitioner Heidi Johnson to make house calls to treat their kids, who range in age from 3 months to 4½ years. "Instead of taking my kids across town and sitting in the pediatrician's waiting room for two hours when one is sick, we sit in our pajamas and wait for Heidi to come," says Holly. "I am shocked at how available she is, seven days a week. She usually comes in less than 1½ hours."

Johnson charges $80 per visit and does not take insurance. But when the Schusters crunched the numbers, they discovered they were paying only a little extra for the special service. As self-employed restaurant owners in Washington, D.C., the Schusters have been buying their own health insurance for years. They have a high-deductible policy to make the premiums more affordable, and they have to pay about $6,500 out of pocket before their coverage kicks in.

Meanwhile, their insurer's negotiated rate with their regular pediatrician's practice is about $77 (just $3 less than what they pay Johnson) and they would have to pay a similar charge to go to the urgent-care clinic in their neighborhood. Johnson adds $10 for strep tests, less than most pediatricians' offices and urgent-care centers, and charges just $50 for the second sick sibling she sees on the same visit. All of her prices are listed on her Web site.

Johnson left a pediatric practice five years ago to start her own business making house calls to families in her Capitol Hill neighborhood, and she has 1,500 patients. Even though she doesn't take insurance, she shows families how to submit her bills to their insurers to make the charges count toward their deductible and sometimes to get reimbursed. The Schusters use the debit card from their health savings account to pay her charges—tax-free.

Subscribing to Primary Care

Cathy and John Boggs of Cary, N.C., have been going to Brian Forrest, a physician at Access Healthcare Direct, for more than 10 years. They pay $459 in cash each year for an in-depth physical and primary care services, plus $20 for each appointment. "I've never felt rushed, and I can't remember the last time he couldn't see me the same day," says Cathy, 58. The couple have a high-deductible policy and use money from their health savings account to pay the out-of-pocket charges.

Forrest was one of the first doctors to switch to a "direct primary care" model, essentially a subscription service, in return for longer visits, same-day appointments, and access to discounted medications and tests. Now he advises other doctors throughout the country who want to switch to this kind of practice. He has never taken insurance, but he says some of the practice's patients submit their charges to their insurers.

The Boggses started seeing Forrest when their children were teenagers. Cathy goes to Forrest for blood work every three months and meets with him to discuss the results the next day. When she needs a test he can't perform in his office, he helps her find good specialists with low fees. He also works with a mail-order pharmacy in Winston-Salem, N.C., to get his patients discounts on certain generic drugs. John, 61, pays just $70 for a year's worth of his blood-pressure medication.

physician and chief medical officer for Atlas MD, a cash-only family practice in Wichita, Kan. "It would be akin to insuring gasoline or tires. We have insurance to pay for car accidents, but we absorb the little things in the cost of ownership."

Four years ago, Nunamaker and Josh Umbehr, another family physician, decided to switch to a subscription-based practice. Nunamaker says the average family physician has about 4,000 patients, but Atlas MD limits the number to 600 for doctors in its network. Monthly fees are based on age: $10 for children up to 19 years old, $50 for people who are 20 to 44, $75 for those who are 45 to 64, and $100 for patients 65 and older, regardless of health. Nunamaker and Umbehr see an average of six patients a day—except during cough and cold season, when they see more patients and work longer hours. Everything the doctors can do in their office is included in the fee. They also give a lot of advice by e-mail and on the phone.

When Scotti Fullbright was an executive with a cookie company in Ohio, his employer paid thousands of dollars for him to have a complete physical every year. After he retired, he wanted to have that kind of thorough care, but without the daunting price tag.

When Fullbright, 63, and his wife, Lois, 61, moved to Wichita two and a half years ago to be near their grandchildren, they found an intriguing option: For $75 per month each, the couple could see the primary care doctors at Atlas MD as many times as they wanted. Now, they get an appointment within a day, and they have unlimited access to the doctors by phone and e-mail. The Fullbrights, who have coverage for catastrophic expenses, have been happy with the care and the extra time they can spend with their

POON WATCHARA-AMPHAIWAN

doctor, who also coordinates their prescriptions. There's no extra charge for tests or procedures the doctors perform in the office, including physical exams, biopsies, stitches, lesion removal and EKGs. The practice works with a local orthopedic group that takes x-rays at a discount, plus it gives patients access to wholesale rates for medications and lab work.

Annual or monthly fees you pay a doctor for round-the-clock access generally won't apply to your deductible. They may not be eligible for reimbursement from an HSA or FSA, either, unless the fees are tied to a specific visit or medical service (legislation has been introduced in Congress to clarify that the subscription fee is an eligible expense). HSA expert Roy Ramthun recommends asking your doctor for a fee-for-service bill that documents the service provided, the date of the service, the patient's information and the fair market value of the service before using HSA money for the charge.

DISCOUNTS FOR SURGERY

Jeff McElroy's 8-year-old daughter, Caroline, needed surgery to remove a mass in her ear. McElroy had recently changed jobs, and the McElroys' first choice for the procedure, the Surgery Center of Oklahoma, in Oklahoma City, wasn't covered in his new insurer's network. McElroy asked the surgery center how much it would cost if he paid cash to have the surgery done there. The answer: just $1,700.

His policy would have covered the surgery at a local hospital for $7,600, but because McElroy's policy had a $6,400 deductible, he would have had to pay most of the bill out of pocket. So he chose the surgery center and paid cash. "It was the same surgeon and the same surgery," says McElroy. The surgery center submitted the expense to his insurer to count toward his deductible. He also used money from a health savings account to pay the bill.

McElroy, who is a certified financial planner, thought about switching to a lower-deductible policy during open enrollment for 2015 coverage but changed his mind after he did the math: He could save $150 a month in premiums with the high-deductible policy, make the most of the growing number of stand-alone facilities and providers in Oklahoma City that offer cash discounts, and contribute up to $6,650 to a health savings account to pay the bills with tax-free money.

The Surgery Center of Oklahoma lists cash prices on its Web site for 192 procedures, including the fee for the surgeon, anesthesiologist and facility. "Patients are spending their own money, so they want to know how much it is going to be," says G. Keith Smith, the center's medical director.

The center has treated patients from 49 states, many of whom saved money even after paying for airfare and a hotel. Other providers in the area started offering cash discounts, too, including three imaging centers, an orthopedic hospital and a group of oncologists, says Smith.

Smith has heard from people who used the surgery center's list of cash prices to negotiate better deals with hospitals and facilities in their area. You may be able to negotiate cash discounts, too, especially at stand-alone imaging centers and surgery centers. "A 500% price difference for an MRI isn't unusual," says Jeffrey Rice, a physician and CEO of Healthcare Bluebook, which lists the "fair price" for hundreds of procedures by location.

Paying cash won't always be cheaper than using insurance, but it's worthwhile to compare the options. Find out how much you'd pay for the procedure in your network. Most insurers have online tools that show your out-of-pocket costs for procedures or tests at specific providers, based on whether you have reached your deductible. Compare the in-network cost with the price listed in the Healthcare Bluebook (www.healthcarebluebook.com). If the insurer's cost is higher, ask for a cash discount. ■

NEXT UP: WHAT TO DO WHEN YOUR INSURER WON'T PAY.

KipTip

How to Save on Prescriptions

Your insurer's $10 co-payment for a 30-day supply of drugs might sound like a good deal. But sometimes the cash price for generic drugs is less—much less if you haven't reached your deductible.

