7 STOCKS THAT BOOST DIVIDENDS EVERY YEAR p46

Kiplinger's

PERSONAL FINANCE

MONEY SMART LIVING

Income That Lasts a Lifetime

Follow our steps to keep money flowing during retirement. p26

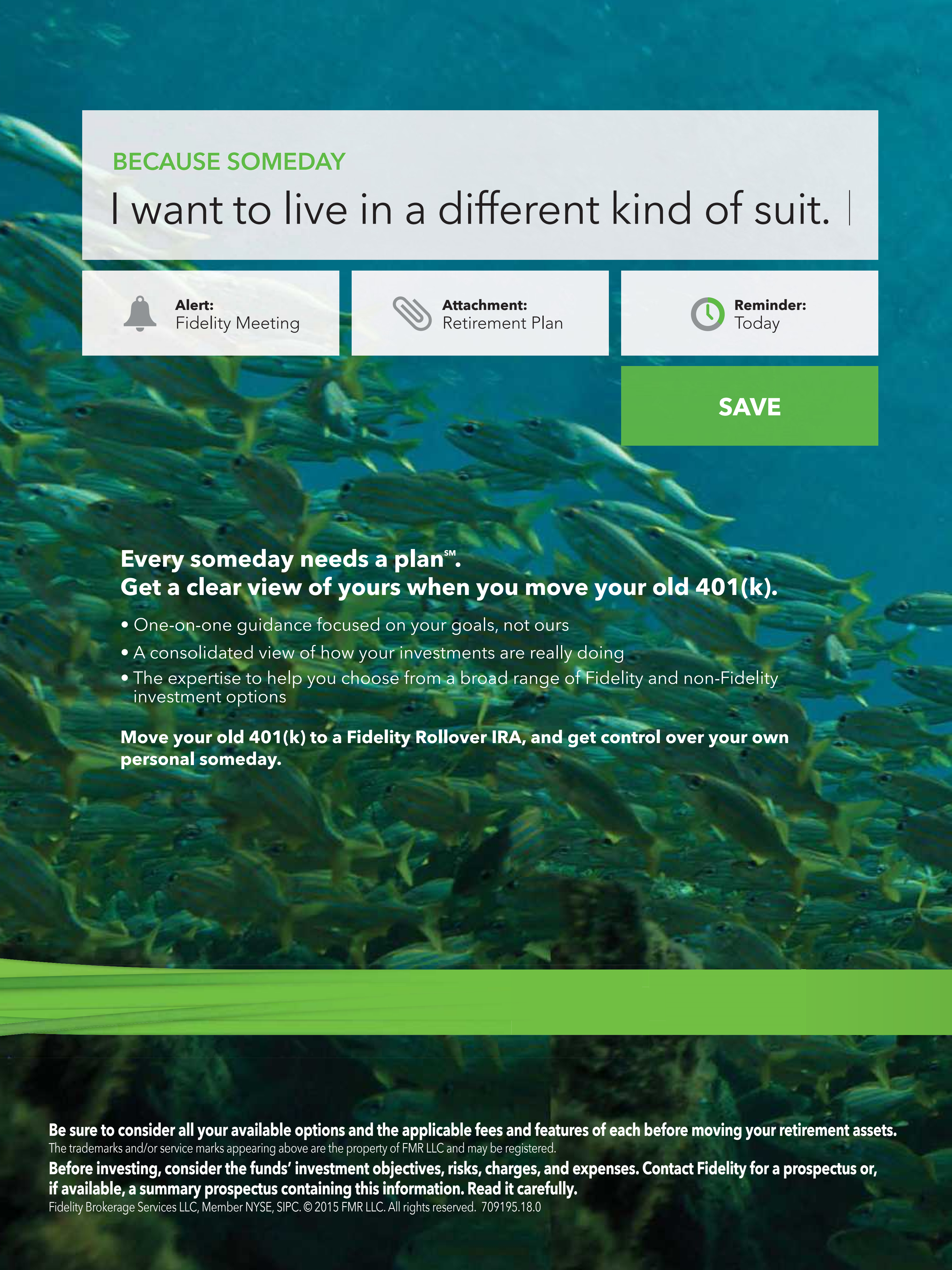
PLUS

Break the cable habit p62

Fidelity's best 401(k) funds p52

Road trip! Test-driving the RV life p68

OCTOBER 2015

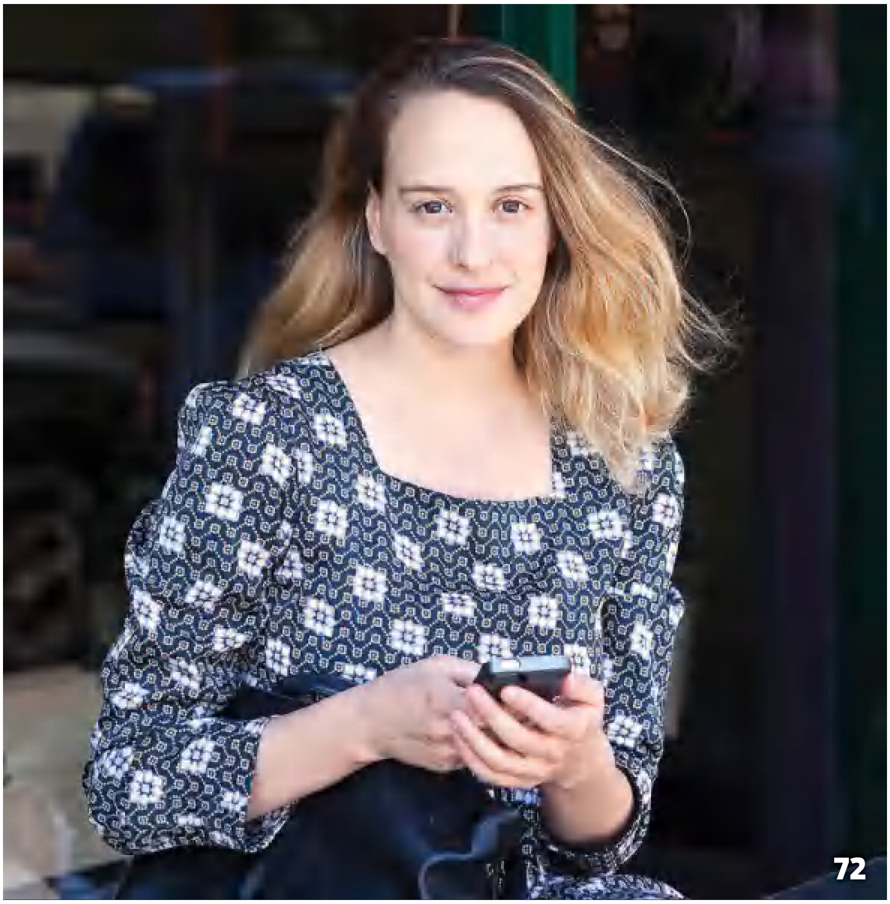

BECAUSE SOMEDAY
I want to live in a different kind of suit.
Alert:
Fidelity Meeting
Attachment:
Retirement Plan
Reminder:
Today
SAVE
Every someday needs a plan℠.
Get a clear view of yours when you move your old 401(k).
• One-on-one guidance focused on your goals, not ours
• A consolidated view of how your investments are really doing
• The expertise to help you choose from a broad range of Fidelity and non-Fidelity investment options
Move your old 401(k) to a Fidelity Rollover IRA, and get control over your own personal someday.
Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.
The trademarks and/or service marks appearing above are the property of FMR LLC and may be registered.
Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.
Fidelity Brokerage Services LLC, Member NYSE, SIPC. © 2015 FMR LLC. All rights reserved. 709195.18.0


Fidelity INVESTMENTS
Fidelity.com/rollover
800.FIDELITY

CONTENTS

KIPLINGER'S PERSONAL FINANCE // FOUNDED 1947

VOL. 69 NO. 10


72

IN EVERY ISSUE

AHEAD

MONEY // COVER

INVESTING

LIVING

ON THE COVER: Photograph by Bonnie Holland
Stylist: Leilani Lacson. (On her): blouse and skirt, DVF; red pumps, Brian Atwood. (On him): shirt and belt, Perry Ellis; pants, Michael Kors; shoes, Base London. Hair and make-up: Bethany Ruck. Retouching and CGI: Thomas Canny Studio

GINA LeVAY

KIPLINGER.COM
LOG ON & EXPLORE

29 Ways to Make Extra Cash
Don't go into debt this holiday season. These money-making opportunities are good for a fast buck or a steady stream of income.

▶ **kiplinger.com/links/extracash**

Kiplinger's Economic Outlooks
Stay ahead with exclusive forecasts of inflation, GDP, jobs and more.

▶ **kiplinger.com/outlooks**

NEW! Wealth Creation Channel
Valuable financial advice from professional advisers and Kiplinger.

▶ **kiplinger.com/links/wealth**

TOP 5 RETIREMENT FEATURES

1. Worst States for Retirement
▶ **kiplinger.com/links/worststates**
2. Retiree Tax Map
▶ **kiplinger.com/links/retireetaxmap**
3. Least Tax-Friendly States for Retirees
▶ **kiplinger.com/links/unfriendly**
4. Most Tax-Friendly States for Retirees
▶ **kiplinger.com/links/friendly**
5. Retirement Savings Calculator
▶ **kiplinger.com/links/retirementcalculator**

QUIZ YOURSELF
Is Your Identity at Risk?

Learn whether your everyday actions are exposing valuable personal information to scammers.

▶ **kiplinger.com/links/identity**

TOOL
Find the Best College for You

Filter the country's 300 best college values by the criteria most important to you.

▶ **kiplinger.com/links/collegefinder**

ONLINE STORE
Free Alerts on Energy and Tech

Sign up for exclusive e-mail alerts—*free* for a limited time—filled with critical forecasts and guidance on opportunities in the energy and tech sectors.

▶ **kiplinger.com/go/energy**

INTERACT

WE'RE GOING BACK TO THE MOON
And then on to Mars! *The Kiplinger Letter* forecasts a new space race with China. Discover who will prosper from the adventure.

kiplinger.com/links/moon

RICHARD SAMMON
@Richard_Sammon

COLLEGES VS. STUDENT DEBT
Editor Janet Bodnar credits colleges whose innovative approaches are keeping student borrowing in check.

kiplinger.com/links/collegedebt

JANET BODNAR
@JanetBodnar

WHERE THE HOUSING MARKET IS HEADED
Lured by low interest rates, first-time buyers are fueling the recovery. See when *The Kiplinger Letter* expects rates to rise.

kiplinger.com/links/housing

DAVID PAYNE
@KipLetter

FROM TOP: ISTOCKPHOTO.COM(3); LISE METZGER (3)

HOW TO REACH US: *Subscriptions.* For inquiries about ordering, billing or renewing a subscription, or to report address changes, please have your mailing label handy to reference your account number and visit us online at kiplinger.com/customerservice or call 800-544-0155, Monday through Friday between 7 A.M. and midnight, Saturday between 8:30 A.M. and 7 P.M., and Sunday between 10:30 A.M. and 7 P.M. You can also write to Kiplinger's Personal Finance, P.O. Box 62300, Tampa, FL 33662, or e-mail us (personalfinance@customersvc.com). *Reprints.* PARS International Corp. (212-221-9595, ext. 237; e-mail, jennifer.eclipse@parsintl.com). *Content licensing.* E-mail licensing@kiplinger.com. *Mailing lists.* From time to time we make our subscriber list available to carefully screened companies whose products may be of interest to you. If you would rather not receive such solicitations, send your mailing label to P.O. Box 62300, Tampa, FL 33662 and instruct us to exclude your name.

connect with us
Twitter
Facebook
LinkedIn
Tumblr


The Spirit of America™
Mutual of America celebrates our country's proud heritage by helping Americans plan for a financially secure future.
Mutual of America
Your Retirement Company®
Visit mutualofamerica.com or call us at 1-866-954-4321
Mutual of America® and Mutual of America Your Retirement Company® are registered service marks of Mutual of America Life Insurance Company, a registered Broker/Dealer. 320 Park Avenue, New York, NY 10022-6839.

Kiplinger's PERSONAL FINANCE

EDITORIAL

EDITOR IN CHIEF **Knight A. Kiplinger**
EDITOR **Janet Bodnar**
EXECUTIVE EDITOR **Manuel Schiffres** SENIOR EDITOR, MONEY/LIVING **Mark K. Solheim**
MANAGING EDITOR **Barbara Hoch Marcus**
SENIOR EDITORS **Jane Bennett Clark, Jeffrey R. Kosnett, Anne Kates Smith**
SENIOR ASSOCIATE EDITORS **Sandra Block, Nellie S. Huang, Marc A. Wojno (research)**
ASSOCIATE EDITORS **Patricia Mertz Esswein, Daren Fonda**
STAFF WRITERS **Miriam Cross, Kaitlin Pitsker**
CONTRIBUTING EDITORS **Carolyn Bigda, Andrew Feinberg, Lisa Gerstner, James K. Glassman, Kathy Kristof, Kimberly Lankford, Jeremy J. Siegel**
OFFICE MANAGER **Glen Mayers**

COPY AND RESEARCH

COPY CHIEF **Frederic Fane Wolfer**
COPY EDITORS **Rachel McVearry, Denise E. Mitchell, Elizabeth Whitehouse**
REPORTERS **Lisa Elaine Babb, Varsha Bansal, Ryan Ermey, Dandan Zou**
INTERNS **Miles J. Kruppa, Christian Ruhl, Meilan Solly**

ART

ART DIRECTOR **Stacie A. Harrison**
PHOTOGRAPHY DIRECTOR **Wendy Tiefenbacher**
DESIGNER **Yajaira A. Lockhart** DESIGN AND PHOTOGRAPHY ASSISTANT **Natalie F. Kress**
EDITORIAL PRODUCTION MANAGER **Kevin Childers**
EDITORIAL/DESIGN CONSULTANT **Michael Grossman**

KIPLINGER.COM

DIRECTOR, NEW MEDIA **Douglas Harbrecht**
ONLINE MANAGING EDITOR **Robert J.M. Long** EXECUTIVE EDITOR **Michael DeSenne**
ONLINE EDITORS **Andrea Browne, David Muhlbaum, Stacy Rapacon, Rachel L. Sheedy**
BUSINESS DEVELOPMENT ASSOCIATE **Brian Stoughton**
DIGITAL PRODUCT AND DESIGN MANAGER **Jenny Cohan**
ONLINE COMMUNITY EDITOR **Rebecca Dolan**
WEB OPERATIONS MANAGER **Wade Currie**
SENIOR WEB DEVELOPERS **David Kuchler, David Webster**

PUBLISHING

SENIOR CIRCULATION MANAGER **Roseann Ciccarello**
DIRECTOR, SINGLE-COPY SALES **Wayne Beder** PRODUCTION DIRECTOR **Carolyn R. Segree**

ADVERTISING SALES

NATIONAL SALES DIRECTOR **Mark E. Taussig**

PRINT SALES

PUBLISHER **Alex J. McKenna**
ASSOCIATE PUBLISHER/ADVERTISING AND CUSTOM CONTENT **Paul Vizza**
ATLANTA **Bill Bentz (404-256-0664)** CHICAGO **Mark E. Taussig (202-887-6528)**
DALLAS **Phil Ganz (972-991-4994)** DETROIT **Mark E. Taussig (202-887-6528)**
NEW YORK **Kristina Larson (516-932-0795), Jonathan Stone (203-257-0234)**
WASHINGTON, DC **Paul Vizza (202-887-6558)**
WEST COAST **Kristina Larson (516-932-0795), Jonathan Stone (203-257-0234)**
DIRECT RESPONSE **Anthony Smyth (914-409-4202)**
MARKETING DIRECTOR/CREATIVE SERVICES **June Lough (917-421-9046)**

ONLINE SALES

NATIONAL ONLINE SALES DIRECTOR **Elizabeth F. Martin**
ADVERTISING OPERATIONS MANAGER **Andy Nolen**
REGIONAL ACCOUNT MANAGERS **Austin Kaytes, Maggie Kinsky, Stephanie Lee**
ONLINE ADVERTISING SALES ASSISTANT **Michael Roche**

THE KIPLINGER WASHINGTON EDITORS INC.