Several pharmacies, including Walmart and Target, charge as little as $4 for a 30-day supply of some generic drugs, or $10 for a 90-day supply. Costco tends to have an even longer list of low-cost generics and doesn't require a membership to use the pharmacy, says David Belk, a physician in the San Francisco Bay Area, who lists prices at his Web site, TrueCostofHealthcare.org. You could also get a discount by signing up for a pharmacy's loyalty program.

Before you hand your insurance card to the pharmacist, use your insurer's or employer's tools to check your out-of-pocket costs for your medications based on whether you have reached your deductible. Compare that with the pharmacy's cash price. This strategy often saves money on generics, but it may not pay with brand-name drugs. "You may not be getting a better deal with cash, especially with the more expensive drugs, because the plan has negotiated a rate," says Jim Yocum, executive vice-president at DRX, which develops online tools to compare drug costs.

There are some exceptions. Belk points out that a few brand-name drugs are sold over-the-counter, but certain sizes or generic equivalents require a prescription. Paying cash for the over-the-counter version of Nexium, for example, can cost a lot less than using your insurance for the prescription version, he says.

You may also be able to get a coupon from the drug manufacturer that reduces the brand-name cost by 30% to 40% if you pay cash, says Yocum. Ask your doctor about any special deals.

JANE BENNETT CLARK > Rethinking Retirement

Plan for a Long Life

If we knew we would die tomorrow, we'd be rich today. I don't mean rich in appreciation for life, although that's probably true, too. I mean literally rich. With only one day to live, a nest egg of $100,000 would be enough to take a trip around the world (at lightning speed), buy a Tesla or live in the lap of luxury—for that one day.

But barring a crystal ball, we can't know how much time we have left on this planet. Meanwhile, the major retirement decisions—how much to save, how long to work, when to take Social Security and how much to withdraw each year from retirement accounts—hinge on how many years you can reasonably expect to be around.

We're not operating completely in the dark. Research shows that women live longer than men (the average life expectancy for a 65-year-old woman is 85.5; for a 65-year-old man, it's 82.9). College graduates live longer than people with only a high school degree. High earners live longer than low-wage earners. Whites live longer than African-Americans. Those numbers apply to the general population, not to each of us individually, but they do indicate where we stand in the longevity lineup.

Health habits, family history and response to stress can also affect longevity. Calculators such as Living to 100 (www.livingto100.com) and the Vitality Compass at Bluezones.com calculate life expectancy based on how you answer questions ranging from how much you weigh and how long your grandmother lived to how often you chow down at Mickey D's.

Make your money last. Such calculators are a handy way to identify what you're doing that promotes longevity, as well as what you're doing that could cost you years. But they're not just a health lesson in disguise. Most people underestimate their life expectancy, assuming they will die at the same age as their longest-living parent or oldest relative, even if their own circumstances are vastly different, says Carol Bogosian, of the Society of Actuaries' Committee on Post Retirement Needs and Risks. Lowballing life expectancy can also mean lowballing the amount you'll need for a comfortable retirement. "It's critical to make sure you have the finances to fund the longest life, not the shortest," says Bogosian.

If the calculators put you at 95, that's reason to work longer and delay taking Social Security. (For each year you delay after full retirement age until age 70, you get an 8% bump in benefits; see "Social Security: The Best Path for You," Jan.) It also means you should take an annuity instead of a lump sum if you have a defined-benefit pension plan and are given the choice. "Plan for sources of retirement income that last as long as you do," says Steve Vernon, an actuary and research scholar at the Stanford Center on Longevity, at Stanford University.

Another strategy is to buy an annuity, which delivers a guaranteed payment until you die. Of the choices, a fixed immediate annuity is the most straightforward. But at today's interest rates, the payout is modest: A 65-year-old man paying a single premium of $100,000 would get about $550 a month, according to ImmediateAnnuities.com.

For a bigger payout, consider a deferred-income annuity (also known as longevity insurance). You pay for it up front and delay taking the income for, say, 20 years. In that scenario, $100,000 set aside by a 65-year-old man would generate a hefty $3,136 a month at age 85. (With some policies, you can add a rider that pays a benefit to your heirs if you die before you hit the magic number.) A deferred-income annuity can involve complicated decisions, including how much of your savings to use and how much of the remainder you'll draw down before your payouts begin. Get expert advice before you buy one. ■

"Most people underestimate their life expectancy, assuming they will die at the same age as their parent, even if their circumstances are vastly different."

JANE BENNETT CLARK IS A SENIOR EDITOR AT *KIPLINGER'S PERSONAL FINANCE.*

LISE METZGER

Married couple, daydreaming about what they'd do if they won the lottery. **OR** Successful attorney and his wife, enjoying the rewards of their hard work.

No assumptions.

Down-to-earth, busy with six kids, very much in love – Patrick and Ana Cordero are living proof that wealth clients don't fit any particular mold, and their financial needs are never one-size-fits-all. Which is exactly why this self-made, successful Miami couple turned to Regions in the first place. From boat financing to owner occupied real estate loans, the Corderos' Regions Wealth Advisor, Susan Tramont, leading a team of subject-matter experts, created a comprehensive, customized plan that addressed the couple's specific financial picture. Instead of assumptions, the Corderos got unique wealth solutions crafted just for them. Ready to move your life forward? **For a personal consultation with a Regions Wealth Advisor, call 1.800.826.6933 or visit us online at regions.com/corderofamily.**

Wealth Management | Investments | Retirement | Solutions for the Real You

REGIONS
PRIVATE WEALTH MANAGEMENT

“If you’ve changed insurers or even complained about your rate, companies may charge you less than a nonshopper.”

KIMBERLY LANKFORD > Ask Kim

Reshop Your Car Insurance

I CHANGED AUTO INSURERS A year ago, but I’m already wondering if I could get a better rate. How often should I shop for auto insurance?

C.P., ANN ARBOR, MICH.

It makes sense to shop for auto insurance every year or so. You may find a better deal, and just looking like a smart shopper may help you get a lower rate.

Many insurers have started using a practice called *price optimization,* which uses personal consumer data to measure how likely you are to compare prices and how much of a price hike you’d be willing to accept without switching insurers. If you’ve changed insurers or even complained to your insurer about your rate in the past, companies (including your own) may charge you less than a nonshopper, says Robert Hunter, director of insurance for the Consumer Federation of America. The CFA has asked state insurance commissioners to ban the practice as unfair because it bases rates on criteria other than the risk that you will have a claim. Maryland is the only state to ban the practice so far.

Insurers do not make this practice public, so you won’t know whether it affects you. But either way, it’s a good idea to shop around. Hunter says he recently saved hundreds of dollars by getting price quotes from several companies and then asking whether his current insurer would match the lowest quote (it did). “If you’re a good driver and have had the policy for a long time, your insurer probably wants to keep you,” he says.

Get price quotes by calling insurers, going to their Web sites, or using a site that provides quotes from several insurers, such as www.carinsurance.com or www.bankrate.com. Or find an independent agent at www.trustedchoice.com.

Tax break on condo assessment. *I live in a condo that is 20 years old, and we are now faced with major projects, including replacing the roof. If the condo board charges owners a special assessment for these costs, can we apply that amount to help lower the tax bill when we sell our condos?*

H.G., VIA E-MAIL

If the assessment is specifically for capital improvements, rather than regular maintenance, the amount can be added to your cost basis when you sell your condo, which could reduce your taxable gain. “It is important to have documentation of the nature of the assessment and what the funds were used for,” says Susan Howe, a certified public accountant in Philadelphia.