1100 13th St., N.W., Suite 750, Washington, DC 20005 (202-887-6400)
W.M. Kiplinger (1891–1967), Founder
CHAIRMAN EMERITUS **Austin H. Kiplinger**
CHAIRMAN AND PRESIDENT **Knight A. Kiplinger**
EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER **Corbin M. Wilkes**
SENIOR VICE-PRESIDENT AND CHIEF OPERATING OFFICER **Denise M. Elliott**
SENIOR VICE-PRESIDENT AND CHIEF CONTENT OFFICER **Kevin McCormally**
SUBSCRIBER SERVICES **800-544-0155**

Please Recycle This Magazine

PRINTED IN USA

KIPLINGER'S PERSONAL FINANCE (ISSN 1528-9729) is published monthly by THE KIPLINGER WASHINGTON EDITORS INC. Editorial & Executive Offices: 1100 13th St., N.W., Suite 750, Washington, DC 20005 (202-887-6400). Subscription Center/Customer Service: Visit us online at kiplinger.com/customerservice, call 800-544-0155, or e-mail PersonalFinance@customersvc.com. POSTMASTER: Send change of address to: Kiplinger's Personal Finance, P.O. Box 62300, Tampa, FL 33662. GST# 123395253. Volume 69, Issue 10. Periodical postage paid at Washington, DC, and at additional mailing offices. Subscription prices: In U.S. and possessions $23.95 for one year, $39.95 for two years, $54.95 for three years. Additional international postage: $17.00 per year. Single-copy price: $4.99.

Janet Bodnar

FROM THE EDITOR

What Women Want

Several members of our staff recently went to an investment conference at which a hot topic was women and money, and they suggested that we do a story on the subject. The office reaction was mixed. "It sounds patronizing," said one female colleague.

For me, it was a case of déjà vu. Ten years ago, I was asked to write a book about women and money, and I had a similar discussion with my editor at the time. Money is gender-neutral, he argued, so any financial story we did should apply equally to men and women. Wouldn't it be unnecessary, even insulting, to suggest otherwise?

I replied that it certainly would be insulting if we adopted the attitude that financial information needed to be dumbed-down (or softened up) for women. But we'd be doing a real service if we reflected reality: Women often need specific financial advice tailored to their needs.

In the end, I wrote the book, originally titled *Think Single! The Woman's Guide to Financial Security at Every Stage of Life*. The idea of "thinking single" had nothing to do with a woman's matrimonial state. Rather, it referred to a state of mind in which women think independently about money—even if their lives are bound up with parents, spouses or children—and are confident of their ability to manage and invest it. A reviewer praised the book for "avoiding the patronizing finger-wagging and sticking to advice that women can use."

That has always been our philosophy here at Kiplinger for both men and women. But women often use financial products in different ways than men and have different priorities, depending on the situations they face.

Retirement is a perfect example. Despite the influx of women into the workforce, women still tend to have more-checkered work careers and amass less in savings than men. As a result, certain retirement products are a boon for women. For instance, a stay-at-home mom can establish a spousal IRA funded by her spouse's earnings. The account lets the couple double down on saving, but it also lets her control money of her own if something should happen to her spouse.

Similarly, both men and women are eligible to make catch-up contributions to IRAs and 401(k) accounts once they reach age 50. But the extra savings can be particularly valuable for a woman if she has been out of the workforce and is making up for lost time.

Upbeat outlook. Statistically, women live longer than men. So it's not surprising that in one Fidelity study, 60% of the women interviewed said they worry about outliving their money. Our cover story on making your money last in retirement isn't specifically aimed at women, but it addresses their concerns head-on (see page 26).

Senior editor Jane Bennett Clark, our retirement specialist, says covering the subject has made her more optimistic about funding a secure retirement. "Many people I talk to make the point that people are flexible and adjust," says Jane. "They find places where they can spend less, or get a part-time job, or take less out of their investments if the market is down."

"Women use financial products in different ways than men and have different priorities."

As a woman who found herself single and planning her own retirement at age 60, Jane is equally upbeat. "It's satisfying to feel you have control over your own destiny," she says. That's what it means to think single.

P.S. For more advice on retirement planning, get a free in-person consultation with a certified financial planner at events across the country throughout the month of October. It's part of Financial Planning Days (FinancialPlanningDays.org), for which *Kiplinger's* is the media sponsor. ■

janet bodnar, editor
follow janet's updates at www.twitter.com/janetbodnar.

LISE METZGER

Raising Money Smart Kids

We devised a system to teach our three sons how to manage money starting at a very early age ("Raising Money Smart Kids," Aug.). When we gave the kids an allowance, we told them to put aside one-third for gifts (for siblings, parents, holidays, etc.) and one-third as long-term savings for something "big." The remaining third they could spend on a weekly basis. We found that this was very effective in teaching them (without really telling them) how to differentiate among short-term, long-term and specifically targeted savings.

Jonathan Craine
Kingston, N.Y.

Hold on to life insurance? You suggest that retired couples who have sufficient assets may be able to drop their life insurance ("Life Insurance for Your Stage of Life," Aug.). When adding up those assets, however, it's important to remember that when one spouse dies, the couple's Social Security income is substantially reduced. Consider this example: Eva gets a monthly benefit of $2,000 at age 66. Her husband, Bill, who is three years older, receives $1,800 at age 66. If Bill dies first, at age 72, and Eva lives to 91, she will continue to receive her monthly benefit but will lose Bill's $1,800, plus cost-of-living increases, for 22 years. The benefits lost will likely exceed $475,000! Doesn't it make sense to maintain a life insurance policy to soften the loss?

Robert Mansuetto
River Edge, N.J.

Q READER POLL

How have you cut your cable TV bill?

21% Reduced the number of channels	**8%** Switched providers
10% Switched to streaming	**64%** Made no changes

To learn how you can save on cable, turn to page 62.

Up on the roof. That was a nice picture of a smiling homeowner as workers installed solar panels on his roof ("Solar Heats Up," Aug.). But what if one of those unprotected guys fell off? My guess is they had no OSHA training and were clueless about fall hazards. (Prior to retirement I was the safety director for a large construction company.) The company can kiss its business goodbye unless it says hello to fall-protection training.

Doug Robie
Underhill, Vt.

Way down yonder. Too bad you missed New Orleans in your retirement cities ("Pick Your Dream Place to Retire," Aug.). It deserves all seven icons you awarded for desirable features.

Michael D. Moffitt
New Orleans

ONLINE CHATTER

Our story on home solar systems sparked this heated exchange ("Solar Heats Up," Aug.):

"Why not admit that solar's Achilles' heel is that it provides primary power only between 8 A.M. and 4 P.M.?"

"There is nothing wrong with solar generating only during daytime hours. Nuclear power generators are taken offline for refuelings. Coal plants require periodic maintenance. This is why we have a grid that combines sources for steady power."

EDITOR'S NOTE: We sang the praises of N'awlins three years ago (kiplinger.com/links/neworleans).

CORRECTION

The names of two funds—Vanguard Windsor and Windsor II—were transposed in the table with "Vanguard's Best 401(k) Funds" (Sept.). ■

› 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.

SOURCE: POLL SURVEYED 288 *KIPLINGER'S* READERS.

TOPIC A

GET THE MOST FROM YOUR HEALTH PLAN

Costs are rising, but you may find more ways to save. BY KIMBERLY LANKFORD

WHETHER YOU GET COVERAGE through your employer or on your own, it's time to pick your health plan for 2016. Premiums and out-of-pocket costs continue to rise (not always in obvious ways), but you may find new incentives that can help contain your costs.

Large employers expect their health care tab to increase by about 5% for 2016, according to the National Business Group on Health. They plan to pass along some of the increase to employees, particularly when it comes to dependents; employees should now expect to contribute 20% of their own premiums and 24% for their dependents (higher-income employees may pay more). About one-third of employers plan to add a surcharge for spouses who could get coverage elsewhere.

Because of the Supreme Court decision that same-sex couples have a constitutional right to marry, nearly one-fourth of employers who offer domestic partner coverage specifically for same-sex couples plan to drop that benefit for 2016, according to a survey by human resources consultant Mercer. Affected same-sex couples would need to marry to continue coverage for a partner. Among companies that offer domestic partner benefits to both same-sex and opposite-sex couples, 8% plan to drop the benefit this year.

Employers continue to give employees a stake in controlling costs: 83% of large employers plan to offer a consumer-directed health plan in 2016, in most cases high-deductible health insurance paired with a health savings account; 33% will make it their only option. More than half contribute to employees' HSAs, giving them tax-free money for medical expenses; some add more if you participate in a wellness program to stop smoking or lose weight, for example, or take a health risk assessment. "Wellness incentives can put money in your pocket," says Sandy Ageloff, of Towers Watson,

OWEN DAVEY

a benefits consulting firm.

Many insurers are adding telemedicine—doctor's appointments either over the phone or online—as a way to provide lower-cost care in certain situations. A telemedicine doctor's appointment may cost $40 or $50, while an actual office visit might cost $150.

High-priced specialty drugs are the fastest-growing portion of employers' medical costs. You may have to pay 30% or more of the cost of these drugs or face hurdles before they'll be covered. You may be required to try a lower-cost medication first or to get preauthorization. Before switching plans, check if your meds are covered and compare out-of-pocket costs and special requirements. Look for discounts at preferred pharmacies.

Many of these trends will be more pronounced if you buy health insurance on your own. Open enrollment for individual health insurance runs from November 1 to January 31. It's important to compare your options, because some insurers are increasing premiums much more than others. New insurers are entering the market in several states, and you may get a different premium subsidy based on changes in your income and premiums in your area. Provider networks continue to shrink, so make sure your doctors are included.

If you don't have coverage, there's more incentive to get it: The penalty for not having insurance in 2016 jumps to $695 per person or 2.5% of yearly household income, whichever is larger.

INTERVIEW

HOW TO SAY NO IN A HOT JOB MARKET

Handling multiple offers requires tact and a cool head.

Paul McDonald is a senior executive director at staffing company Robert Half.

Is the job market heating up enough to produce multiple offers for some candidates? Yes. Applicants are likely to receive multiple offers in sectors such as technology, accounting, finance, marketing, human resources and legal services. Employers are hiring people who can develop mobile applications, provide administrative support, protect company data and promote company brands through targeted marketing.

What should you do if you get more than one offer? When you are interviewing at multiple firms, it's important not to accept an offer too quickly—too many people do. Let's say you are interviewing at three firms: A, B and C. If you get an offer from company A, say thank you, note that you are in discussions with other firms, and ask for time to consider the offer. Call your contacts at B and C to let them know that you have an offer in hand and ask about their timing for making a decision. You won't hurt your chances with A as long as you don't keep the people there waiting too long. Depending on the role, one to two weeks is generally okay.

What if you get an offer for your dream job after you've accepted another offer, or even after you've started working? Stay objective and ask yourself these questions: Does the second offer fulfill every aspect of my career plan? Will it meet my financial needs and offer stability? Will I learn the skills that will help me advance in my career? As you make your decision, seek advice from a mentor or professional adviser. (Your friends won't be qualified to coach you.) If your answers to all these questions are yes, then take the second offer.

How can you do that without burning bridges? Make sure to give your current company plenty of notice. Keep the discussion businesslike, but be prepared to have a dissatisfied supervisor. Industries are small, and your paths might cross again. Someone at this company may be in a position to hire you again, so keep your interactions as professional and cordial as possible.

If you opt to stay at a less-than-perfect job, how can you get back on your preferred career path? Get the most out of the role by learning as much as you can and treating it as if it were your dream job. Work hard and keep networking in your industry so you are visible for new opportunities. Your work ethic could open a door at your current firm that's a better fit. Your performance review is a great time to ask for training, more flexibility or other sweeteners. **DANDAN ZOU**

AMANDA FRIEDMAN

TECH

FACE-TO-FACE ADVICE IS A CLICK AWAY

You can consult more financial advisers and doctors using real-time video.

PROFESSIONALS WHO HAVE traditionally met in person with clients are increasingly using videoconferencing to formulate financial plans or make medical diagnoses.

Younger clients are most likely to work with a planner via video, but the concept also appeals to snowbirds who would prefer a relationship with one adviser despite frequent out-of-town stays. Planners may charge the same rates regardless of how you meet with them, but people who live in high-cost regions might save by hiring an adviser in an area with a lower cost of living.

Telemedicine is for nonemergency issues that doctors can quickly diagnose and prescribe treatment for on-screen—say, a rash or the flu. Your health plan or employer may provide low-cost virtual visits (see "Topic A"). Or make appointments independently of your insurance plan with outfits such as MDLive and American Well (each charges $49 for a consultation).

Watch for location-related snags. Some states prohibit doctors from prescribing to patients they've never met. Make sure that a remote planner is familiar with relevant tax laws in your state. **LISA GERSTNER**

MONEY & ETHICS // KNIGHT KIPLINGER

Should you have a right to delete online info about yourself?

Q My friend and I disagree about whether people who are not in the public eye should have the legal right to force Web sites to remove (or search engines to unlink) any information about themselves that is erroneous, intimate or badly outdated. I say yes. But he says, "Internet content should live forever, like it or not." What do you think?

A I lean toward your position, but within limits. I believe that Web sites and search engines should be obligated to comply with requests to remove information (or block its easy retrieval) under certain circumstances, including the following:

- The information is demonstrably false;
- The information lacks important facts about the outcome of a bad situation—for example, that an arrest resulted in the charges being dropped or the accused person's acquittal;
- The negative information is so old—say, a story about a person's youthful indiscretion or minor legal offense—that the individual is entitled to a fresh start, a "clean slate";
- The content (music, photography, literature, etc.) is protected by copyright and is being distributed without the owner's consent;
- The information reveals personal financial data that could be used for identity theft;
- Intimate personal information—for example, about one's health or private sexual activity—was posted not by the individual depicted, but by someone intent on humiliating her or him;
- The online information was posted long ago by a youthful commentator—say, in an academic paper, online blog or column in a college newspaper—and expresses inflammatory opinions that were later disavowed by the writer.

These guidelines would help achieve a balance between two conflicting rights: on the one hand, the public's right (actually, an insatiable and somewhat voyeuristic desire) to know or learn, through Web searches, virtually everything about everyone; and on the other hand, a nonpublic citizen's right to "privacy by obscurity," or the "right to be forgotten."

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

KATARINA REBELLO ATTENDS SCHOOL IN SCOTLAND.

EDUCATION

PROS AND CONS OF A DEGREE ABROAD

Tuition may be cheaper, but other costs may offset the savings.

KATARINA REBELLO IS FROM Leesburg, Va., but she's in her third year of undergraduate studies at the University of St. Andrews in Scotland. Rebello, studying international relations, is one of a growing number of U.S. students pursuing a degree in a foreign country. In the 2011–12 academic year, more than 46,500 U.S. students enrolled in degree programs abroad, up 5% from the previous year, reports the Institute of International Education.

The adventure could be more economical than you think. "By and large, tuition is lower than what students encounter in the U.S.," says Brian Whalen, CEO of the Forum on Education Abroad. Many European institutions let you finish your bachelor's degree in three years, rather than four. Some countries, such as Germany, extend free tuition to international students. Compare options at StudyPortals.eu.

Consider other expenses, too, such as the cost of living. Inquire about support services for foreign students, and check https://studentaid.ed.gov for foreign universities that accept federal loans. Also, check a school's accreditation, and consider the overall value of the degree—you'll have to articulate to U.S. employers how the experience is a plus. You might consider a joint or dual-degree program that lets you split your study between a U.S. college and one overseas, and graduate with a degree that reflects your time at both.

Rebello says her tuition is roughly $27,000 a year. School expenses, combined with flights home and the relatively high cost of living in a small, medieval Scottish town bring the total to just above $50,000 per year, in line with many private schools in the U.S. Nevertheless, strong academics, world-renowned professors and a lively student body make St. Andrews "a steal," she says. **MIRIAM CROSS**

EXCERPT FROM
The Kiplinger Letter

EASY READING WITH NEW APPS

Tired of reading lengthy documents on a tiny screen? You're in luck. New mobile apps now allow you to print directly from your phone or tablet to a wide array of modern printers. Also, new hardware from Lantronix allows users to sync up older printers with Apple and Android smartphones for easy print jobs. (www.kiplingerbiz.com/ahead/print)

THE BUZZ

NEW SITES RATE SURGEONS

Two nonprofit groups have launched separate Web sites to help patients vet surgeons. Each site analyzes Medicare data to evaluate surgeons based on complication and death rates for operations ranging from gall-bladder removal to knee replacement.

SURGEON RATINGS (www.surgeonratings.org), from Consumers' Checkbook, identifies surgeons with better-than-average outcomes for 14 types of surgery. The difference between the best- and worst-performing docs is significant. Adjusting for age, health and other factors, patients of the top 10% of heart-valve and bypass surgeons had death rates of less than 3%, for example, compared with 11% for the worst 10% of docs.

SURGEON SCORECARD (https://projects.propublica.org/surgeons), from investigative news agency ProPublica, is a database of nearly 17,000 surgeons, evaluated on their results for eight common procedures. ProPublica found that 11% of docs accounted for about 25% of complications.

Critics say Medicare info is insufficient to make judgments about outcomes. But Checkbook's Robert Krughoff says Medicare claims correlate with more extensive records. **ANNE KATES SMITH**

SIMON BRUTY; ISTOCKPHOTO.COM

Member
FDIC

NO BRANCHES = GREAT RATES

WHICH, MATHEMATICALLY SPEAKING, EQUALS HAPPY CUSTOMERS.

And we'd much rather have happy customers than branches. So instead of spending money on expensive branches, we pass the savings to you. Never wait in a bank line again, just press zero to reach a helpful person.

allybank.com | 1-877-247-ALLY

ally BANK®

Your money needs an Ally.℠

CALENDAR
10/2015

▲ SATURDAY, OCTOBER 10

Financial Planning Days kick off, with *Kiplinger's* as the national media sponsor. Certified financial planners offer free one-on-one counseling as well as classroom-style personal finance lessons. To find the event nearest you, log on to www.financialplanningdays.org.

THURSDAY, OCTOBER 15

Consider ditching your bank on International Credit Union Day. Credit unions tend to charge lower loan rates, offer higher savings yields and go lighter on fees. For a list of credit unions anyone can join, go to kiplinger.com/links/creditunions.

TUESDAY, OCTOBER 27

The World Series commences. If you're one of the growing number of "cable cutters" moving to TV streaming services, consider a digital antenna to catch network broadcasts of live sports. For more, see "Break the Cable Habit," on page 62.

THURSDAY, OCTOBER 29

Today is the anniversary of the 1929 stock market crash. If you're queasy about the market, look into a defensive mutual fund, such as the one spotlighted on page 61.

SATURDAY, OCTOBER 31

Wear a Halloween costume to get a free pizza slice with a $5 purchase at Sbarro. Participating IHOPs will offer a free, customizable "scary face" pancake on October 30 to kids 12 and under. **RYAN ERMEY**

DEAL OF THE MONTH

In honor of Food Day on October 24, online cooking school Rouxbe will offer a free 30-day cooking course focused on healthy cooking fundamentals. To sign up, go to www.foodday.org.

ISTOCKPHOTO.COM (4)

LISE METZGER

JAMES K. GLASSMAN > Opening Shot

Feast on Restaurant Stocks

“Great chains can come out of nowhere and grow rapidly. The winners keep it simple. And quality counts.”

I’m lucky to have eaten at some of the best restaurants in the world. But when I dream about great food experiences, what I remember most is chomping down on my first Five Guys hamburger nearly 30 years ago. Caramelized crust, juicy interior, great bun.

At the time, there was just one Five Guys, a carry-out place with no tables in a dingy shopping center in Arlington, Va. In 2002, the founders, the Murrell family, decided to expand beyond the Washington area. The franchises were a huge hit, and now more than 1,000 Five Guys outlets grace 47 states and six Canadian provinces.

Here’s the bad news: You can’t invest in Five Guys. The company is privately owned, as are Chick-Fil-A and In-N-Out Burger, two other great chains. Still, Five Guys provides lessons for investors interested in owning shares of restaurant companies. First, great chains can come out of nowhere and grow rapidly. Second, the winners keep it simple. At most of its locations, Five Guys serves burgers, hot dogs, grilled cheese sandwiches, fries and drinks. That’s it. Third, quality counts. Five Guys makes delicious food from excellent ingredients. Nothing is frozen.

The Bizarro World version of Five Guys is McDonald’s (symbol MCD, $100). The first key difference is size. With more than 36,000 restaurants worldwide, McDonald’s growth potential is limited. Second, McDonald’s menu, engineered by its brilliant founder, Ray Kroc, to be simple and easily processed, has become rococo. McDonald’s Web site reveals 96 items, not counting breakfast dishes. Third, as the taste of Americans has improved, the taste of McDonald’s food has not, in my view. (Share prices are as of July 31.)

McDonald’s is losing business to rivals, such as Five Guys, Panera Bread (PNRA, $204) and **CHIPOTLE MEXICAN GRILL (CMG, $742)**, that offer better food at slightly higher prices in hipper surroundings. (Stocks in boldface are those I recommend.) McDonald’s new CEO, Steve Easterbrook, wants to improve the quality of the food, but he also wants to make breakfast an all-day event, thus enlarging an already bloated menu.

McDonald’s has such a powerful brand—the sixth-most-valuable in the world, according to *Forbes*—that if Easterbrook can’t solve the company’s problems, it’s a decent bet that the next CEO will. If McDonald’s stock were depressed, I would be tempted to make what I call a faith-based recommendation. But the stock is trading at about where it was in late 2011, a year when both sales and profits were higher than they will be in 2015. I would stay away.

Impressive recovery. Restaurant stocks took a big hit during the 2007–09 bear market, even though most of the companies held up reasonably well. **STARBUCKS (SBUX, $58)** is a good example. Earnings dipped from 44 cents a share in the fiscal year that ended in September 2007 to 36 cents the following year. But by the 2010 fiscal year, profits reached a record 64 cents per share. Analysts expect the company to have earned $1.58 a share in its 2015 fiscal year. Meanwhile, sales have tripled in a decade. And Starbucks, with more than 22,000 stores worldwide, still has room to grow. At Papa John’s International (PZZA, $76), the pizza chain, earnings have risen every year since 2003 in what I call a beautiful line. At **CRACKER BARREL OLD COUNTRY STORE (CBRL, $152)**, the beautiful line begins in 2000. (For more on Cracker Barrel, see “7 Great Stocks That Keep Raising Dividends,” on page 46.)

Some of the stocks have been sizzling. Consider Shake Shack (SHAK, $68), started in 2001 by Manhattan restaurateur Danny Meyer as a hot dog cart in Madison Square Park. With its small menu, tasty food and rapid growth, Shake Shack shares some key characteristics with Five Guys, though I think Five Guys offers superior burgers and

> **“My two longtime favorites are Chipotle and Starbucks, which have franchises built for Americans’ changing eating habits.”**

fries. Shake Shack went public in February at $21 a share and hit $93 in May before retreating. But with a market capitalization of $2.5 billion, the shares look awfully expensive for a firm that’s expected to generate sales of $213 million and earnings of less than $10 million in 2016.

Additional headwinds for restaurants: rising rents, big increases in the minimum wage in some states and cities, and softness in the economy of China, which is critical for the growth of such companies as McDonald’s and Yum Brands (YUM, $88), owner of KFC, Pizza Hut and Taco Bell.

I’d avoid most restaurant stocks until the next significant market downturn (a drop of at least 20%), but I am fond of a few tried-and-true companies. One is Cracker Barrel, which operates 634 restaurants with gift shops attached, mostly along highways. The stock trades at 21 times estimated year-ahead profits. That’s reasonable for a chain that has consistently generated double-digit-percentage profit growth. Plus, the stock’s dividend yield is 2.9%, well above the market’s yield of 2.1%.

Also tasty is **CHEESECAKE FACTORY (CAKE, $58)**, which operates 189 restaurants and provides baked goods to other outlets as well. And I like **RUTH’S HOSPITALITY GROUP (RUTH, $18)**, which got clobbered in the recession but has made a sprightly turnaround and trades at a modest price-earnings ratio of 21. (I used to eat Ruth’s sizzling sirloin strip at Ruth Fertel’s first restaurant, in New Orleans.) Among newer entrants, my top choice is **DEL FRISCO’S RESTAURANT GROUP (DFRG, $16)**, which, like Ruth’s, is a steakhouse chain. Earnings are expected to rise 17% next year, and the P/E, based on estimated year-ahead profits, is a reasonable 17.

My two longtime favorites are Chipotle and Starbucks, which, unlike McDonald’s, have franchises built for Americans’ changing eating habits: growing interest in Latino foods and the desire for something spontaneous at a place to read and work. Both companies offer decent food, but there’s plenty of room for improvement. Imagine Starbucks with pastries that are actually tasty. I’m betting on it. ■

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

ANNE KATES SMITH > Your Mind and Your Money

Home Field Disadvantage

LISE METZGER

You can't blame investors for being skittish about investing abroad, with volatility in Europe and an outright implosion in Chinese stocks. The recent trepidation exacerbates a bias that investors already have in favor of homegrown investments—a misplaced patriotism that can pummel your portfolio.

Recent research shows that U.S. stocks account for less than half of the global stock market but make up nearly three-fourths of U.S. investors' stock holdings. Investors from other countries are even more provincial. Canadian stocks represent just 4% of the world market but 60% of Canadians' stock holdings. And get this: Even in beleaguered Greece, where the stock market accounts for less than 1% of global market capitalization, the share of domestic stock holdings was recently 82%.

Our home bias comes at a price: a dangerous lack of diversification that increases the volatility of returns over time and robs us of opportunities to invest in promising companies that just happen to be based elsewhere. True, in recent years a U.S.-based portfolio has been the best bet, but that's not always the case. For instance, international stocks in developed countries outperformed U.S. stocks from 1983 through 1988, and again from 2002 through 2007.

Our preference for homegrown stocks goes deeper than nationality. A survey by Openfolio, a portfolio-sharing platform, found regional biases as well. For example, West Coast investors are 10% more likely than the average investor to hold tech companies, while Southerners are 14% more likely to load up on energy stocks.

There are rational explanations for our home-country preference, especially when it comes to international investing. Foreign assets carry an additional currency risk. Trading costs might be higher. Information may be limited. But none of these fully explain what's known as the "home bias puzzle," says Hisham Foad, an economics professor at San Diego State University. Instead, says Foad, blame it on "the predictably irrational behavior of investors."

Overconfident investors. Start with overconfidence. Studies have shown that investors have more faith in their ability to forecast domestic returns, even when it's unwarranted—for instance, when they're presented with equivalent information about both foreign and domestic holdings.

Loss aversion also plays a role. Investors typically feel pain from losses more acutely than they feel satisfaction from gains. "So you stick with a portfolio that's stable and safe in your own mind, even though empirical evidence says a diversified portfolio would be safer," says Foad.

Finally, toss in some patriotism. Experiments with investors who spoke different languages and hailed from various countries found that they repeatedly chose to invest in companies with which they identified culturally.

Is it so bad to invest in what you know, a philosophy espoused by many investment greats? No, but there's a difference between the investment savvy of an insider (or keen observer) and mere familiarity. The former conveys a real informational advantage; the latter doesn't. And the risk of concentrating your holdings—nationally and, especially, locally—are huge, says Scott Yonker, a finance professor at Cornell University who has studied home bias in fund managers. "If your local economy tanks, your portfolio tanks just when you lose your job."

How much in overseas holdings is enough? Research by Vanguard, the giant investment firm, has found that you don't get any additional diversification benefit (chiefly a reduction in volatility) once you top 40% in foreign stock holdings. A 20% stake, which delivers 85% of the benefit, is a reasonable start. ■

"Our bias in favor of U.S. stocks robs us of opportunities to invest in promising companies that happen to be based elsewhere."

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

She Finds Treasure in Your Attic

An estate-sale specialist moves her business online to link buyers and sellers.

PROFILE

WHO: Jacquie Denny, 60

WHERE: Cincinnati

WHAT: Founder of Everything But The House

You've always been a fan of estate sales? Absolutely. My husband and I furnished our first home from estate tag sales and flea markets. I became a licensed auctioneer, and in 1992 I founded my own estate-sale company so I could have flexibility while working and raising my children.

How did EBTH.com get started? In 2007 a young man named Brian Graves approached me while I was holding a sale. He said, "You really need to take this business online." I laughed. Me? Start a tech-based company? He became a founding partner of Everything But The House and developed our Web site. We ran our first sale in 2008.

What's your mission? Everyone wants a bargain, but if you get one, someone's family probably isn't getting fair market value. I want to connect families directly with end buyers so they can avoid giving away significant items at wholesale prices.

How does EBTH.com work? After Mom and Dad and the kids choose what they want to keep, our staff sorts, evaluates, describes and photographs everything in the home, from pots and pans to works of art. It all goes online. We market the sale for seven days. Every item starts at $1 and goes to the highest bidder. We have 750,000 visitors to our site each month from all 50 states and more than 50 countries. We manage payment, pickup and shipping, and we also arrange for pickup of anything that should be thrown away or donated.

How did you develop your company? In our first year, we received money from a small investor and our sales totaled $1.4 million. Brian and I each took a salary and provided benefits for our families. In 2014, we received $13 million in venture capital and our sales totaled $13.5 million. We project that we'll end 2015 with $20 million to $25 million in sales. We have about 250 employees, and we run sales in 14 cities in 11 states.

You're the oldest of five partners? I have four partners, all in their thirties, who bring bold innovation and tech savvy. Still, I have years of business experience and relationships. My generation brings something that you can't learn in front of a computer. Not everything is done with a hashtag in front of it.

What's the typical take? Our average estate sale brings in $27,000. The national average for an estate tag sale several years ago was $7,500. So we collect three to five times more. We take a 35% to 45% cut of the proceeds, less than a traditional consignment shop.

How do customers respond? We almost always get rave reviews. I haven't had one person say, "Thanks for the big, fat check." Instead, our customers say, "You're an angel. You saved us."

What are the most notable items you've sold? We sold a Boston Red Sox World Series ring for $89,000. This fall we'll sell an autograph book with the signatures of Abraham Lincoln, his cabinet members, members of Congress and many Civil War generals that will bring thousands of dollars. But we've also had a refrigerator magnet from the 1970s that went for $65.

How do you feel about your own stuff? I'm not an accumulator. What I don't use I give away to someone who will use it. **PATRICIA MERTZ ESSWEIN**

Make Your Money Last a Lifetime

Take the right steps to put your finances on a path to a secure retirement. BY JANE BENNETT CLARK

THESE DAYS, protecting your savings as you approach retirement—with the goal of making it last as long as you do—is like navigating between a rock and a hard place. Now in its seventh year, the bull market is one of the longest on record, and a correction in stock prices hasn't occurred since 2011. That means by most standards that a bear market is overdue. Interest rates are almost certain to go up in the coming years, and bond prices fall when interest rates rise. "I see risk at both ends of the spectrum,"

PHOTOGRAPH BY BONNIE HOLLAND

says David Blanchett, head of retirement research at the investment consulting branch of Morningstar.

The more distant future looks dicey, too. Over the next 10 to 30 years, we think stocks will deliver average annual returns of 6% to 8%, rather than the annualized return of 10.1% they have produced since 1926. If you buy a 10-year Treasury bond today, you know that you'll earn roughly 2.2% a year over the next decade. Expect a little more if you invest in individual high-grade corporate bonds. (Funds will be hard-pressed to match the return of investors who buy individual bonds and hold to maturity.) Inflation is projected to stay low, at 2%, but cash will earn less than that, with money market mutual funds yielding maybe 1.5% over the next five to 10 years.

In this low-growth world, calculating how much money you need in retirement and at what rate you can safely draw it down is challenging. Longer life spans further complicate such estimates. A 65-year-old man can now expect to live another 18 years, on average; a 65-year-old woman can expect to live another 21. "Longevity is a two-sided coin," says Maria Bruno, a senior investment analyst at mutual fund giant Vanguard Group. "There's the risk of outliving your portfolio and also the risk of underspending."

Whether you're a few years away from retirement or a few years into it, you still have the ability to adjust your plan. The key is to be flexible and willing to rethink some of the old rules.

INVEST FOR THE LONG HAUL

Traditional wisdom has it that you invest heavily in stocks while you're young and scale back that part of your portfolio to, say, 50% as you approach retirement, keeping the rest in bonds and other fixed-income investments. Near-retirees who are still shell-shocked by the bear market of October 2007 to March 2009 may cringe at the idea of putting even half their money in stocks. But short-term thinking poses a bigger risk, says Debra Morrison, a certified financial planner in Morristown, N.J. "What skews people's retirement asset allocation is that they're planning for the immediate future. Unless you have a terminal diagnosis, we're talking about another 20 to 30 years."

That means entering retirement with a healthy portion invested in stocks for growth and gradually reducing that side of your portfolio to lower your risk as you age. "A portfolio of 40% to 60% in equities is a good starting point," says Bruno. The Vanguard Target Retirement 2015 Fund, which manages its investments for people retiring this year, allocates 49% of its assets to stocks and 51% to bonds. Over the next seven years, the fund will gradually change its mix until it reaches 30% in stocks and 70% in bonds. That's the model for all Vanguard target-date funds.