But you may not have to worry about capital gains tax anyway. Most people no longer have to pay taxes on their profits when they sell their principal residence, whether it’s a house, condo, co-op or duplex, says Greg Rosica, a tax partner at Ernst & Young and a contributing author to the *EY Tax Guide 2015*. If you lived in the home for two of the five years before the sale, up to $250,000 in home-sale profits is tax-free, or $500,000 if you’re married and file jointly.

New option for FSAs. *When do I have to use up the money in my flexible spending account? Is it December 31 or March 15?*

R.T., CHICAGO

Some plans still give employees only until December 31 to use all of their FSA money; workers lose any money remaining in the account after that date. Other plans offer a grace period until March 15 to spend the money. And employers can now let employees carry over up to $500 in their FSA to use anytime the following year (but employers can’t offer both the carryover and the grace period). If your plan has a $500 carryover, you must use up all but $500 in the account by December 31. ■

GOT A QUESTION? E-MAIL ASKKIM@KIPLINGER.COM. KIMBERLY LANKFORD ANSWERS MORE QUESTIONS EACH WEEK ON KIPLINGER.COM.

LISE METZGER

Credit Cards That Have Your Back

BUYING A NEW APPLIANCE? The retailer will probably give you the hard sell for an extended warranty. But your credit card may already have you covered. American Express, Discover, MasterCard and Visa Signature offer extended warranties on eligible purchases you make with their cards, according to a study from credit card research site CardHub.com. You don't have to register your purchase, and the warranty provides up to $10,000 in coverage per claim. (Visa Signature cardholders have a lifetime limit of $50,000 in coverage for all claims; Amex and Discover cardholders get up to $50,000 per year. MasterCard has no limit.) Caveat: The card network decides whether you qualify for a replacement or reimbursement for the purchase price, or whether you will have to get the item repaired.

CardHub rated the card warranty programs, and it gives its highest overall marks to American Express. According to the study, Amex will add an extra year to a manufacturer's warranty that runs as many as five years, compared with one year added to a maximum of three years for the other card networks. (MasterCard World cards extend the original warranty by as many as two years.) Amex and Visa provide coverage for wear and tear and will also extend the warranty on a refurbished item.

If you carry a mix of credit cards, use the one that provides the best extended warranty for a particular item—for example, use an Amex or Visa Signature card to purchase a refurbished tablet. You'll need to hold on to your receipt to make a claim. Visa's Warranty Manager Service lets you send Visa a copy of your receipt and manufacturer warranty information to keep on file in case you make a claim later.

LISA GERSTNER

Kiplinger.com

RATE UPDATES

For the latest savings yields and loan rates, visit kiplinger.com/finances/yields.

YIELD BENCHMARKS

	Yield	Month-ago	Year-ago
U.S. series EE savings bonds*	0.10%	0.10%	0.10%
U.S. series I savings bonds	1.48	1.48	1.38
Six-month Treasury bills	0.11	0.06	0.10
Five-year Treasury notes	1.63	1.60	1.50
Ten-year Treasury notes	2.22	2.32	2.86

As of December 9, 2014. *EE savings bonds purchased after May 1, 2005, have a fixed rate of interest.
- Bonds purchased before May 1, 1995, earn a minimum of 4% or a market-based rate from date of purchase.
- Bonds bought between May 1, 1995, and May 1, 2005, earn a market-based rate from date of purchase.

SOURCES FOR TREASURIES: Bloomberg, U.S. Treasury.

TOP-YIELDING MONEY MARKET ACCOUNTS

Taxable Funds	30-day yield as of Dec. 2	Min. investment	Web site (www.)
Meeder Money Market Retail (FFMXX)*	0.06%	$2,500	meederfinancial.com
HSBC Prime MMF A (REAXX)*	0.03	1,000	us.hsbc.com
HSBC U.S. Govt MMF A (FTRXX)*	0.03	1,000	us.hsbc.com
PNC Money Market Fund A (PEAXX)*	0.03	1,000	pncfunds.com
NATIONAL AVERAGE	**0.01%**		

Tax-Free Funds	30-day yield as of Dec. 1	Tax. eq. yield 25%/39.6% bracket	Min. investment	Web site (www.)
Alpine Municipal MMF (AMUXX)*	0.02%	0.03%/0.03%	$2,500	alpinefunds.com
PNC Tax-Ex MMF A (PXAXX)*	0.02	0.03/0.03	1,000	pncfunds.com
American Cent T-F Inv (BNTXX)*‡	0.01	0.01/0.02	2,500	americancentury.com
BMO Tax-Free MMF Y (MTFXX)*‡	0.01	0.01/0.02	1,000	bmo.com
NATIONAL AVERAGE	**0.01%**	**0.01%/0.02%**		

Deposit Accounts#	Annual yield as of Dec. 9	Min. amount	Web site (www.)
GE Capital Bank (Ill.)†	1.05%	none	gecapitalbank.com
My Savings Direct (N.Y.)†	1.05	$1	mysavingsdirect.com
EverBank (Fla.)†	1.01	1,500	everbank.com
Synchrony Bank (N.J.)†§	1.00	none	myoptimizerplus.com
NATIONAL AVERAGE	**0.09%**		

*Fund is waiving all or a portion of its expenses. ‡Various fund companies offer similar yields. †Internet only. #Deposit accounts include money market deposit accounts and high-yield savings accounts. §AbleBanking, CIT Bank and iGObanking.com offer similar yields. SOURCE: Money Fund Report, iMoneyNet, One Research Drive, Westborough, MA 01581; 508-616-6600; www.imoneynet.com.

TOP-YIELDING CERTIFICATES OF DEPOSIT

1-Year	Annual yield as of Dec. 9	Min. amount	Web site (www.)
BAC Florida Bank (Fla.)†	1.15%	$500	bacflorida.com
CIT Bank (N.J.)†	1.15	25,000	bankoncit.com
Sallie Mae Bank (Pa.)†	1.15	2,500	salliemae.com
GE Capital Bank (Ill.)†‡	1.10	500	gecapitalbank.com
NATIONAL AVERAGE	**0.26%**		

5-Year	Annual yield as of Dec. 9	Min. amount	Web site (www.)
Barclays Bank (Del.)†	2.25%	none	banking.barclaysus.com
GE Capital Bank (Ill.)†	2.25	$500	gecapitalbank.com
Nationwide Bank (Ohio)†	2.25	500	nationwide.com
Synchrony Bank (N.J.)†	2.25	25,000	myoptimizerplus.com
NATIONAL AVERAGE	**0.84%**		

†Internet only. ‡Similar yields are available at California First National Bank, Colorado Federal Savings Bank and Synchrony Bank. SOURCE: © 2014 Bankrate.com, a publication of Bankrate Inc., 11760 US Highway 1, N. Palm Beach, Fla. 33408 (800-327-7717, ext. 11410; www.bankrate.com/kip).

LOW-RATE CREDIT CARDS

Issuer	Rate as of Dec. 5*	Annual fee	Late fee	Web site (www.)
First Command Bank (P)	6.25%	none	$25†	firstcommandbank.com
Lake Michigan Credit Union (P)	6.25	none#	25†	lmcu.org
Citizens Trust Bank Visa (G)	7.25	none	25†	ctbconnect.com

CASH-REBATE CARDS

Issuer	Rate as of Dec. 9*	Annual fee	Rebate earned Category/Other	Web site (www.)
Amex Blue Cash Preferred	12.99%	$75	6%/1%‡	americanexpress.com
Discover It	10.99	none	5/1^	discover.com
Citi Double Cash	12.99	none	2&	citi.com

Rates are adjustable. *If you do not qualify for this interest rate, the issuer will offer a higher-rate card. (P) Platinum. (G) Gold. †$35 if late more than once in six months. #Must be a credit union member. ‡6% groceries up to $6,000 per calendar year (1% thereafter); 3% gas/retail; 1% other purchases. ^Categories change quarterly on up to $1,500 of spending. &Earn 1% when you buy and an additional 1% when you pay your bill. SOURCE: Bankrate.com. Banks may offer lower introductory rates.