Don Herlitz, 61, plans to retire in four years or so. An engineer at Cummins, in Columbus, Ind., he has amassed a tidy sum in his 401(k) as well as in a cash-balance account (a hybrid with attributes of both a pension and a retirement savings account) the company set up when it closed its pension fund in 1997. Herlitz, who is saving for retirement on behalf of his wife, Paula, 58, as well, currently holds about 60% of his assets in stocks and has no immediate plans to change the mix. "I would hate to see the market crash right now because I don't have time to recover before I retire," he says. Still, if a downturn does happen, he and Paula are willing to ride it out.

Michael Kitces, a partner at the Pinnacle Advisory Group, in Columbia, Md., and Wade Pfau, professor of retirement at the American College, in Bryn Mawr, Pa., suggest a different approach: gradually reducing your stock allocation to, say, 30% at the point of retirement and then *raising* it in retirement to 70%. Their rationale: Day one of retirement is when you're most vulnerable to the risk that a bear market will cripple the long-term growth of your portfolio. If you start with a low allocation to stocks and the market declines, you haven't taken a huge hit and can gradually add stocks back with the expectation that share prices will rise, says Pfau. If the market does just fine, "your wealth grows and you'll have more capacity to take risk later," he says.

Which strategy you choose depends on your circumstances and risk tolerance, says Bruno. If you have a large portfolio and plan to leave money to your heirs, "a more aggressive allocation later can make sense for those who are comfortable with the additional market risk," she says. If, however, heavy losses in the stock market could affect your ability to cover living expenses, you may not be able to stom-

A Kip 25 Portfolio

When You're Ready to Retire

This portfolio consists of suggestions from the Kiplinger 25, the list of our favorite no-load mutual funds. The mix of 50% stocks and 50% bonds will work for most investors. If you're more aggressive or have a few years to go before retirement, aim for 60% stocks and 40% bonds. More conservative? Reverse the split, to 40% stocks and 60% bonds.

50% STOCKS

U.S. STOCKS
- **30%** Vanguard Div. Gro. (symbol VDIGX)
- **8%** Akre Focus (AKREX)

INTERNATIONAL STOCKS
- **12%** Artisan International (ARTIX)

50% BONDS

U.S. BONDS
- **25%** Osterweis Strategic Income (OSTIX)
- **8%** DoubleLine Total Ret. Bond (DLTNX)

INTERNATIONAL BONDS
- **7%** Fidelity New Markets Income (FNMIX)

SHORT-TERM BONDS
- **10%** Vanguard Short-Tm Inv-Gr. (VFSTX)

DONALD AND PAULA HERLITZ HAVE 60% OF THEIR ASSETS IN STOCKS AND ARE PREPARED TO RIDE OUT A BEAR MARKET.

ach that volatility as an 85-year-old.

No matter what, aim for a portfolio that includes foreign stocks, including those from emerging markets, as well as large and small U.S. companies. Round it out with international bonds, real estate and some alternative investments, such as commodities and managed futures.

To take advantage of rising yields, consider building a ladder of bonds that start to mature five years from now, says Pfau. According to this strategy, you buy a five-year bond now, then invest a like amount in new bonds in each of the next four years. If rates rise as expected, you'll earn more interest with each new purchase. When a bond matures, you can use that money for retirement expenses. If you invest in bond funds, it's the manager's job to make the most of rising rates while minimizing the negative impact on bond prices. (See "How to Invest After You Retire," Feb. 2015.)

SET YOUR SPENDING RATE

Five years out is not too soon to calculate how much you'll need to live comfortably in retirement and how much you can withdraw from your accounts without running out of money. On the savings side, one formula is to multiply your last year of preretirement expenses, minus Social Security and any pensions and annuities, by 25. When it's time to start withdrawals, the 4% rule is considered the standard. That is, you can safely take 4% of your savings in your first year of retirement and the same amount each year thereafter, adjusted for inflation.

One problem: Those formulas rely on historical market returns and don't reflect future returns, which are likely to be lower. To avoid lowering your living standard and to keep from running out of money, you'd have to save 33 times preretirement expenses (rather than 25) and drop your initial withdrawal rate to 3% or less, according to a 2013 study by Blanchett, Pfau, and Michael Finke, a professor at Texas Tech University. For instance, if your annual gap between income and expenses is $24,000, you'd need $600,000 ($24,000 x 25) to cover the gap at the 4% withdrawal rate and $792,000 ($24,000 x 33) to cover it at the 3% rate.

For most people, upping the savings goal dramatically a few years away from retirement probably isn't realistic, says Srinivas Reddy, senior vice

JAMES FOSTER

president and head of full-service investments for Prudential Retirement. You can, however, postpone retirement or work part-time after you leave your career job. Working longer "is a wonderful tool," he says, because it helps you save more and shortens the length of time you'll be withdrawing from savings. You can also postpone taking Social Security benefits. For every year you delay after age 62, benefits increase by about 8% until age 70. And anyone 50 or older can make catch-up contributions to retirement accounts. For 2015, you can add $6,000 to the $18,000 401(k) limit, and you can stash up to $6,500 in an IRA ($1,000 more than the basic contribution limit).

One certain way to avoid running out of money is to take a percentage—say, 4%—from your portfolio each year and forgo the inflation adjustment altogether. Another is to calculate your withdrawals according to the actuarial tables the IRS uses for required minimum distributions, which you have to take anyway from tax-deferred accounts starting at age 70½. Both strategies depend on your investment performance, and they trade flexibility for safety. Plus, the RMD strategy may be overly conservative because it uses a life-expectancy table much longer than that used by Social Security.

Here's another idea: Use the 4% rule as a starting point but adjust it up or down (or skip the inflation adjustment) depending on how your investments do in any given year. In a good year, you can give yourself a bonus, maybe upping the withdrawal to 5%. In a bad year, cut back. "Rather than taking a vacation in the south of France, maybe it's South Carolina," says Warren Ward, a certified financial planner in Columbus, Ind.

USE THE BUCKET SYSTEM

This approach combines withdrawal and investing strategies. In one "bucket" you hold enough money in cash and short-term CDs to meet essential and discretionary expenses over three to five years, and you keep the rest in another bucket invested in stocks and bonds. As you spend down the first bucket, you replenish it by taking profits from the second. Some financial planners suggest creating three buckets, the first with cash and CDs, the second with short- and intermediate-term bonds, and the third with stock and bond funds.

The beauty of the bucket system is that you probably won't have to sell stocks in a market downturn to cover expenses. "Even in 2008, if investors had had five years to wait it out, their stock investments would have been in good shape by 2013," says Joe Heider, president of Cirrus Wealth Management, in Cleveland.

A fixed annuity, which provides guaranteed income for life, can be a part of the strategy. You use the income from the annuity, along with Social Security and any pension money, to supplement or replace the part of your portfolio in cash and bonds. At today's interest rates, however, expect a modest payout. A 66-year-old man who buys an immediate annuity for $100,000 would be guaranteed $579 a month; a 66-year-old woman would get $554. To eke out more income, consider laddering annuities, or buy a deferred-income annuity (see "How to Keep the IRS Waiting," on the facing page).

Fixed annuities lock up a big chunk of the savings you might need later. John Sweeney, executive vice president for retirement and investing strategies at Fidelity, recommends devoting no more than 25% to 30% of your portfolio to annuities. "They're just another tool in the toolbox." ■

KipTip

Lower Your Tax Bill

WHEN YOU TAKE MONEY FROM SAVINGS FOR RETIREMENT, YOU'RE GENERALLY advised to tap taxable accounts first, then tax-deferred retirement accounts, and finally your Roth IRA. Here's why: If you've held the investment in a taxable account for more than a year, you'll pay the long-term capital-gains rate—no more than 15% for most people. Plus, tapping taxable accounts first allows your tax-deferred accounts and tax-free accounts to continue to grow.

Once you turn 70½, you're required to start taking distributions from IRAs and other tax-deferred retirement accounts. If you don't take a distribution of at least the required amount, you'll pay a penalty of half of the required amount you failed to withdraw.

Generally, you should save drawing down your Roth IRA for last. You can withdraw your Roth contributions tax-free and penalty-free anytime; the earnings are also tax-free as long as you're 59½ and have held the account for at least five years. Unlike traditional IRAs, Roth IRAs have no annual distribution requirement. So if you don't need the money, you can let it grow and leave it to your heirs, who can take distributions tax-free.

THE EXCEPTIONS. Now consider situations in which you might be better off departing from the standard advice. If you expect your RMDs to kick you into a higher tax bracket when you start taking them, it may make sense to take some distributions from your tax-deferred accounts before you reach 70½ (as long as they don't put you into a higher bracket). That income will be taxed at your lower rate, and you'll lower the amount of future RMDs, says Maria Bruno, of Vanguard.

Add up your other sources of income and withdraw just enough from the tax-deferred account to keep you in the 15% tax bracket. If you need more income to cover expenses, take withdrawals from your taxable accounts first, followed by withdrawals from the Roth.

How to Keep the IRS Waiting

Minimize required distributions from your IRA by investing in a deferred-income annuity. **BY KIMBERLY LANKFORD**

Most retirees have two big concerns: outliving their savings and paying taxes on their withdrawals. Now there's a way to deal with both of those issues. A new type of annuity, called a qualified longevity annuity contract, or QLAC, lets retirees lock in income in the future and avoid taking taxable required minimum distributions (RMDs) on as much as $125,000 of their retirement savings.

QLACs provide a tax-advantaged twist on deferred-income annuities (also known as longevity insurance), which insurers have offered for several years. You usually invest in these annuities when you're in your sixties in order to receive guaranteed lifetime income starting 10 or 20 years down the road. But until recently, you couldn't delay that long if your money was in an IRA or a 401(k) because such accounts require that you start taking withdrawals at age 70½. "We saw a tremendous cluster of people taking the payouts at age 70," says Ross Goldstein, managing director for New York Life, which has a popular deferred-income annuity. "They had no choice."

The Treasury Department changed the rules last year, permitting people to invest 25% of the balance of an IRA or 401(k) account (up to a total of $125,000) in a QLAC without having to take RMDs at 70½. (You'll owe taxes on payouts, except to the extent they reflect after-tax contributions.) Nearly a dozen options from insurers, including American General, Lincoln Financial, MetLife, New York Life, Northwestern Mutual, Pacific Life and Principal, are now available.

A deferred-income annuity is one way to ensure you'll have extra money coming in later in life, when you may need it most, says Andrew Murdoch, president of Somerset Wealth Strategies, in Portland, Ore. "A lot of people are doing this as a way to minimize RMDs," says Murdoch. "They have enough other assets saved, and they want to defer the taxes as long as they possibly can."

Being able to count on guaranteed income in your eighties helps you plan how long the rest of your savings needs to last. It can also help pay for potential long-term-care costs and other expenses.

Choose the features. If you're interested in this type of annuity, you can roll money from your IRA into a QLAC. Or you may be able to invest in one through your 401(k) when you leave your job without rolling it over to an IRA, although few plans offer that option yet.

When you pick a QLAC, the key decisions are when to begin payouts and whether to include a death benefit. The longer you wait, the more you'll get. A 65-year-old man investing $125,000 in MetLife's QLAC, for example, will get about $33,000 per year if payouts begin at age 80; he'll receive more than $64,000 if he delays payouts to age 85 (women, who tend to live longer, receive less). But if the man dies before the designated payout age, he'll get nothing.

Adding a death benefit reduces your annual payouts. If the 65-year-old man chooses a return-of-premium death benefit, his heirs will get back the $125,000, minus any money he already received, but his annual payouts would drop to about $26,000 starting at age 80 or about $46,000 starting at age 85. Some insurers also let you continue payouts for your spouse after you die.

After you choose the features, compare payouts from several insurers, which can vary by more than 7%, says Jerry Golden, president of Golden Retirement Advisors, an annuity consultant. You can see prices and payouts with various options for several QLACs at www.go2income.com/qlac. Or contact insurers that sell primarily through their own agents, such as MetLife, New York Life and Northwestern Mutual.

ISTOCKPHOTO.COM

FAMILY FINANCES »

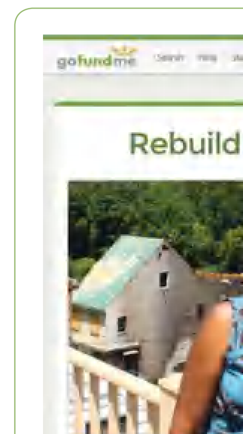
Ask the Crowd to Fund Your Cause

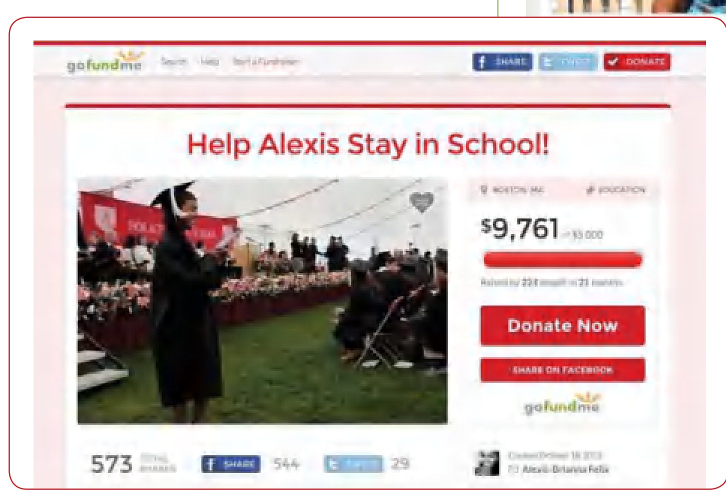
A crowdfunding campaign could raise thousands of dollars—or nothing at all. Here's how to do it right. BY SANDRA BLOCK

IF YOU'VE EVER SPENT A WEEKEND making cookies for a bake sale, selling wrapping paper to neighbors or washing cars for a cause, you know that fund-raising is hard work. People are busy, they have a lot of demands on their dollars, and they don't need any more Yankee Candles.

Enter crowdfunding, which has the potential to raise thousands of dollars for everything from college tuition to medical emergencies. GoFundMe.com, one of the most popular charity crowdfunding sites, has raised more than $1.25 billion from more than 13 million donors since its launch in 2010. Recent campaigns have run the gamut, from a waterskiing program for disabled veterans to a rebuilding plan to help historic Harpers Ferry, W.Va., recover from a devastating downtown fire.

Late last year, crowdfunding site Indiegogo, which focuses on raising funds for business start-ups, launched Indiegogo Life in response to an explosion in the number of fund-raisers related to individual causes in the past few years, says Breanna DiGiammarino, who developed Indiegogo Life. The most famous example was a 2012 campaign for Karen Klein, a bus monitor in upstate New York who was bullied by a group of adolescents. After a video of Klein's ordeal went viral, a Toronto nutritionist launched a crowdfunding campaign on Indiegogo to raise $5,000 to send Klein on vacation. When the campaign closed a month later, it had received more than $700,000 in contributions. (Klein used the money to retire, help her family and start an anti-bullying foundation.)





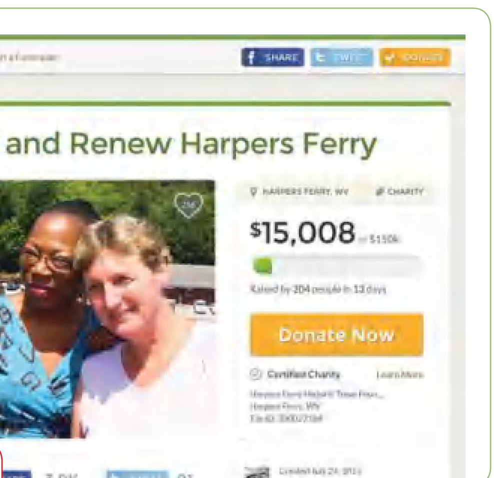
SOME RECENT CAMPAIGNS ON GOFUNDME.COM. THE SITE HAS RAISED MORE THAN $1.25 BILLION SINCE ITS LAUNCH IN 2010.

Most fund-raising campaigns, though, fall well short of that amount, or even a modest goal. Many generate less than $1,000, and some raise nothing at all. If you're considering launching a campaign, take a peek behind the crowdfunding curtain before you launch your appeal. The box on the facing page lists fees for the most popular sites.

PICK YOUR PLATFORM

Kickstarter, perhaps the most famous crowdfunding site, is focused on creative business ventures (see "Strike It Rich," May), but cause-related businesses are also popular on the site. Sara Chipps and Brooke Moreland, cofounders of Jewelbots, used a Kickstarter campaign to raise money to manufacture friendship bracelets that help tween and teenage girls learn how to write computer-programming code. In its fund-raising campaign, which closed in August after raising more than $150,000, Jewelbots noted that the number of women who are studying computer science has dropped since the 1980s, despite studies showing that girls have a strong interest in science, technology and mathematics.