LIVING

The Power of $1,000

YOU'LL BE SHOCKED AT WHAT A GRAND CAN DO.

YOU MAY HAVE YOUR OWN PRIORITIES FOR what to do with $1,000: pay down debt, add to your emergency fund, stash it in retirement savings. We applaud the impulse to bolster your finances—and list these and other staples as part of our collection of 55 ideas. But we also offer surprising suggestions that are equally rewarding. Want to invest it? We assembled ETF, fund and stock picks. Want to spend it? You could splurge on a romantic getaway, improve your home or invest in yourself. Does an extra thousand bucks spark the philanthropist in you? We have tips for smart giving, too. If you have deeper pockets, take a look at what $10,000 can do with our "Supercharge It" suggestions.

PHOTO-ILLUSTRATION BY JOHN SPOSATO

JUICE UP YOUR INVESTMENTS

Build a high-yield ETF portfolio. This package of three exchange-traded funds yields 4.5% (all ETF and stock prices are as of December 5). Start with three shares of junk-bond fund **ISHARES IBOXX $ HIGH YIELD CORPORATE BOND (SYMBOL HYG, $90, 5.2% YIELD).** Add 10 shares of **ISHARES US PREFERRED STOCK ETF (PFF, $39, 5.6%)**, which invests in preferred stocks—stock-bond hybrids that pay fixed dividends. (For more on this ETF, see "Income Investing," on page 36.) Finally, buy four shares of **VANGUARD REIT ETF (VNQ, $81, 2.5%)**. This fund tracks an index of real estate investment trusts that own malls, hotels, apartments and other kinds of property. (Money-saving hint: If you have a brokerage account at Fidelity, you can buy the two iShares ETFs commission-free. Likewise for Vanguard brokerage clients and the Vanguard ETF.)

FOR $1,000, YOU COULD BUY 137 SHARES OF GROUPON.

Buy a top-notch fund. You don't need a lot of cash to own top funds. These five funds have performed better than their category average over the past 10 years, and each requires $1,000 or less to get started. Both **OAKMARK FUND (OAKMX)** and **OAKMARK SELECT (OAKLX)** invest mainly in large U.S. companies selling at bargain prices. Comanager Bill Nygren has been at Oakmark Fund since 2000 and at Select since 1996. **HOMESTEAD SMALL-COMPANY STOCK (HSCSX)** is a member of the Kiplinger 25 (and is featured as a consistent winner in "Oldies But Goodies," on page 24). At the end of 2015, Mark Yockey will celebrate his 20th anniversary as manager of **ARTISAN INTERNATIONAL (ARTIX)**, which invests mainly in large, growing foreign companies. For an all-in-one option, try **VANGUARD STAR (VGSTX)**. The fund holds 11 actively managed Vanguard funds, with 60% of its assets in stock funds and most of the rest in bond funds.

$10,000

SUPERCHARGE IT

▸ **LOWER YOUR FUND FEES.** Investing $10,000 in a mutual fund (or amassing that much in a fund you already own) often qualifies you for a lower-cost share class. The savings mount up over an investing lifetime. Consider a $10,000 investment in **VANGUARD 500 INDEX**, which tracks Standard & Poor's 500-stock index. The fund's Investor share class (**VFINX**), which requires a $3,000 minimum initial investment, charges annual fees of 0.17% of assets. But 500 Index's **ADMIRAL** share class (**VFIAX**), which has a $10,000 minimum, charges just 0.05%. Over 40 years, if the stock market matches its long-term historical return of 10% before expenses, your 10 grand would grow to $417,015 in the Admiral shares but only $397,450 in the Investor shares.

Be a lender. At peer-to-peer lending sites such as **LENDING CLUB** and **PROSPER**, you can invest in personal loans and receive monthly payments and interest as borrowers repay the loans. To mitigate risk, create a portfolio of loans with a range of credit ratings. Prosper lists average investor returns of 5.5% to 11.4%, and Lending Club's historical returns range from 4.7% to 9%.

Take a flier on a low-priced stock. You can buy 100 shares of any of the seven stocks listed below for less than $1,000. They all carry a fair amount of risk, but if things go right, you could make a bundle. (For more details on each stock, visit kiplinger.com/links/low.)

▸ **APTOSE BIOSCIENCES (APTO, $7.08).**

JAMES JOHN JETEL

Business: biotechnology.

- **AURINIA PHARMACEUTICALS (AUPH, $3.82)**, biotechnology.
- **GROUPON (GRPN, $7.27)**, daily deal provider.
- **KRATOS DEFENSE & SECURITY SOLUTIONS (KTOS, $5.10)**, maker of electronic components.
- **PARKERVISION (PRKR, $0.91)**, semiconductor designer.
- **RITE AID (RAD, $5.69)**, drugstore chain.
- **SIRIUS XM HOLDINGS (SIRI, $3.49)**, satellite radio.

Grab 10 shares of a blue chip.

Prefer more-established companies? You could buy 10 shares of any one of these five stocks for roughly a grand. The reward: healthy dividends now and the likelihood of share-price gains as earnings grow.

- **CVS HEALTH (CVS, $91, 1.2% YIELD).** The drugstore chain is getting a boost from its rapidly growing pharmacy-services segment.
- **DANAHER CORP. (DHR, $85, 0.5%).** Danaher makes everything from medical devices to measuring systems. It has $12 billion in the till for making acquisitions.
- **WALT DISNEY (DIS, $94, 1.2%).** The smashing success of *Frozen* proves that we are all kids at heart. The entertainment conglomerate owns theme parks, TV stations, ESPN and more.
- **MASTERCARD (MA, $89, 0.7%).** The credit card company boosted its dividend by a stunning 45% in December and increased its share-buyback program.
- **PEPSICO (PEP, $98, 2.7%).** Besides its namesake soft drinks, Pepsi owns Frito-Lay, Quaker and other great brands.

AMP UP YOUR TECH

Create a kitchen command center.

Check recipes, watch videos and stream music with a wall-mounted tablet. The **APPLE IPAD AIR 2** (starting at $500), the **AMAZON FIRE HDX 8.9** (starting at $380) and the **SAMSUNG GALAXY NOTE 10.1** (about $500 for the Wi-Fi edition) all have the bright HD displays and sturdy construction required for kitchen duty. Attach your choice to the wall (and out of range of splatters) with **TMS 1030 TABLET FLEX PACK** (www.vogels.com; $100).

For sound that will shake the spice rack, pair your slate with **JAWBONE'S BIG JAMBOX WIRELESS BLUETOOTH SPEAKER** ($240 online), which is compact enough to fit on most countertops.

Upgrade your home office.

Studies show that a standing desk can lower the risk of obesity, diabetes and even cancer. We like the **WORKFIT-S SINGLE LD WITH WORKSURFACE+** from Ergotron (www.ergotron.com; $450 to $500). It's height-adjustable for standing and sitting, and it's equipped with a mount for an LCD monitor plus a separate keyboard tray and workspace.

Every office needs a color scanner for digitizing paper documents, photos, logos and even stacks of business cards. The **EPSON WORKFORCE DS-510** (www.epson.com; $350) can scan up to 26 pages per minute and both sides of a page in one pass. The **LOGITECH BLUETOOTH K810** illuminated keyboard (www.logitech.com; $100) is a versatile addition. It works with Windows, Apple iOS and Android devices; simply press a button on the keyboard to switch between PC, smartphone and tablet. If you're pulling an all-nighter, you'll appreciate the backlit keys.

SET UP A TABLET IN THE KITCHEN TO CHECK RECIPES AND STREAM MUSIC.

COURTESY VOGELS.COM

$10,000
SUPERCHARGE IT

HOME MOVIE NIGHT. Samsung's humongo **4K UHD HU8550 SERIES SMART TV** produces dazzling images with four times the resolution of HDTV. The 75-inch model lists for $7,000. You'll need wall-rattling audio, too. The **BOSE CINEMATE 520** home theater system (www.bose.com; $1,500) fills the space with multispeaker, 5.1 surround sound. It has four HDMI inputs for a cable box, Blu-ray player, game console and another device. Such a high-end setup deserves an eye-catching stand. The **BDI SIGNAL 8323** (www.bdiusa.com; $1,500) is a low-rise cabinet that can support screens as large as 85 inches.

SPARK UP YOUR LIFE

Indulge your fantasy at a camp. If you've always secretly wondered what it would be like to be, say, an astronaut or captain of a sailboat, get a taste by going to camp. At the **ADULT SPACE ACADEMY**, in Huntsville, Ala., you can train in simulators, launch model rockets and more. The price for four days, including meals and lodging, is $599, plus a $50 registration fee. Or spend time on the ocean instead of in (simulated) orbit. The **OFFSHORE SAILING SCHOOL** has locations in Florida, New York, New Jersey and the British Virgin Islands. The two-day Intro to Sailing Vacation teaches the basics; depending on the season, you'll pay $695 to $895 (including double-occupancy lodging) to take the course at the Pink Shell Beach Resort & Marina, in Fort Myers Beach, Fla. Wine connoisseurs can sample the **WINE LOVERS BOOT CAMP** (Taste Like a Pro) from the Culinary Institute of America, learning about tasting techniques and wine varietals. The two-day course, in St. Helena, Calif., runs $895.

Get wine by the month. For an easier way to become an oenophile, join **CLUB W** (www.clubw.com), a subscription service that recommends wines based on your preferences for flavors and foods, such as lemon and coffee, then refines its suggestions after each order you make (you can also make your own selections). The company buys small-lot wines from farms and vineyards, eliminating the middleman. Six bottles a month at $13 each (the club covers the $6 flat shipping rate on orders of six bottles or more) for 12 months brings you to $936.

Splurge on a spa. You don't have to spend a fortune to go to a romantic spa. Here are three where the pampering comes in at $1,000 or less (prices are based on a one-night stay and vary depending on the services you choose).

BALBOA BAY RESORT (www.balboabayresort.com), in Newport Beach, Calif., is a waterfront hotel with a full-service spa that includes skin treatments, massages, a eucalyptus steam room, a sauna and a lounge with a fireplace. Try the body scrub paired with a massage, and then explore the bay in a kayak. **TRAVAASA AUSTIN** (www.travaasa.com/austin), an all-inclusive resort on the edge of the Balcones Canyonlands Preserve in Austin, Tex., offers spa treatments as well as more-strenuous activities, such as sunrise horseback riding. **MOHONK MOUNTAIN HOUSE** (www.mohonk.com), in New Paltz, N.Y., is a historic Victorian castle near the Catskill Mountains. It has 16 treatment rooms, a solarium with a stone fireplace, an outdoor heated mineral pool and an assortment of services.

Take a class. Give your career a boost by, say, polishing your public-speaking skills or learning basic coding for software programs. Most **COMMUNITY COLLEGES** have good options at affordable prices. The University of Northwestern Ohio, for instance, charges $205 per credit hour for courses in its College of Business, Health Professions and Occupational Professions. If you took three credit hours, you'd have money left for textbooks, supplies and any fees. Many colleges allow senior citizens to take classes free.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Remake your bed. Want to feel like a king for eight hours out of every 24? Outfit your bed with high-end sheets. Start with those made of long-staple Egyptian cotton: The extra-long fiber makes for a smooth, soft fabric that improves with washing and won't pill. A high thread count doesn't necessarily signify better quality. You can find high-end sheets with a thread count as low as 200. Marissa Murphy, of Pioneer

$10,000

SUPERCHARGE IT

▸ **SMILE LIKE JOE BIDEN.** Dental veneers, which cap the front of your teeth to correct staining and chipping and mask crooked teeth, can brighten your grin and make you look years younger. The average price of a single **RESIN LAMINATE VENEER** is $802, and a porcelain laminate runs an average of $1,001, according to a survey by the American Dental Association and the Health Policy Institute. Your dental insurance policy may not cover veneers because they're usually considered a cosmetic procedure. Still, with $10,000 you should be able to swing the cost of veneers for the teeth you see when you smile.

CAST OFF AT THE TWO-DAY INTRO TO SAILING VACATION.

Linens, in West Palm Beach, Fla., recommends **SHEETS MADE BY MATOUK**, a top-quality U.S. manufacturer whose fabrics are woven in Italy. A king-size percale set by Matouk that includes a top and bottom sheet, a duvet cover and a pair of pillowcases in the Butterfield pattern runs $1,069 at www.pioneerlinens.com.

Reap credit card rewards. Pack plastic in your wallet that tacks on a generous helping of bonus points. The **GOLD DELTA SKYMILES** and **UNITED MILEAGEPLUS EXPLORER** cards (each has a $95 annual fee, waived the first year) hand over 30,000 points if you make $1,000 in purchases in the first three months. The **BARCLAYCARD ARRIVAL WORLD MASTERCARD** (no annual fee) offers a bonus of 20,000 miles for $1,000 of spending in the first 90 days.

Take a language-immersion trip. Learn a foreign language by going straight to the source. During the low season, **LA MARIPOSA SPANISH SCHOOL & ECO-HOTEL**, in Nicaragua, charges $450 plus tax per week for a hotel stay (or stay with a host family for $380). Included are Spanish classes, meals and afternoon outings to explore and practice your language skills. That leaves room in a $1,000 budget for airfare. Look for other programs at www.studyabroad.com.

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STAY GROUNDED

▸ **MAKE CATCH-UP CONTRIBUTIONS.** If you're 50 or older, you're eligible to stuff an extra $1,000 into a traditional or Roth IRA in 2015, in addition to the standard $5,500 contribution limit for the year. People 55 and older can make a catch-up contribution of $1,000 to a health savings account in 2015, on top of the standard $3,350 limit per year for individuals. Contributions to an HSA are tax-deductible (or pretax in an employer's plan); the money grows in the account tax-deferred; and you don't pay taxes when you withdraw funds for qualifying medical expenses.

▸ **BEEF UP YOUR EMERGENCY FUND.** Stash the money in a no-fee, interest-bearing savings account, such as the GE Capital Bank Online Savings account (yield: 0.95%). When your fund is flush, raise the deductible on your home-insurance policy by $1,000 and lower your premiums. You'll have enough cash in the bank to cover any losses.

▸ **PAY OFF A CHUNK OF DEBT.** This could save you a bundle in interest. Say you started with a credit card balance of $5,000 with a typical 13.18% annual percentage rate and you've already made six $125 payments. Pay off another $1,000, then continue paying $125 monthly until the balance is paid off. You'll save $567 in interest compared with just paying $125 each month for the life of the debt.