Moreland, a technology and fashion entrepreneur, says she and Chipps, a software developer, used their social networks in technology and media to generate interest in the campaign,



particularly in the first few days. "Once you have momentum, success breeds more success," she says. Offering rewards helped, too: Their campaign rewards included Jewelbots bracelets.

Kickstarter doesn't permit users to raise funds for a personal cause or charity unless the money will be used for a specific project they can share with supporters. Also, with Kickstarter, if you don't meet your fund-raising goal, you don't get any money.

Other crowdfunding sites, including GoFundMe, Indiegogo Life, GiveForward, YouCaring and Fundly, are more flexible. Some fund-raisers are continuing to use Indiegogo's standard platform rather than Indiegogo Life, particularly if they're raising money for arts projects. Michelle Armstrong, an artist and art teacher, and Carla Brown, owner of the Hive hair salon in Lexington, Ky., are using Indiegogo to raise $6,500 to paint a mural depicting a beehive and native Kentucky flowers on the side of the salon. The project is designed to revitalize the neighborhood and raise awareness of the decline in the bee population.

Armstrong says another local artist recommended using Indiegogo to raise funds because of its flexibility. "If you don't meet your goal, you can still keep what you raised," she says. At the end of July, the campaign had raised $1,310, about 20% of its goal. As rewards, donors are being offered hand-painted bee earrings, a painting of a bee, and a haircut.

TAP YOUR SOCIAL NETWORK

No matter which site you choose, you'll be competing for attention with thousands of other causes, from homeless cats to a bailout fund for Greece. Don't count on strangers to pick you out of the crowd. The most successful fund-raising campaigns are shared on social media with family and friends, says GoFundMe spokeswoman Kelsea Little.

Alexis-Brianna Felix, a student at Boston University, says social networking was critical to the success of her 2013 GoFundMe campaign. Felix, who grew up in a low-income family in the Bronx, launched the campaign during her sophomore year of college, after she realized that even with financial aid, she needed an additional $5,000 to stay in school.

The link to her GoFundMe campaign was shared hundreds of times on Facebook, enabling her to reach her goal within 27 hours. She ended up raising more than $9,000 and is on track to graduate with a bachelor's degree in public relations early next year. Felix says many of the contributions came from teachers and parents associated with the Horace Mann School, an elite private high school Felix attended on scholarship.

Felix was initially hesitant to share details about her financial struggles with strangers. "My family is proud,

KipTip

How Much a Campaign Costs

IN ADDITION TO GOFUNDME AND Indiegogo Life, crowdfunding sites that let you raise money for a cause include Fundly, GiveForward and YouCaring. Fees will reduce the amount of money you get to keep.

- **FUNDLY** uses a tiered system of "platform" fees (a percentage of the contributions that goes to the site). It charges 4.9% on the first $50,000 raised, 4.4% for donations between $50,001 and $500,000, 3.9% for donations between $500,001 and $1 million, and 2.9% on donations raised after $1 million. It also charges a 3% processing fee.

- **GIVEFORWARD** charges platform and processing fees of 7.9%, plus 30 cents per transaction.

- **GOFUNDME** charges a 5% platform fee, along with a credit card processing fee of 2.9%, plus 30 cents per donation.

- **INDIEGOGO LIFE** charges no platform fee for categories including medical needs, emergencies, education, memorials, celebrations and volunteer efforts. To cover processing costs for electronic payments, it levies a 3% fee plus 30 cents per donation.

- **KICKSTARTER** doesn't permit users to raise funds for a personal cause or charity unless the money will be used for a specific project they can share with supporters. Fees depend on how much money you raise. If you fall short of your goal, none of your contributors will be charged, you won't receive any money, and you won't pay any fees. If you reach or exceed your goal, you'll pay 5% of the amount you collect, along with processing fees of 3%, plus 20 cents per pledge.

- **YOUCARING** charges a 2.9% processing fee, plus 30 cents per donation, but it doesn't impose a platform fee.

and we don't talk about money," she says. She overcame her reluctance after a conversation with her best friend. "She told me, 'Pride is for tomorrow,' " Felix says. "The most important thing was to complete my education."

HIRE HELP?

When Appetite for Change, a nonprofit that promotes urban agriculture and job training programs in North Minneapolis, launched its Kickstarter campaign for education and training programs, some of the first responses didn't come from supporters. Instead, they came from consultants who wanted to assist with the campaign. "I didn't realize how many of them were out there," says executive director Michelle Horovitz.

They also wasted their time. Appetite for Change had already hired someone to help it produce a video and come up with rewards for donors. The campaign raised $60,144, much more than the goal of $40,000.

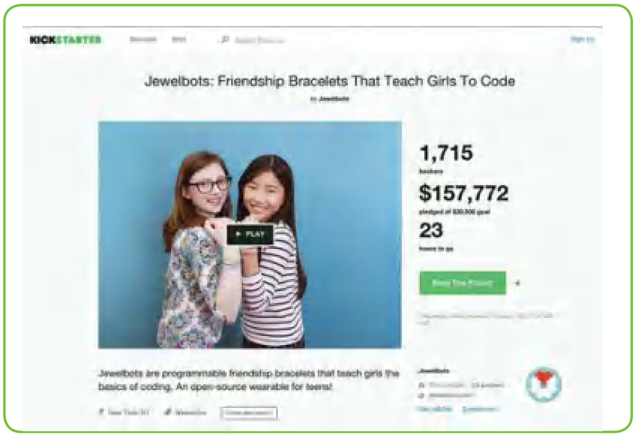
Consultants can help attract attention on social media and make sure the donor rewards are delivered after the campaign ends. The downside, of course, is that consultants' fees will reduce the amount available for your cause. In the Appetite for Change campaign, the consultant charged 10% of the amount raised.

If you're tempted to hire help, exercise the same due diligence you'd use for any service. Check with references, and make sure you understand how you'll be charged. Look for someone who has experience with campaigns similar to yours. The consultant Horovitz hired, for example, had previously developed campaigns for food-related businesses.

ADVICE FOR DONORS

Keep in mind that there's not a lot of accountability in the crowdfunding world. When you're approached by a charity, you can go to the charity's Web site, review its financial statements and check its rating on watchdog sites, such as the Better Business Bureau's Wise Giving Alliance. That's usually not possible with a crowdfunding campaign unless it's raising money for a registered charity. Crowdfunding sites do little to vet campaigns, which makes them vulnerable to fraud.

That means it's up to you to make sure the cause is legitimate. Start by researching the background of the people who organized the campaign. Check their social media profiles and Web sites. If they're launching a product, find out if they've done something similar in the past, recommends David Gallagher, a spokesman for Kickstarter. Most crowdfunding sites provide a way to contact the organizer, so don't be afraid to ask questions. Look for regular updates, and check to see if the organizer's friends and family have contributed. If a campaign can't rally support from them, it's unlikely to meet its goal, says DiGiammarino, of Indiegogo Life.



SARA CHIPPS AND BROOKE MORELAND RAISED MONEY ON KICKSTARTER FOR PROGRAMMABLE FRIENDSHIP BRACELETS.

Be particularly wary of campaigns launched immediately after a national or local tragedy. Opportunistic crooks have enriched themselves by exploiting donors' desire to help grief-stricken families. For example, after 20-year-old Brianna Rodriguez was killed in a car accident in Fair Oaks, Calif., last year, several GoFundMe campaigns appeared, purportedly in her honor. Brianna's father, Javier, says he never authorized them.

In other instances, well-meaning people have organized crowdfunding campaigns without notifying the victims' families. After the mass shootings in Aurora, Colo., and Newtown, Conn., several fund-raisers were launched without permission from families to use the victims' names and photos. "If a donor has any reservations about a campaign, I would recommend erring on the side of not donating," says Little, of GoFundMe.

Understand the tax implications, too. Gifts to a crowdfunding site that's owned and managed by a charity that has tax-exempt status from the IRS are generally tax-deductible, minus the value of any thank-you gifts. Examples of this kind of crowdfunding site include GlobalGiving.org and DonorsChoose.org.

Sometimes, for-profit crowdfunding sites sponsor campaigns for registered charities. This is common after a major disaster, such as the earthquake in Nepal earlier this year. In such instances, donations may be tax-deductible if the crowdfunding site uses a payment platform that sends donations directly to the charity. In order to claim the deduction, though, you must receive a receipt from the charity acknowledging your contribution.

The vast majority of cause-related crowdfunding campaigns are for individuals, not registered charities. These donations aren't deductible, even if the recipients are in dire need of help. The upside is that people who receive donations from crowdfunding campaigns don't have to pay taxes on the money unless they're raising funds for a business purpose. ■

INSURANCE»

Make Long-Term-Care Coverage Affordable

You may not need a pricey, fully loaded policy. **BY KIMBERLY LANKFORD**

GARY WATERS/GETTY IMAGES

NO MATTER HOW CAREFULLY YOU PLAN for retirement, if you don't have long-term-care insurance, a catastrophic illness could wipe out your savings. The average private room in a nursing home costs $250 per day—or $91,250 per year—according to Genworth's 2015 Cost of Care study. The median cost of assisted living is now $43,200 a year, and the cost of hiring a home-care worker is $20 per hour, or more than $41,000 per year for a 40-hour week. (The average length of care is about three years.) Medicare provides little coverage for long-term care, and Medicaid kicks in only after you've spent almost all of your money.

In the past, you could buy long-term-care insurance to cover most of the potential costs. But those fully loaded policies have become incredibly expensive. Today, a healthy 55-year-old man would pay nearly $6,870 per year for a Genworth policy that pays $200 per day for five years and increases the benefits by 5% compounded each year. Single women now pay about 50% more than single men. And premiums can spike after you buy the insurance, as they already have for many people.

TRADE-OFFS TO SAVE MONEY

Making a few tweaks to your coverage can save thousands of dollars in premiums and still protect a portion of your retirement savings. "I try to strike a balance," says Sam McPherson, a certified financial planner in Brooklyn, N.Y. McPherson looks at the average cost of care in his clients' area at www.genworth.com/costofcare, then gets price quotes for a policy that would cover a portion of the costs. "If the average daily cost of a home health aide is $113 in your area and the cost of a private room in a nursing home is $195 a day, think of covering $150 per day," he says.

The same 55-year-old man would pay only $1,534 per year for a Genworth policy that covers $150 a day for three years with a 3% compound inflation adjustment. That less-expensive Genworth policy would provide up to $164,250 in coverage (in today's dollars) when you multiply the daily benefit by the benefit period. But some trade-offs are a better deal than others.

Changing the inflation adjustment delivers the biggest savings. You need to have some inflation protection, especially if you buy coverage in your fifties or sixties and may not need care for 20 years or more. Nursing home rates have increased by 4% annually over the past five years; assisted living and home care costs have risen 2% a year or less.

But insurers have jacked up premiums for 5% inflation protection because their own investments are earning low interest rates. Our 55-year-old man would pay $2,666 more per year, or $4,200, if he chose the 5% inflation adjustment instead of 3%. "That cost differential is too drastic for most people," says Brian Gordon, president of MAGA Ltd., a long-term-care specialist in Riverwoods, Ill.

Shortening the benefit period saves money but probably wouldn't provide enough coverage for a degenerative condition, such as Alzheimer's. Couples can hedge their bets by buying a shared-benefit policy. Instead of, say, a three-year benefit period each, they'd have a pool of six years to use between them. Adding this benefit costs an additional 15% to 22%.

Extending the waiting period can also lower the premium, although you'll have to pay the full cost of care before your insurance covers anything. Policies with a 90-day waiting period tend to offer a good balance, but look for a "calendar day" waiting period. That starts the clock ticking as soon as you qualify for care, either because you need help with two activities of daily living or have cognitive impairment.

A "service day" waiting period has the same benefit trigger but counts only the days you receive care (the average person receives home care 3.5 days per week, according to the American Association for Long-Term Care Insurance (AALTCI). Some insurers, such as Genworth, charge about 15% extra for a policy with no waiting period for home care.

KipTip

Tax-Smart Ways to Pay the Premiums

SEVERAL TAX BREAKS FOR LONG-term-care premiums can help you stretch your dollars. If you have a "tax qualified" long-term-care policy (most policies sold today are), you can withdraw money tax-free from a health savings account to pay premiums for yourself and your spouse. The amount is based on age. If you're 40 or younger in 2015, you can each withdraw up to $380 tax-free for long-term-care premiums; $710 if you're 41 to 50; $1,430 if you're 51 to 60; $3,800 if you're 61 to 70; and $4,750 if you're 71 or older.

If you don't use HSA money for long-term-care premiums, you can count the same amounts outlined above toward the tax deduction for medical expenses. If you're 65 or older, medical expenses are tax-deductible in 2015 after they exceed 7.5% of income (the threshold is 10% if you're younger).

You can also pay long-term-care premiums with a tax-free transfer (called a 1035 exchange) from the cash value of a life insurance policy or annuity.

FIND THE BEST DEAL

Annual premiums are lower when you're younger, although you'll pay them longer. "To me, the sweet spot for buying long-term-care insurance is in your late fifties and early sixties," says McPherson.

But it becomes more difficult to qualify for coverage as you get older. In 2014, some 21% of people in their fifties who applied for coverage were denied; 27% of those in their sixties and 45% in their seventies were turned down, says the AALTCI.

Most insurers now perform medical exams, which may include cognitive assessments for applicants who are older than 60, says John Ryan, a long-term-care specialist with Ryan Insurance Strategy Consultants, in Greenwood Village, Colo. Some companies may charge more if you have a family history of early-onset Alzheimer's or heart issues, adds Gordon.

It helps to work with an agent who deals with several insurers and knows which ones have the best rates. Gordon often works with Mutual of Omaha, MassMutual, Genworth, John Hancock and Transamerica. Before applying, he asks the insurer if it will cover the person's condition. You can find a long-term-care specialist at www.aaltci.org. A few insurers, such as New York Life and Northwestern Mutual, sell only through their agents.

Along with the coverage trade-offs, you'll need a plan to tap your income and savings if you have to pay for some care out of pocket. Scott Sadar, a certified financial planner in Portland, Ore., says his clients identify which investments they plan to sell if they need money to pay for long-term care, and they often use products such as deferred-income annuities to provide additional income when they are likely to need care (see "Make Your Money Last a Lifetime," on page 26). Another option is to add a chronic-care rider to a permanent life insurance policy, which boosts premiums by about 10% but lets you tap your death benefit early if you need long-term care. ■

FAMILY FINANCES»

Your Mortgage Problems Solved

We tackle seven common consumer complaints. BY PATRICIA MERTZ ESSWEIN

IN JUNE, THE CONSUMER FINANCIAL Protection Bureau (CFPB) launched an enhanced version of its database of consumer complaints about financial companies—mainly lenders, banks and credit card issuers. Nearly 8,000 complaints were posted, a tiny fraction of the 627,000 complaints it has fielded since 2011. Of those, more than one-fourth were from mortgage borrowers, revealing a bottomless pit of frustration with lenders and servicers. If you have a complaint, the CFPB can help (see the box on the facing page). Meanwhile, we offer advice on seven recurring issues that bedevil borrowers, according to the complaint files.

I made a mortgage payment, but the loan servicer says it didn't receive it. I'm afraid this will lower my credit score.
Time and the rules are on your side. Your lender won't report a late payment to the credit-reporting agencies until 30 days after the due date. And many lenders provide a grace or courtesy period of 10 or 15 days after the due date before they impose a late fee. In the meantime, if the lender can't track down your payment, send an "error notice" via letter with your identifying information (don't write on a payment coupon) to the postal or e-mail address that is specified on the servicer's Web site, on your monthly statement or in your payment coupon book. In most cases, the lender must acknowledge receipt of your correspondence within five business days and resolve the issue within 30 days, with the option of a 15-day extension if it explains the delay. For 60 days after it receives an error notice, it can't ding your credit by notifying the credit agencies. But continue to make your future mortgage payments on time.

A common mistake is sending your payment to an old loan servicer after your loan has been transferred to a new servicer. For 60 days beginning with the effective transfer date, your new servicer can't charge you a late fee or treat the payment as late if you sent it to the previous servicer by the due date or within the applicable grace period. The old servicer will probably transfer the funds to the new servicer, at least the first time. Even so, notify both servicers about the mix-up.

The amount my lender requires in escrow for taxes and insurance jumped. Why?
You can probably blame rising property taxes or insurance premiums. However, the lender may have initially underestimated your annual expenses. Accurately estimating them is tricky

because lenders depend on available information, says Josh Moffitt, president of Silverton Mortgage, a lender in Atlanta. For example, the lender may base the estimate on the property tax bill of a previous owner who qualified for a senior discount. Servicers must send you an annual escrow account statement. If the account comes up short, you can make up the difference in full then or over 12 months. If too much goes into the account, the servicer will apply it to your next monthly escrow payment or send you a check.