▸ **PREPAY YOUR MORTGAGE.** If you owe more than 80% of your home's original value, you have to pay for private mortgage insurance. Putting an extra $1,000 toward your payments will push you closer to the 20% equity you need to request a cancellation of PMI. Plus, you'll trim some interest off the debt.

▸ **STRENGTHEN YOUR ESTATE PLAN.** To have a lawyer draw up a simple will, durable power of attorney and advance medical directive should cost about $1,000, says Jordon Rosen, a certified public accountant and accredited estate planner in Wilmington, Del. Or use the money to make updates to your existing estate documents.

A THREE-DAY TRIP TO ICELAND, INCLUDING AIRFARE, STARTS AT LESS THAN $1,000.

ADD FLASH TO YOUR TRAVEL

Take an early spring vacation. Icelandair offers several vacation packages to the land of fire and ice that start near the $1,000-per-person mark. The Hot Springs & Northern Lights **ICELAND** tour includes a round-trip flight, a three-night hotel stay, an evening dip in geothermal baths and a guided hunt for the northern lights. One adult could recently travel from Boston to Reykjavik in early April for $953 (prices include taxes and fees).

If you prefer a warmer destination, head to **HAWAII**, suggests Anne Banas, executive editor of SmarterTravel.com. Search for deals at www.applevacations.com and www.pleasantholidays.com. Recently, a couple departing from Los Angeles in mid February could fly to Honolulu and stay at the Luana Waikiki hotel for four nights for $976 per person. The price includes a rental car.

Book an off-season cruise. Score deals on cruises for $1,000 or less per person by avoiding peak season, says Carolyn Spencer Brown, editor in chief of travel Web site Cruise Critic. In the Caribbean, that means sailing during portions of the spring and fall. Norwegian Cruise Line recently offered a **SEVEN-DAY WESTERN CARIBBEAN CRUISE** departing in late March from New Orleans on the *Norwegian Dawn* for $777 per person (with two guests sharing an interior cabin); upgrade to a room with a view for $957. Or look for Alaskan cruises in April, May or September. Recently, two adults could depart from Vancouver on Royal Caribbean's *Radiance of the Seas* ship in mid May for a **SEVEN-DAY ALASKA TOUR** (interior cabin) for $857 per person.

Rent an RV. Cheaper gasoline is fueling a resurgence in RVing. Rental fees generally run $200 to $250 per night and include full insurance coverage. No special driver's license is required. Most RV rental companies offer housekeeping packages with dishes, pots and pans, and linens, or you can bring your own. A standard **25-FOOT RV RENTAL** from Cruise America (www.cruiseamerica.com) sleeps five people. Factoring in rental costs and gas, you could take a seven-day trip in mid July from Charlotte, N.C., to Great Smoky Mountains National Park for about a grand. A trip around the same time from Denver to Pike's Peak for five days costs about $860. Find information about rental companies and camping at GoRVing.com.

$10,000

SUPERCHARGE IT

▶ **TAKE AN EXOTIC TRIP.** With $10,000 to spare, you can up the ante. For $9,200 per person in a standard twin cabin, Polar Cruises recently offered a 20-day cruise (from late October through mid November 2015) on the ship *Ushuaia* through the islands of the Falklands, South Georgia and the **ANTARCTIC PENINSULA.** The cruise includes onboard lectures and a few stops. Smithsonian Journeys offers a variety of land-based tours worldwide. The 14-day **AFRICAN SAFARI** includes airfare, lodging, and nature and wildlife tours in South Africa, Botswana, Zimbabwe and Zambia. Two people sharing a room and departing from one of several eastern U.S. cities in mid September could recently travel for $9,254 per person.

SINGHAPHAN AIIB/GETTY IMAGES

MAKE YOUR HOME SIZZLE

Power up during an outage. Keep the lights—and fridge, TV and sump pump—on with a **PORTABLE GENERATOR**. Buy a unit with an electric starter, such as a 6,500-watt model from Generac (about $899) or a 7,500-watt model from Westinghouse (about $979). They'll provide enough juice to power most of a 2,000-square-foot house (not including central air conditioning). Look for size calculators on manufacturers' Web sites.

Belly up to a home bar. A bar will create a focal point for entertaining and a place to stash your stash. Pottery Barn has several options: For a traditional but simple style, check out the "Metropolitan Buffet" ($699); for a contemporary look, consider the "Hillary Mirrored Bar" ($999). And if you want to get behind the bar to serve guests, you might like the "Inwood Contemporary Bar," by Coaster Home Furnishings ($699 at Amazon.com). If you have any leftover bucks, buy a couple of bar stools, bar tools or glassware.

Let there be natural light. Tubular skylights, such as the **SUN TUNNELS BY VELUX**, will brighten a dark space, such as a windowless bathroom or walk-in closet. A tubular skylight is simpler and less expensive to install than a traditional skylight: A tube with a mirrorlike interior delivers light from a clear dome (usually acrylic) mounted on the roof to an opaque diffuser set in the ceiling. The installed cost runs from $500 to $1,000, according to www.costhelper.com.

INSTALL A HOME BAR THAT SUITS YOUR TASTE.

IVAN MATEEV/GETTY IMAGES

Spruce up for Airbnb. Thinking about sharing a spare bedroom or two? Start with linens. You can dress a bed in hotel-style linens (queen-size mattress pad, sheets and duvet cover, down-alternative comforter and two pillows), and provide two sets of plush cotton towels and two terry bathrobes for about $850 at The Company Store (www.thecompanystore.com). With the remaining money, buy a four-cup coffeemaker, a hair dryer, an iron and ironing board, and a couple of luggage racks. Update your Airbnb listing to include the new amenities and earn back your money with more bookings.

Hire organizing help. Organizers can help you set up a filing system, sort and catalog family photos, decide which possessions to keep or discard, or prepare you to move or sell your home. To find one, visit the Web site of the National Association of Professional Organizers (www.napo.net/publicdirectory). Many organizers charge by the hour (typically $30 to $80 per hour, according to www.costhelper.com), but some charge by the day or project.

$10,000

SUPERCHARGE IT

▸ GIVE YOUR KITCHEN A FACELIFT. With $10,000, you can refresh most of the surfaces in a 150-square-foot kitchen (excluding the cost of any demolition). Cabinets are the dominant feature of most kitchens. If yours have good bones, then paint or refinish them for a new look or feel. Spring for granite or quartz countertops and a tile backsplash. Vinyl flooring provides a lot of bang for the buck. It can mimic almost any material, and it's easy on the feet and easy to maintain. Install an under-mounted stainless steel sink with two bowls, as well as a new faucet and garbage disposer. Paint the ceiling and add a new overhead ceiling fixture. Hang a pendant light over the kitchen sink as a grace note. (For a helpful remodeling project estimator, see www.homewyse.com.)

BOOST YOUR GIVING

■ CONSIDER OPENING A ROTH FOR A KID OR CONTRIBUTING TO THE COLLEGE FUND.

Join the fight against Ebola. Conditions have improved in some countries, but groups on the front lines of this battle still need help. For a list of nongovernmental agencies that are working in areas affected by the Ebola virus, go to the Web site of the Center for International Disaster Information (www.cidi.org), a part of the U.S. Agency for International Development, and click on "Donate Now-Ebola." You'll find information on 62 organizations that focus on disasters overseas, including Doctors Without Borders (Medecins Sans Frontières) and the CDC Foundation.

Help an underfunded cause. Diseases that affect fewer than 200,000 Americans are considered rare, yet their impact can be as devastating to those affected as ailments that cut a wider swath (and attract more funding). You can help people suffering from one of 7,000 such diseases by contributing to the **NATIONAL ORGANIZATION FOR RARE DISORDERS** (www.rarediseases.org). It works with other groups to support research and provide information to patients and families.

Open a Roth for your kid. As with all Roth IRAs, custodial Roths are funded with after-tax money, and contributions can be withdrawn at any time, tax- and penalty-free. Say you contribute $1,000 to a Roth when a kid is 15, and he or she continues to save $1,000 each year. By age 67, the account will have hit $726,031, assuming an 8% annual return. After age 59½, if the account has been open at least five years, withdrawals including earnings are tax- and penalty-free. Your contribution is limited to the amount the child earned during the year, up to $5,500 in 2015, but you can match the amount and let the child keep the earnings. Several firms with low fees and investment minimums, including TD Ameritrade and Charles Schwab, let you open custodial IRAs.

Contribute to a 529 plan. These investment accounts let your savings grow tax-free, and the earnings escape tax altogether if the distributions are used for qualified college expenses, including tuition, fees, and room and board. Sponsored by 48 states and the District of Columbia (Washington State and Wyoming are the exceptions), the plans set no limit on income, and they have a high limit on contributions. As a sweetener, two-thirds of the states and the District of Columbia give a tax deduction or credit for contributions (see "The Best College-Savings Plans," Oct.).

Patronize the arts. Giving to your favorite local theater or performance company is doubly rewarding. Not only does your largely tax-deductible donation support art and culture within your community, but it often comes with a raft of benefits that go beyond getting your name in the program. A $1,000 donation to Philadelphia's Kimmel Center for the Performing Arts, for example, buys you platinum membership, which comes with invitations to cast parties and artist meet-and-greets plus a "donor concierge" for help with purchasing tickets, dinner reservations and the like. ■

$10,000

SUPERCHARGE IT

▶ **SET UP A DONOR-ADVISED FUND.** With these funds, administered by mutual funds, brokerage firms and community foundations, you can claim a tax deduction for the year in which you make the contribution but wait till later to decide how you would like to distribute the money. The funds accept donations of stocks, bonds, funds or other assets in addition to cash. They will vet the organizations you're considering to be sure they are eligible public charities and provide other guidance. Once you choose the recipient, the fund handles the paperwork. T. Rowe Price requires $10,000 to start a donor-advised fund, but at Fidelity and Schwab you'll need only $5,000. Some community foundations let you in the door for as little as $1,000 (see www.cof.org/locator).

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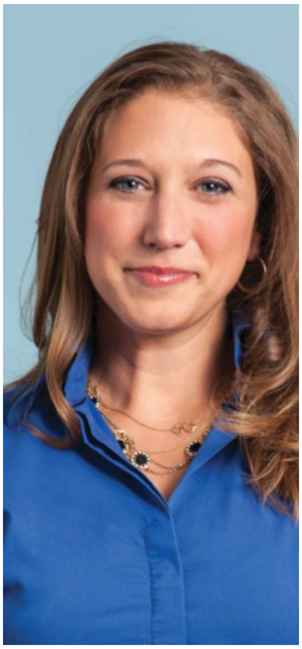


LISE METZGER

JESSICA ANDERSON > Drive Time

When Leasing Makes Sense

The world of new-car shoppers is divided into two camps: those who buy and those who lease. Buyers like the peace of mind of owning their vehicle and knowing that if they pay cash or keep the car past the loan payoff date, they'll likely come out ahead financially. Yes, you're on the hook for repairs after the warranty expires, but repairs are likely to cost less each year than car payments.

Lessees love the flexibility to trade up frequently to a brand-new set of wheels. More than one-fourth of new-car transactions in 2014 were leases, and the percentage is rising. Matt Jones, of Edmunds.com, says part of the reason is a new mentality among shoppers. "You have a new generation that isn't as invested in the idea of personal ownership."

> **"If you always have a car payment—because you trade in your cars often or you tend to finance with long-term loans—then leasing is a good choice."**

The case for leasing. If you always have a car payment—because you trade in your cars often or you tend to finance with long-term loans—then leasing is a good choice. Because you're paying for a car's depreciation only over the term of the lease, your payments are lower than if you financed the entire cost. The majority of leases are written for three years, so a leased vehicle is almost always under warranty.

Suppose you buy a 2015 Chevrolet Malibu 1LT for $24,560 with a five-year loan and 10% down. With Chevy's 2.9% financing offer, your payments will be $396 a month. Now suppose you get the itch to buy a new car after three years. If you trade in the Malibu, you will likely get about 50% of the sticker price, or $12,280, according to Kelley Blue Book's estimated resale value. After you pay off the loan, your total out-of-pocket cost will be about $13,290.

However, you can lease the same Malibu for $179 a month for three years with $1,209 down. Your cost will be about $8,650 over three years, including the fees leasing companies impose—a front-end acquisition fee ($600 to $800) and a back-end disposition fee (about $350). Leasing leaves you more than $4,600 richer. The scales tip back in favor of buying when a vehicle has higher-than-average resale values, because you'll get more when you trade it in. (We include resale values in our annual car buyer's guide in the March issue.)

Leasing does come with strings attached. Excess wear and tear will cost you, although leasing companies usually don't charge for scratches or a less-than-pristine interior. Plus, mileage is typically capped at 12,000 to 15,000 miles per year, and you'll pay about 20 cents per extra mile at the end of the lease. You can negotiate a high-mileage lease—up to 30,000 miles per year—but you'll pay extra for the increased depreciation.

Keep in mind, however, that when you buy a car, high mileage, customization, and dents and dings also drag down its value. The money comes out of your pocket when you sell. Also, if you decide to trade in a vehicle, you may get less than you anticipated if its value suddenly drops—as SUV values did when gas spiked to $4 a gallon in 2008 and owners dumped them en masse.

If you want to get out of a lease, there are ways to do it without paying an early-termination fee. A dealer may contact you for a "pull-ahead program," which lets you return your car to the dealer and lease a new car, often at more-favorable terms. (Dealers sell your previous car as a certified pre-owned vehicle.) Or you could sell the car yourself and walk away from your lease with a check in your hand if your vehicle is worth more than the purchase price written into the lease (see "Drive Time," Oct.).

LeaseTrader.com and SwapALease.com match lessees who want to exit early with shoppers looking to pick up a short-term lease (cost for the service: $100 to $350). Because the remainder of the lease payments will be made, you won't pay an early-termination fee. ■

ASK JESSICA A QUESTION AT JANDERSON@KIPLINGER.COM, OR FOLLOW HER ON FACEBOOK OR TWITTER AT JANDERSONDRIVES.

LOWDOWN

What You Need to Know About Gifts of Love

How to pick the right present for your Valentine. BY CAROLYN BIGDA

1. GENDER MATTERS. Gift givers planned to spend an average of $134 on Valentine's Day last year, with men saying that they would spend nearly twice as much as women. Greeting cards and candy were the most popular gifts, and roughly one-third of lovebirds (skewing heavily male) said they would buy flowers.

2. ESPECIALLY IN ALASKA. According to the 2013 U.S. Census, the state most heavily populated by men is Alaska, with North Dakota not far behind. In such places, men may be more motivated to spend money on wooing. Research from the University of Minnesota's Carlson School of Management found that where there is a perceived scarcity of women, men generally tend to spend more and save less than do men in areas where women are more numerous. Similarly, when women think men outnumber them, they expect men to spend more on Valentine's Day gifts (and dinner dates and engagement rings).