I have enough equity to cancel my private mortgage insurance, but my lender has ignored my request.
If you haven't heard back from the servicer within 30 days, contact it again or file a complaint with the CFPB.

You can ask the lender to cancel PMI when the principal balance of your loan falls to 80% of the original value of the home, whether through repayment of your loan or because of rising home prices. Send your request in writing and be forewarned: The lender will almost certainly ask you to provide a current appraisal at your expense (typically $350 to $500). The lender must cancel PMI (which protects the lender if you fail to make your mortgage payments) automatically when you get to a loan-to-value ratio of 78% or when you reach the midpoint of your loan's term. Either way, you must be current on your payments.

After I applied for my loan, the lender gave me a good faith estimate of the terms. Just before closing, the terms changed—not for the better.
Your annual percentage rate, which includes your interest rate, discount points and lender fees, can't change from the APR disclosed on the good faith estimate by more than one-eighth of a percentage point. The lender's fees can't change, period. And third-party fees for title service, an appraiser and a closing attorney can't change by more than 10% of the total fees originally estimated.

Beyond those limits, the lender can make changes to reflect altered circumstances that increase its risk. For example, the lender could increase your interest rate if your credit score falls or debt-to-income ratio rises; if you change jobs or lose income; or if the lender discovers that you plan to rent out the house, not occupy it.

Any change must be disclosed with a new good faith estimate. You have three days to review the new GFE. Beginning October 3, lenders must use new, clearer disclosure forms to estimate your costs. They must issue the final closing disclosure at least three days before your closing date, instead of just one day.

When I applied for my mortgage, I paid a fee to lock in the rate. The rate lock expired before closing and rates fell a bit, but the lender refused to give me a lower rate.
You can ask a lender to reduce your rate, but it's unlikely to say yes. Some lenders let you lock your rate and also take a "float down," which offers a one-time opportunity to lower your rate before closing. PenFed Credit Union, for example, offers a float-down for a nonrefundable fee equal to 1% of your loan amount.

If higher rates loom, some lenders will extend a rate lock, but it's best to ask before the lock expires. An extra week, for example, may cost you a fee equal to 0.125 percentage point of the loan amount. If the home seller or the lender causes the delay, ask that party to cover the fee.

I canceled a mortgage application after I paid for an appraisal. The lender won't refund the cost or transfer the appraisal.
You can bail out of a mortgage application anytime, but you're on the hook for the cost of a completed appraisal or any other third-party costs that the lender has paid. Lenders must give you a free copy of the appraisal report upon completion. However, because lenders must assume legal responsibility for any appraisal they use, it's unlikely they would accept one ordered by another lender, says Moffitt.

I did everything I was asked, but the lender failed to close on time. I lost the house and my earnest money.
Many factors can cause a snafu, but among the top problems are failure to vet a proposed closing date with your lender before writing it into your purchase contract; requests for additional documentation to underwrite the loan; title issues on the seller's side; and inspection or appraisal issues.

Despite your experience, generally everyone wants to get the deal done and is willing to compromise, says Dana Hollish Hill, an exclusive buyer's agent in Bethesda, Md. You can ask the sellers to delay closing, but if they refuse, contingencies for financing, appraisal and inspection should save your earnest money, if not the purchase. For example, with a financing contingency you can void the purchase contract, recoup your deposit and start over—or release the contingency and close the deal on time with cash. ■

KipTip

Get Help From the Feds

THE CONSUMER FINANCIAL Protection Bureau is willing to lend its weight to help you resolve your complaints (see www.consumerfinance.gov/complaint). After verifying your commercial relationship with the company, the CFPB will forward your complaint for response; 98% of consumers receive timely responses, according to the agency. With your permission, the CFPB will post your anonymous complaint on its Web site within 15 days of receiving it and post a summary of any response. For answers to common mortgage questions and complaints, see www.consumerfinance.gov/mortgage.

OWEN DAVEY

"My 6-year-old son has $1,000 in gifts. What's the best way to invest this money?"

YEARS AGO, PARENTS USED passbook savings accounts to teach their children about the magic of compound interest. Unless your goal is to teach your son what happens when the Fed lowers interest rates to zero, you'll want to find other ways to invest the money.

First, though, you'll need to set up a custodial account under the Uniform Transfers to Minors Act (UTMA) or the Uniform Gifts to Minors Act (UGMA). Brokerage firms and mutual fund companies can provide you with the forms you need. An adult must be appointed custodian, a role that you or your spouse can assume. Once your child reaches the age of majority, usually 18 or 21, he will get full control of the account. If he decides to cash it out and buy a Harley, there's nothing you can do about it.

You can invest an UTMA/UGMA in just about anything—stocks, mutual funds, exchange-traded funds—as long as you meet the financial institution's investment minimum. Consider a total stock market index fund, which invests in virtually all publicly traded U.S. companies, suggests Rose Swanger, a certified financial planner in Knoxville, Tenn. TD Ameritrade offers custodial accounts with no investment minimum and hundreds of no-transaction-fee funds. Online stock trades cost just $9.99. Charles Schwab's custodial account has an investment minimum of $100, and Schwab charges $8.95 to buy and sell stocks online. It also offers a large slate of no-transaction-fee funds.

Watch out for taxes. If your child proves to be an adept investor (or receives a lot more gift money), you could end up paying the "kiddie tax." Under kiddie-tax rules, the first $1,050 of interest, dividends and capital gains from the account is tax-free; the next $1,050 is taxed at the child's rate. Earnings above $2,100 are taxed at the parents' rate. Consider this an opportunity to teach your child about the impact of taxes on investment returns—and the importance of tax-efficient investing. You can minimize the kiddie tax, for example, by avoiding short-term gains, which are taxed at your ordinary income rate. Hold investments for more than a year and you'll pay long-term capital gains rates—typically 0% to 15%.

Impact on financial aid. When it is time to apply for college, an UTMA/UGMA account will reduce your child's eligibility for financial aid. The federal financial aid formula counts 20% of a child's assets (and that includes custodial accounts) when considering how much a family can afford to contribute toward college costs, versus a maximum of 5.64% of parents' assets.

To avoid that problem, you could invest the money in a custodial 529 college-savings plan. Custodial 529 plans are considered a parental asset under the financial aid formula. If you already have an UTMA/UGMA, you can convert it to a custodial 529 plan. Because 529 plans accept only cash, you'll have to sell the investments in the account first. If you have a lot of investment gains, you can lower the tax hit by stretching the conversion over several years, says Joe Hurley, founder of SavingforCollege.com. Once the money is in the 529 plan, gains are tax-free, as long as the money is used for qualified educational expenses.

One possible sticking point: Parents can change beneficiaries in their own 529 plans, but a custodial 529 plan must remain in your child's name. When your child reaches the age of majority, he will gain control of the account.

SANDRA BLOCK

DAVE URBAN

FAMILY FINANCES»

The Money Side of Same-Sex Marriage

What you gain in Social Security benefits, you may lose in taxes. **BY SANDRA BLOCK**

KATHRYN HAMM AND AMY Walter of Arlington, Va., have been married twice—both times to each other. In 1999, they exchanged vows at a ceremony on Maryland's Eastern Shore, even though same-sex marriage was not yet legally recognized in Maryland. In 2013, after the Supreme Court overturned the federal Defense of Marriage Act, they repeated their vows in a Washington, D.C., courtroom, with their son, Caleb, now 8, as the best man. "We've considered ourselves married for a long time, but we needed to take care of the legal business," says Hamm.

Since the Supreme Court ruled this year that same-sex couples have a constitutional right to marry in every state, many other couples are expected to follow Hamm and Walter's example. Whether you plan to make your union legal or choose to remain unmarried, here are some financial issues to consider.

Taxes. Since 2013, the IRS has considered same-sex couples who were legally married in any state to be married—even if they lived in a state that didn't recognize gay marriage. For the latter group, that required some tax-filing jujitsu. Because states typically base their tax returns on federal tax returns, those couples had to create "dummy" federal returns as single filers before they could complete their state returns.

From now on, same-sex married couples will be able to file jointly at the federal and state level. That should save money on tax-preparation costs, but it's not much solace if you end up with a higher tax bill because of the so-called marriage penalty. The penalty kicks in when a couple filing a joint return pay a higher tax bill than they would have filing as two singles. It typically affects spouses who are both in the 28% tax bracket or higher.

If you're planning to get married before year-end, you may need to adjust your withholding to avoid underpayment penalties, says Scott Grenier, vice president of Baird's private wealth management group. Your combined income could also make you ineligible to contribute to a Roth IRA or to deduct contributions to a traditional IRA.

Social Security. Before the Supreme Court's ruling this year, it was unclear whether married couples who lived in the 13 states that prohibited same-sex marriage were eligible for Social Security spousal and survivor benefits, says Colleen Carcone, wealth planning director for TIAA-CREF. Now, all married same-sex couples can take advantage of strategies that could increase their overall benefits, such as file-and-suspend (see "Social Security: The Best Path for You," Jan. 2015). Same-sex spouses are also eligible for a share of a spouse's veterans' and pension benefits.

PETER DAZELEY/GETTY IMAGES

Estate planning. A surviving spouse of a same-sex marriage can inherit an unlimited amount of assets without paying federal estate taxes. Spouses can also combine their estate-tax exemption, shielding more than $10.8 million from federal estate taxes. The marital exemption is even more valuable in states that have lower estate or inheritance tax thresholds. For example, Nebraska (one of the states that prohibited same-sex marriage before the Supreme Court ruling) imposes an 18% inheritance tax on nonrelatives who receive bequests valued at more than $10,000. But surviving spouses can inherit an unlimited amount of assets tax-free. ■

KIMBERLY LANKFORD > Ask Kim

What Social Security Will Pay

“The maximum benefit for someone retiring at full retirement age in 2015 is $2,663 per month.”

HOW ARE SOCIAL SECURITY benefits calculated, and how do I find out how much I will get when I retire?
S.M., Vacaville, Calif.

Your benefits are based on the number of years you've worked in jobs covered by Social Security, the amount you earned each year and your age when you start taking benefits. You generally need to work for 10 years to qualify (unless you're receiving spousal benefits). The size of your benefit is based on your 25 highest-paid years.

The Social Security Administration's Quick Calculator at www.socialsecurity.gov will give you a rough benefits estimate. The Retirement Estimator tool, which uses your earnings record, offers a more precise figure. You can get a benefits estimate as well as verify your earnings at My Social Security (www.ssa.gov/myaccount).

You will get estimates of your monthly benefits at full retirement age, at 62 and at 70. The older you are when you start benefits, the higher your payouts. Full retirement age is 66 for people born in 1943 through 1954, and gradually increases to 67 for people born in 1960 or later. The maximum benefit for someone retiring at full retirement age in 2015 is $2,663 per month.

Your annual payouts will be reduced by at least 25% if you start taking benefits at age 62 (and may be clipped by the “earnings test” if you are working and receiving benefits before your full retirement age). Delaying Social Security past your full retirement age will boost your annual benefits by 8% for every year you wait until age 70. Payouts are adjusted each year for inflation.

HSA-eligible health policies. *I want to make tax-deductible contributions to a health savings account. When I'm choosing a health insurance policy for 2016, how do I know it is an HSA-eligible policy?*
G.S., Portland

The policy must have a deductible of at least $1,300 for individual coverage or $2,600 for family coverage. The deductible is the first clue, but that isn't the only requirement. The policy must make all covered services (except preventive care) subject to the same deductible; policies with lower deductibles for drugs don't qualify. It must also meet specific requirements for calculating out-of-pocket spending limits. Ask the insurer if a policy is HSA-eligible before you make your choice.

ID theft after death. *I'm going through my late mother-in-law's belongings, and I see that her bank statements from the 1980s and 1990s often included her Social Security number. Do I need to shred them?*
D.D., Washington, D.C.

You should shred any documents with information that thieves could use to steal someone's identity, even after they pass away. “Recently deceased individuals are a prime target for fraudsters,” says Rod Griffin, director of public education for the credit bureau Experian. ID thieves can do the most damage during the period after the person dies but before the credit bureaus, financial institutions and government agencies are notified.

Financial institutions are usually notified about a death from the Social Security Administration's Death Master File, but that can take a while. It's better to send copies of the death certificate to creditors, financial institutions, insurers, government agencies and even the credit bureaus as soon as possible, says Adam Levin, chairman of IDT911, which provides ID-theft protection programs for consumers through employers and banks. The fact sheet at www.idtheftcenter.org has a checklist of companies to contact and sample letters to send. ■

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

LISE METZGER

How Not to Pay for College

Presidential candidate Martin O'Malley borrowed heavily to send his daughters to college. Bad idea. BY KAITLIN PITSKER

MARTIN O'MALLEY RECENTLY OUTLINED his proposal to help in-state students who attend a public four-year college graduate debt-free. Alongside his proposal, the Democratic presidential hopeful shared his family's own student-debt story, revealing that he and his wife, Katie, a Baltimore judge, took out nine parent PLUS loans (federal loans made to parents or graduate students) to educate their daughter Grace at Georgetown University (roughly $270,000 for four years) and daughter Tara at the College of Charleston ($160,000 for nonresidents of South Carolina). Total amount borrowed: $339,200.

Most students borrow to finance their education—to the tune of an average $27,300 per borrower for the class of 2013—but bulking up on loans the way the O'Malleys did isn't a smart financial decision, especially because they have two younger sons who may also want to go to college. Here are five lessons student borrowers and their families can learn from the O'Malleys' experience with student debt.

1. Start the discussion early. Perhaps your family plans to contribute a certain dollar amount for each child. Or maybe you're planning to save enough to cover in-state tuition at a public school. If your child wants to attend a private school or an out-of-state public college, you may want to ask him to make up the difference with scholarships, loans or his own earnings.

2. Know your options. Familiarize yourself with schools close to home. Some states and cities offer programs to pick up the tab for some students (see "Free Community College for All?" at kiplinger.com/links/communitycollege). The former Maryland governor's children could have graduated from the University of Maryland, College Park (number 9 on our best values in public colleges list and number 84 on our combined list) for less than $85,000 each.

3. Apply for financial aid. Even if you don't expect to qualify, fill out the Free Application for Federal Student Aid (FAFSA), which is the starting point for all financial aid. Plus, filing the FAFSA opens the door to other funds from the state or the school itself. Scholarships can also help ease the strain of paying for college (see "8 Top Sources of College Scholarships" at kiplinger.com/links/scholarships).

4. Keep your borrowing in check. Do a little back-of-the-envelope math to make sure your student will be able to afford to repay her loans. One rule of thumb is that students should avoid borrowing more than their anticipated annual salary after graduation. Payscale.com lists salaries in specific fields.

5. Choose the right loans. Take any free money (scholarships and grants) first, and then look at loans with the best repayment terms to fill in the gaps. That generally means federal government loans, which usually have cheaper interest rates than private loans and offer flexible repayment plans.

PLUS loans (like the O'Malleys took) allow parents to borrow the full cost of their child's college attendance minus any financial aid. "But if you've found yourself with no choice but to borrow using parent PLUS loans, it's a warning flag that you're overborrowing," says Mark Kantrowitz, senior vice president and publisher of Edvisors.com. ■

ISTOCKPHOTO.COM

TOP-YIELDING DEPOSIT ACCOUNTS

No-Minimum Checking Accounts	Annual yield as of Aug. 10	Web site (www.)
EverBank (Fla.)*†	0.95%	everbank.com
MyCBB (Calif.)*	0.79	mycbb.com
Alliant Credit Union (Ill.)#	0.65	alliantcreditunion.org
FNBO Direct (Neb.)*	0.65	fnbodirect.com
NATIONAL AVERAGE	**0.11%**	

Rewards Checking Accounts	Annual yield as of Aug. 10	For balances up to‡	Web site (www.)
Consumers Credit Union (Ill.)#	5.09%	$20,000	myconsumers.org
Northpointe Bank (Mich.)	5.00	5,000	northpointe.com
Great Lakes Credit Union (Mich.)#	3.00	10,000	glcu.org
Lake Michigan Credit Union (Mich.)#	3.00	15,000	lmcu.org
NATIONAL AVERAGE	**1.54%**		

Savings Accounts	Annual yield as of Aug. 10	Min. deposit	Web site (www.)
My Savings Direct (N.Y.)*	1.25%	$1	mysavingsdirect.com
EverBank (Fla.)*	1.11	1,500	everbank.com
Palladian PrivateBank (Ill.)*	1.10	10,000	palladianprivatebank.com
GE Capital Bank (Ill.)*§	1.05	none	gecapitalbank.com
NATIONAL AVERAGE	**0.09%**		

*Internet only. †Promotional rate for first-time clients; available for the first year. #Must be a member; to become a member, see Web site. ‡Portion of the balance higher than the maximum earns a lower rate or no interest. To earn the maximum rate, you must meet requirements such as using your debit card several times monthly and receiving electronic statements. §Synchrony Bank offers a similar yield. SOURCES: Depositaccounts.com, Bankrate.com.