3. ROSES MAY BE MORE REASONABLE. The wholesale price for roses (which florists pay) can double on Valentine's Day—and what you pay more than covers that markup. But because Valentine's Day falls on a Saturday this year, prices may be slightly lower than if the holiday had landed on a weekday. "There's about 20% less demand on the weekend because men have more time to plan," says Pete McBride, owner of ValentineRoses.com and Towers Flowers, a florist shop in North Babylon, N.Y. You may also do well at certain supermarkets or big-box stores, such as Wegmans and Costco, which tend to carry mid- to long-stem beauties (at least 50 centimeters long) and charge less than what florists bill for a professional arrangement.

4. BUT YOU'LL PAY UP FOR CHOCOLATE. A sharp rise in the cost of cocoa in 2014 because of rising global demand and fears of tight supplies led several major manufacturers to increase their prices during the summer. Hershey's, for example, started charging 8% more for its candy in July. Mars, whose brands include Dove and M&M's, hiked prices 7% the same month.

5. TOGETHER TIME IS MORE PRECIOUS THAN MONEY. Don't sweat it if you're reluctant to spend a bundle on a box of chocolates or a dozen roses. Studies show that activities that bring you closer to loved ones make you happier than buying expensive items. You and your significant other may get more joy from doing something you both love to do—say, catching a movie or making dinner together.

6. MAKE IT A MONEY DATE. Still need inspiration for what to do with your significant other? Talk about money. If that doesn't sound romantic, think again. A 2014 survey of married couples by the consumer services division of the credit bureau Experian found that 73% of women and 60% of men say they found their spouse more attractive when he or she was willing to talk about personal finances and credit. Brittney Castro, a financial planner in Los Angeles, suggests couples schedule regular "money dates," during which spouses set and review their progress toward financial goals and air any money concerns. "By scheduling a date, each person can come to the conversation prepared," she says. "You're not ambushing each other at the end of a stressful workday." Schedule the first money date for Valentine's Day and you can discuss just how expensive flowers and chocolates are now. ■

SHANNON MAY

3 SIMPLE STEPS See If a Refi Is Worth It

STEP 1

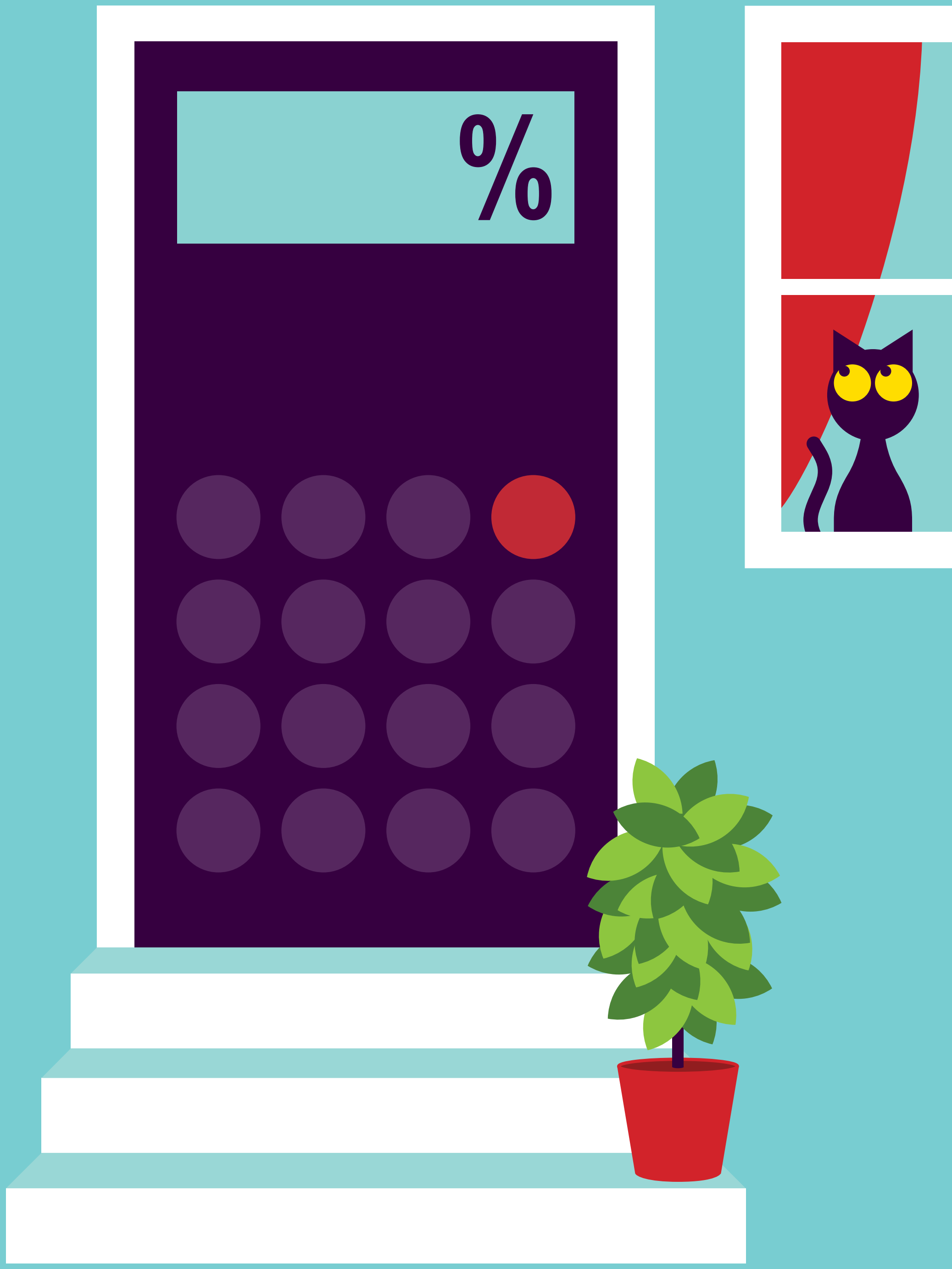
Check www.mortgagemarvel.com to see how low a rate you could get and how much you'd pay in closing costs. Forget the rule of thumb that to refinance your mortgage you need to reduce your rate by two percentage points. The question is whether you will stay in your home long enough to recoup the closing costs with savings on your monthly payments. You will need at least 5% equity in your home to qualify, and lenders may require a minimum credit score of 660 if you have less than 25% equity. The higher your score, the better your rate.

STEP 2

For a rough idea of how long it will take to break even, before you will realize any savings, subtract the new monthly payment from your current one and divide that into the total closing costs. For a more accurate picture, use the Mortgage Professor's refi calculator (www.mtgprofessor.com), which also factors in unrealized interest on your closing costs and lost mortgage-interest tax deductions, resulting in a longer break-even period. Say you have a 30-year, $200,000 mortgage at 4.8% and can refinance at 4%. According to the calculator, you'd lower your monthly payment of principal and interest from $1,146 to $984, assuming you finance the estimated $6,000 in closing costs. It would take 70 months to break even.

STEP 3

You can lower your rate even more and cut the payoff time in half with a 15-year mortgage, but your monthly payment won't be as low. Or ask the lender to set a payback period equal to the number of years remaining on your old mortgage, and it will adjust the payments to reflect the term.



THE PAYOFF You'll lower your payment and maybe retire your mortgage sooner.

ILLUSTRATION BY PATRICK GEORGE