TOP-YIELDING CERTIFICATES OF DEPOSIT

1-Year	Annual yield as of Aug. 6	Min. amount	Web site (www.)
E-Loan (N.Y.)*	1.30%	$10,000	eloan.com
Synchrony Bank (N.J.)*	1.25	2,000	synchronybank.com
Sallie Mae Bank (Pa.)*	1.25	2,500	salliemae.com
CIT Bank (N.J.)*	1.25	25,000	bankoncit.com
NATIONAL AVERAGE	**0.27%**		

5-Year	Annual yield as of Aug. 6	Min. amount	Web site (www.)
E-Loan (N.Y.)*	2.45%	$1,500	eloan.com
Everbank (Fla.)*	2.31	1,500	everbank.com
Capital One 360 Bank (Va.)*	2.25	1,000	capitalone360.com
Synchrony Bank (N.J.)*	2.25	25,000	synchronybank.com
NATIONAL AVERAGE	**0.87%**		

*Internet only. SOURCE: © 2015 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 Aug. 6*	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

RETAIL REBATE CARDS

Issuer	Rate as of Aug. 4*	Annual fee	Rebate earned store/other	Web site (www.)
Barnes & Noble MasterCard	13.99%	none	5%/1%	barnesandnoble.com
Amazon.com Rewards Visa	14.24	none	3/1‡	amazon.com/rewards
Costco True Earnings Card	15.24	none§	1/1&	americanexpress.com

Rates are adjustable. *If you do not qualify for this interest rate, the issuer will offer a higher-rate card. (G) Gold. (P) Platinum. †$35 if late more than once in 6 months. #Must be a member; to become a member, see Web site. ‡2% at gas stations, restaurants, office supply stores and drugstores; 1% on all other purchases. §Must be a Costco member. &3% on gas (up to $4,000 annually; 1% thereafter); 2% on restaurants and travel; 1% on all other purchases. SOURCE: Bankrate.com. Banks may offer lower introductory rates.

BANKING»

A Slow Transition to Chip Cards

KEEP AN EYE ON THE MAIL for credit and debit cards that contain a microchip as well as a magnetic stripe. Starting October 1, if a thief uses a counterfeit card to make an in-store purchase, any issuer that hasn't added a chip to its card and any merchant that hasn't made its payment terminals compatible with the new technology (called EMV) may be liable for the fraudulent amount. Previously, card issuers took responsibility for such transactions. Consumer protections remain the same: You'll have zero liability for credit card fraud, and you likely won't have to pay for an unauthorized debit card purchase.

EMV transactions are more secure than those involving a magnetic stripe because the data moving between the card and payment terminal is unique, which makes it useless to criminals who want to clone cards. But despite the obvious incentive, banks and merchants are a long way from completing the shift.

Eight financial institutions, which represent about half of all the payment-card volume in the U.S., estimate that 63% of their credit and debit cards will have chips by the end of the year, according to the Payments Security Task Force. Chip-enabled debit cards are behind schedule because they have to meet stricter compliance regulations than credit cards. Small banks and merchants, who lack deep pockets, are also more likely to miss the deadline. If you haven't received a chip card, your issuer may provide one on request, says Randy Vanderhoof, director of the EMV Migration Forum.

EMV won't prevent crooks from using stolen card numbers to make purchases online. Continue to guard your card information closely and to check statements for suspicious charges. **LISA GERSTNER**

Kiplinger.com

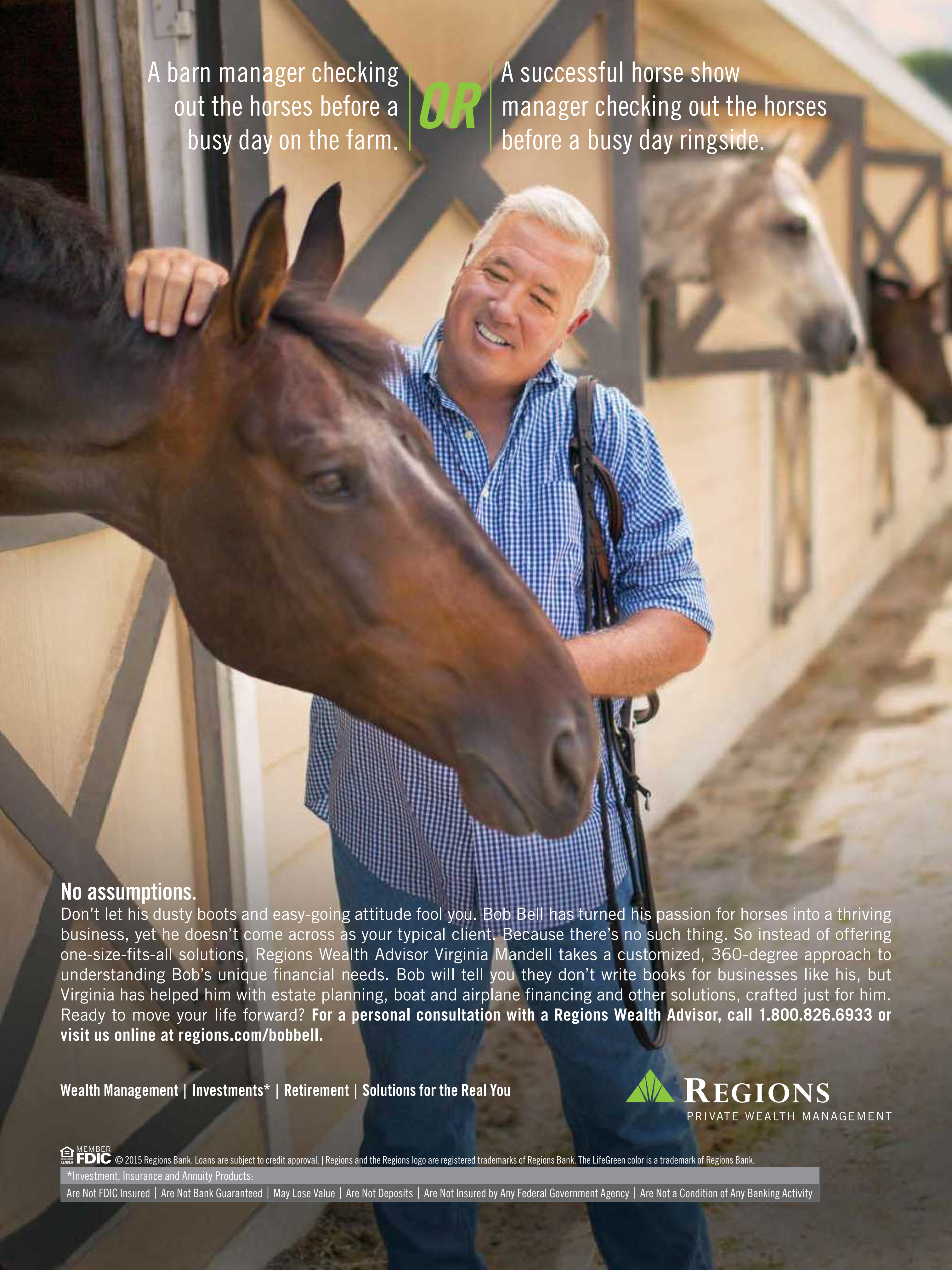
RATE UPDATES

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*	0.30%	0.30%	0.50%
U.S. Series I savings bonds	0.00	0.00	1.94
Six-month Treasury bills	0.20	0.09	0.05
Five-year Treasury notes	1.62	1.56	1.66
Ten-year Treasury notes	2.24	2.30	2.49

As of August 6, 2015. *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: Dow Jones, U.S. Treasury.



A barn manager checking out the horses before a busy day on the farm.
OR
A successful horse show manager checking out the horses before a busy day ringside.
No assumptions.
Don't let his dusty boots and easy-going attitude fool you. Bob Bell has turned his passion for horses into a thriving business, yet he doesn't come across as your typical client. Because there's no such thing. So instead of offering one-size-fits-all solutions, Regions Wealth Advisor Virginia Mandell takes a customized, 360-degree approach to understanding Bob's unique financial needs. Bob will tell you they don't write books for businesses like his, but Virginia has helped him with estate planning, boat and airplane financing and other solutions, crafted just for him. 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/bobbell.
Wealth Management | Investments* | Retirement | Solutions for the Real You
REGIONS
PRIVATE WEALTH MANAGEMENT
MEMBER FDIC © 2015 Regions Bank. Loans are subject to credit approval. | Regions and the Regions logo are registered trademarks of Regions Bank. The LifeGreen color is a trademark of Regions Bank.
*Investment, Insurance and Annuity Products:
Are Not FDIC Insured | Are Not Bank Guaranteed | May Lose Value | Are Not Deposits | Are Not Insured by Any Federal Government Agency | Are Not a Condition of Any Banking Activity

>> INVESTING

7 Great Stocks That Keep Raising Dividends

Companies that regularly boost their payouts are ideal for a market that we expect will deliver modest results in coming years.

BY TOM PETRUNO

THE STOCK MARKET has produced handsome returns since 2009. So handsome, in fact, that a growing chorus of seers fears that U.S. stocks will deliver little appreciation in coming years. Goldman Sachs strategist David Kostin, one of those pessimists, figures that over the next decade Standard & Poor's 500-stock index will return about 5% annualized, a figure that includes both price gains and dividend income. *Kiplinger's* is a bit more upbeat; we expect 6% to 8% a year. In either case, the market is likely to return far less than the historical average of 10% annualized. // The subdued outlook means it's time to think even more about dividends, which in this expected scenario will represent a hefty percentage of investors' total returns. Companies

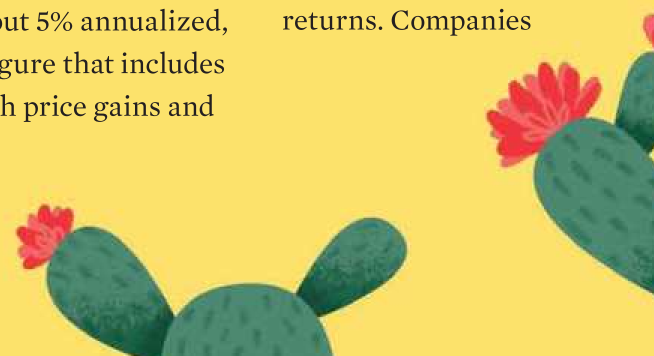


ILLUSTRATION BY SHANNON MAY

that can pay out a rising stream of dividends should be particularly attractive if share-price gains are muted.

Some investors favor high-yielding stocks, such as utilities and real estate investment trusts, for current income. But if interest rates rise because the economy is strengthening, those high-yielding but slow-growing sectors could suffer. Kostin advises looking at companies that should be able to boost the pace of their dividend increases as the economy improves.

Below, we list seven companies that have lately compiled strong records of sharing a sizable chunk of their profits with investors via dividends. Most are also leaders in their industries. All but one boast a higher dividend yield than the S&P 500, recently 2.1%. If you fear a market slump, consider adding these stocks to your watch list. The cheaper they get, the higher their yields and the better their potential future returns. (Share prices and related figures are as of July 31.)

CRACKER BARREL SERVES CUSTOMERS COMFORT FOOD, AND COMFORTS SHAREHOLDERS WITH STEADY DIVIDEND HIKES.

1 AGRIUM (SYMBOL AGU, $102) If feeding the earth's masses is a long-term growth business, Agrium should do well. The company has built itself into one of the world's largest producers and retailers of crop seeds, fertilizers and other farm chemicals. Sales, expected to reach $16.3 billion in 2015, have tripled in the past eight years. But in the short run, Agrium's commodity businesses can be subject to wild swings because of weather, geopolitics and overproduction, among other things. That helps explain why earnings have been volatile in recent years, peaking in 2012, then falling in 2013 and 2014. Analysts see growth resuming this year, with earnings expected to rise 28%, to $7.42 per share.

Over the past few years, Agrium has attracted two activist investment firms that believed they saw hidden value in the stock. The first was hedge fund Jana Partners. After buying a stake in 2012, Jana sought to split Agrium's 1,250-store retail chain in the U.S. and abroad from the firm's production business. Agrium execs balked, and Jana exited. But one by-product of the fight was a boost in the stock price. Another was Agrium's decision to share more cash with investors. Its annual dividend is now $3.50 per share, up more than 15-fold from 2011. The most recent increase was a 12% hike in July. Meanwhile, a second activist, ValueAct, has built a 6.8% stake in Agrium since the fall of 2014. But unlike Jana, ValueAct says it just recognized an undervalued stock and is happy with the company. At today's share price, investors are paying a reasonable 12 times estimated year-ahead earnings and getting a tidy 3.4% yield—and Agrium's promise of a hefty rise in future free cash flow (what's left after capital expenditures) to fund more dividend hikes.

2 CARDINAL HEALTH (CAH, $85) Cardinal has become a titan of the U.S. health care industry by playing the role of middleman, delivering drugs and medical supplies to pharmacies (including CVS), hospitals and other care providers. But the distribution business is highly competitive, with thin profit margins. After losing a huge supply contract with Walgreens in 2013, Cardinal has been rebuilding sales with a host of acquisitions aimed at broadening its product line and its customer base. Two recent deals: In March, the firm agreed to pay $1.9 billion for Johnson & Johnson's Cordis unit, which makes heart devices, including stents and catheters. And in April, the company bought Metro Medical's large specialty-drug distribution business, making Cardinal a major supplier of cancer drugs.

Some analysts worry that the deal for Cordis might be ill-advised because of intense competition in the heart-device business. But brokerage Cowen & Co. sees the deal as a smart move that will enhance Cardinal's stature as "the only distributor able to reach inpatient, outpatient and home" markets. That should allow Cardinal to fill more health care needs of more customers, including those in China, a market it entered nearly five years ago. Analysts see

COURTESY CRACKER BARREL

earnings climbing 14%, to $4.99 per share, in the fiscal year that ends next June. Although the stock's 1.8% yield is modest, Cardinal has been doubling the dividend rate about every four years, to $1.55 per share currently.

3 CRACKER BARREL OLD COUNTRY STORE

(CBRL, $152) In 2011, after several years of anemic sales growth, restaurant chain Cracker Barrel got a jolt when an activist shareholder banged on the door. The investor, Sardar Biglari, wanted the 635-store comfort-food purveyor put up for sale. Since 2011, he has repeatedly pressed his case in proxy challenges. But each time, despite his big stake in the firm (currently 19.8%), a majority of shareholders rejected his ideas.

Even so, Biglari's siege seemed to reenergize the chain. Annual sales, which were stuck at about $2.4 billion from 2007 through 2011, have accelerated to nearly $3 billion. Analysts expect record earnings of $7.23 per share in the fiscal year ending next July, up an estimated 8% from the recently concluded fiscal year and nearly double the level of four years ago.

As the chain's bottom line has improved, so has management's generosity. The annual dividend rate, 80 cents per share as recently as mid 2010, is now $4.40, after a 10% hike in June. That puts the stock's yield at 2.9%. Argus Research analyst John Staszak says Cracker Barrel has been running ahead of the restaurant pack, with sales growth now consistently beating the average for casual-dining chains. Lower gasoline prices are helping as more Americans take to the interstates along which most Cracker Barrels are located, he says. Staszak thinks profit growth could average 11% a year over the long term, which could keep dividends rising as well.

4 CUMMINS (CMI, $130)

Engine giant Cummins can't escape the cyclical nature of the global market for heavy machinery. But you wouldn't know it from watching the company's dividend payments over the past 10 years. Even in the recessionary year of 2009, when Cummins's sales and profits temporarily plunged, the firm maintained its dividend. Likewise, despite the stop-and-go pattern of the U.S. and global economies since 2009, the dividend has continued to rise at a robust pace. The latest: a 25% hike in July, to the current annual payout of $3.90 per share, giving the stock a 3.0% yield.

Lately, though, many investors have been wary of Cummins stock, worried that global demand could weaken for the company's diesel and natural gas engines, which power big-rig trucks and all sorts of other heavy machinery. The strong dollar has cast a shadow on Cummins and other big U.S. exporters by reducing the value of foreign sales and earnings. Still, the company's second-quarter results exceeded expectations as strength in North America offset weakness abroad. Analysts expect Cummins to post nearly $20 billion in sales this year and to earn $10 per share, up 10% from 2014. With the stock down 20% from its June 2014 peak, bulls view Cummins as a great long-term bet on the rising global need for clean, fuel-efficient engines. "No other company is positioned as strongly as Cummins to capitalize on this engine opportunity," says brokerage Robert W. Baird & Co.

5 GENUINE PARTS (GPC, $89)

In the ranks of "dividend aristocrats" (firms with long records of rising payouts), distributor and retailer Genuine Parts is one of the super-elite. The company, best known for its 1,100 NAPA auto parts stores, has increased its dividend for 59 straight years. But even a streak like that can't protect a stock from getting hit when the basic business slows temporarily. That's the story with Genuine Parts this year. Its shares are off 18% from their all-time high because of weak results so far this year. The firm earned $1.28 per share in the second quarter, about the same as a year earlier. Sales edged up just 1%, to $3.9 billion.

Our Favorites

Top Dividend Growth Funds

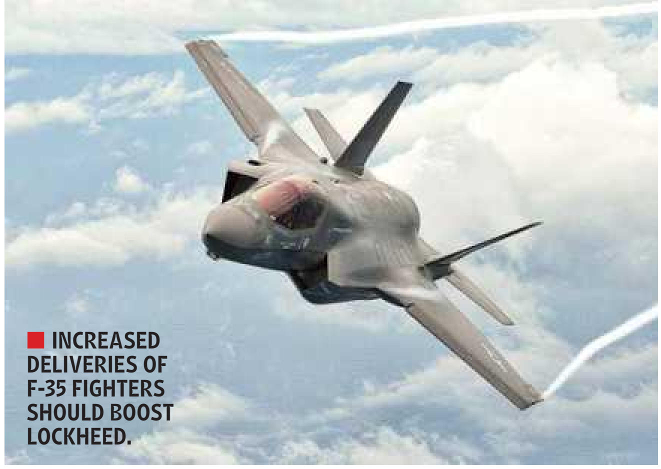
INVESTORS LOOKING FOR FUNDS THAT EMPHASIZE dividend growth have an array to choose from. But you'll have to shop carefully. Managers' ideas of what constitutes an attractive dividend stock vary widely.

Among mutual funds, our top choice is **VANGUARD DIVIDEND GROWTH** (symbol VDIGX), a member of the Kiplinger 25. Manager Don Kilbride focuses on firms with low debt and high profitability that he believes will steadily raise their payouts. The formula has worked: Over the past 10 years through July 31, the fund gained an annualized 9.2%, compared with 7.7% for Standard & Poor's 500-stock index. The largest holdings recently included United Parcel Service, retailer TJX Cos. and UnitedHealth Group. The annual expense ratio is 0.32%, low for an actively managed fund. Another solid choice is **T. ROWE PRICE DIVIDEND GROWTH** (PRDGX), run by longtime manager Tom Huber. Like Kilbride, Huber stresses dividend growth, not current yield. The fund counts Pfizer, Visa and Pepsi among its biggest holdings. Dividend Growth, which charges 0.65% per year, returned 8.0% annualized over the past 10 years.

Among exchange-traded funds, **SCHWAB U.S. DIVIDEND EQUITY** (SCHD) looks like a solid long-term bet. A member of the Kiplinger ETF 20, the fund starts with U.S. companies that have paid dividends for at least 10 years in a row, then considers factors such as dividend growth rate and return on equity to reach the final cut. Its largest holdings include Pfizer, Procter & Gamble and Johnson & Johnson. The ETF charges 0.07% annually.

Genuine Parts blamed "ongoing choppiness" in the U.S. economy and the strong dollar's devaluation of foreign results. As the company has grown, it has expanded well beyond selling only auto parts and only in the U.S. It now distributes many other things—including industrial parts, office supplies and electronics—in North America, the Caribbean and Australia. That diversification has meant more profit opportunities but also more ways to feel the pain when demand ebbs.

Still, the company isn't in danger of spilling red ink. Even in 2009, when the Great Recession bottomed, Genuine Parts earned $400 million, or $2.50 per share. So historically, stock pullbacks have been opportunities for long-term investors to get aboard. As for the famed dividend, the company last hiked it, by 7%, in January. The stock now yields 2.8%. Asked by analysts in July about the dividend in 2016, CEO Tom Gallagher was unequivocal: "You will see an increase."



INCREASED DELIVERIES OF F-35 FIGHTERS SHOULD BOOST LOCKHEED.

6 HELMERICH & PAYNE

(HP, $58) The crash in oil prices will inevitably produce some great stock bargains. The tough part is identifying the survivors—and not buying too soon. Wall Street has no doubt that Helmerich & Payne, a 95-year-old manufacturer and operator of land drilling rigs, will survive the slump. The firm's horizontal-drilling rigs are considered the industry's best and have been indispensable in the U.S. fracking boom. That's what fueled a jump in sales from $1.9 billion in 2010 to a record $3.7 billion in 2014, and a rise in earnings from $2.66 per share to $6.46. Meanwhile, the company boosted its annual dividend rate sharply, from 22 cents per share in 2010 to the current $2.75.

But with oil's collapse, H&P's stock price has been cut in half since June 2014. The company so far has maintained its dividend, which at the current depressed share price yields a rich 4.8%. Analysts believe the dividend is safe in the short run. H&P was expected to earn $2.98 per share in the fiscal year that ended in September 2015. The challenge comes in the September 2016 fiscal year, when analysts expect earnings to slide by some three-fourths, to 80 cents per share, unless crude prices rebound and energy producers begin putting mothballed rigs back to work. (The depressed earnings outlook explains H&P's sky-high P/E.)

With its pristine balance sheet, H&P has the wherewithal to maintain the dividend if it chooses. And if you assume that oil will rebound at some point in the next couple of years, H&P stands to be a major beneficiary. How patient can you be?

7 LOCKHEED MARTIN

(LMT, $207) Measured by sales alone, defense giant Lockheed Martin doesn't qualify as a growth company: Annual revenues have mostly been flat, at about $45 billion, since 2009. But it's what the bosses do with that money that counts. In a tough environment for defense spending, Lockheed generated record profits in 2014 while continuing to buy back stock, leaving remaining shareholders with a bigger piece of the pie. Investors have been further rewarded with a dividend that has nearly doubled in the past four years.

Now, Lockheed is starting a new chapter that should stoke revenue growth again. One impetus is Lockheed's pending purchase of United Technologies' Sikorsky Aircraft business. A more important driver is the expected boost in deliveries of the new F-35 fighter jet, Lockheed's single largest project, to the Pentagon and foreign governments over the next few years. The result should be a profit of $11.50 per share this year, up modestly from 2014, rising to $14.10 in 2017, says J.P. Morgan analyst Seth Seifman. At the same time, Lockheed is sticking with what has been a winning formula: It has pledged to send at least $15 billion back to investors via stock buybacks and dividends from this year through 2017. Seifman says Lockheed's outlook should attract investors who like the prospect of reliable profit growth combined with a generous dividend. The stock yields 2.9%. ■

Dividend Champs

BIG HIKES (WITH MORE TO COME)

Our picks don't boast superhigh yields. But the firms have the wherewithal to lift payouts and a willingness to do so.

Company	Symbol	Recent price	Price-earnings ratio*	Dividend yield	5-yr. dividend growth rate
Agrium	AGU	$102	12	**3.4%**	99.8%
Cardinal Health	CAH	85	17	**1.8**	14.7
Cracker Barrel	CBRL	152	21	**2.9**	40.6
Cummins	CMI	130	12	**3.0**	30.0
Genuine Parts	GPC	89	18	**2.8**	8.4
Helmerich & Payne	HP	58	109	**4.8**	62.9
Lockheed Martin	LMT	207	18	**2.9**	18.9

As of July 31. *Based on estimated earnings for the next four quarters.
SOURCES: Morningstar, Nasdaq, Thomson Reuters, Yahoo.

COURTESY LOCKHEED MARTIN

Surviving a Greek Tragedy

LISE METZGER

The Greek crisis may have disappeared from the headlines, but the bitter taste of the recent confrontation between Greece and the rest of Europe will last for some time.

In taking a hard line against Greek demands that more debt be forgiven, the European Union noted that Portugal, Spain and Ireland met the reform and payment deadlines set forth in their earlier debt crisis agreements. In response, the Greeks stated that they had already suffered a 25% drop in gross domestic product over the past five years, far greater than the decline experienced by any other European economy. Furthermore, the Greeks reminded the Germans that despite Germany's brutal occupation of their homeland during World War II, the Allies forgave 50% of Germany's debt in 1953—implying that Greece should be granted similar debt forgiveness.

But a closer look reveals the weaknesses in Greece's arguments. After Greece adopted the euro in 2001, a flood of cheap capital sparked a huge economic boom. Land and housing prices increased, profits rose smartly, and the labor market tightened. Workers were able to demand sharply higher wages, and businesses flush with funds granted those demands. At the same time, the government increased the benefits in an already overly generous pension system. From 2000 to 2007, Greek GDP expanded by nearly 58%, far more than that of any other European country.

When the financial crisis struck, lenders pulled back and the good times quickly ended. As Warren Buffett has observed, when the tide goes out, you find out who has been swimming naked. By 2009, Greece was exposed without even a fig leaf. Wages were far too high to be competitive, and the country's debt, barely serviceable in good times, could not be refinanced at the higher interest rates lenders demanded.

Greece's economy contracted much more than that of any other European country. But Greece's claim that it suffered more must be viewed in comparison with the preceding boom. Despite the huge economic contraction, Greek GDP is more than 25% higher than in 2001, a better performance than Spain, Portugal or Italy.

Why couldn't the Europeans forgive some of Greece's debt, as the Allies did for Germany after World War II? They already have! The agreements negotiated over the past several years to extend loan maturity and sharply lower the interest rates that the Greeks had originally agreed to pay are equivalent to writing off about half of the Greek debt.

Fatal mistake. Prime Minister Alexis Tsipras made the fatal mistake of thinking he could bully Greece's creditors into accepting his demands and still stay in the eurozone. But without extensive cash advances from the European Central Bank, Greece was forced to close its banks. Those hastily arranged closures have caused severe economic hardships and will hamper any economic recovery. Who will put money in Greek banks knowing that they could close again? The Greeks cannot rebuild trust in their financial institutions without extensive guarantees by the ECB, which will be granted only after a painful restructuring of Greece's financial system.

Despite the recent friction, I believe the eurozone is stronger after putting down the Greek rebellion. Even with the ECB's massive program of buying bonds to bring down interest rates, the euro has emerged from the Greek crisis with considerable strength.

Sound finance and fiscal responsibility do pay off in the long run. It's not a coincidence that Germany is the richest country in the European Union. Greece will eventually pull out of its slump. But its current hardships are of its own making, not those of European hard-liners. ■

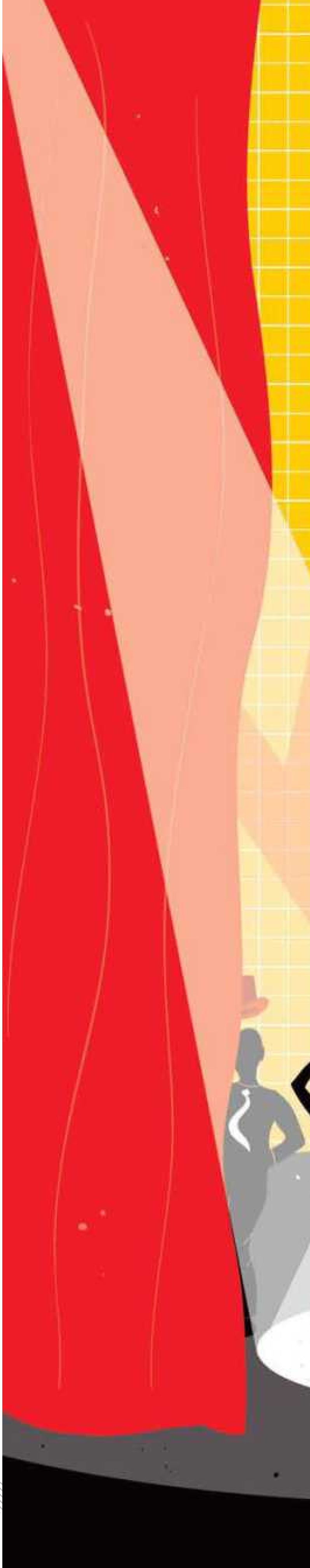
"Despite the recent friction, I believe the eurozone is stronger after putting down the Greek rebellion."

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*.

MUTUAL FUNDS»

Fidelity's Best 401(k) Funds

Led by talented managers, most of the firm's most popular retirement-plan funds are solid bets. BY NELLIE S. HUANG



STAR MANAGERS AREN'T BORN every day at Fidelity Investments, but when they emerge, they tend to burn brightly for decades. It's all part of a culture that allows managers to follow their own distinctive styles. Take, for instance, Will Danoff, who has been Fidelity Contrafund's sole captain for a quarter-century. Despite a bad year here and there, Danoff's long-term results have been fantastic. If you put $10,000 into Contra when he came on board in 1990, you'd have more than $227,000 today. A similar investment in a fund that tracks Standard & Poor's 500-stock index would be worth just $111,000.

For this, the second in our series on the best mutual funds for retirement savings, we took a look at the 22 Fidelity funds that made the top 101 funds in 401(k) plans. (For the first article in this series, see "Vanguard's Best 401(k) Funds," Sept.)

Nine actively managed Fidelity stock funds made the list. We analyzed them, rating each "buy," "sell" or "hold." We also evaluated the nine Fidelity Freedom target-date funds as a group. Although we didn't rate the four low-cost Fidelity Spartan index funds on the list—**500 INDEX (SYMBOL FUSEX)**, **EXTENDED MARKET INDEX (FSEMX)**, **US BOND INDEX (FBIDX)** and **INTERNATIONAL INDEX (FSIIX)**—we endorse all of them.

The nine actively managed stock funds are listed in order of their 401(k) assets, starting with the fund with the most assets, based on data from BrightScope, a consulting firm that rates and ranks retirement plans. Although your plan may offer the Class K shares, all data below, including symbols, are for the more commonly owned undesignated share class. Interestingly, Fidelity Magellan (FMAGX), once the biggest fund in the country, didn't crack the top 101. **FIDELITY NEW MILLENNIUM (FMILX)**, a member of the Kiplinger 25, the list of our favorite no-load funds, doesn't even make the top 500. Assets are the total amount of dollars in each fund. All returns are as of July 31. To see data on all 101 of the most popular funds in 401(k) plans, visit kiplinger.com/links/101funds.

FIDELITY CONTRAFUND (FCNTX) **HOLD** We are huge fans of Danoff, who has steered this fund to an annualized return of 13.4% since becoming manager 25 years ago. That beat the S&P 500 by an average of 3.2 percentage points per year.

But the fund's enormousness gives us pause. With $112 billion in assets, Contra is the third-largest actively managed fund in the country. That dwarfs the $3 billion in the average large-company mutual fund. We're aware that Contra beat the S&P 500 by 5.4 percentage points in the first seven months of 2015. But longer term, we believe the massive asset base will present a hurdle, even for the brilliant Danoff.

FIDELITY GROWTH COMPANY (FDGRX) **BUY** This outstanding fund is closed to new investors, except for members of retirement plans that offer it. If yours does, consider yourself lucky.

In 2014, Growth Company was one of the few actively managed large-company stock funds to outpace the S&P 500. Steven

ILLUSTRATION BY BEADY EYES ILLUSTRATION

Wymer, the fund's manager since 1997, has always been drawn to technology and health care companies. At last report, he had a combined 59% of Growth Company's assets in those sectors. But he keeps a fine balance between holding aggressive, turbocharged stocks and owning established companies growing at a steady pace. The fund's top holdings include Apple and Facebook.

FIDELITY LOW-PRICED STOCK (FLPSX) HOLD Joel Tillinghast, who launched this quirky fund in 1989, has had six comanagers since 2011. But he still selects the stocks for 94% of the fund's assets, which, at $44 billion, are considerable. Together, "Team Joel" seeks high-quality, growing companies trading at bargain valuations.

Low-Priced Stock is the poster child for asset bloat, which is why we rate it a "hold" rather than a "buy." Size has affected the way it invests: The fund once concentrated on small companies and stocks trading for $15 or less. Now Low-Priced Stock invests in firms of all sizes and looks for share prices of $35 or less at initial purchase. At last report, 34% of its assets were in large-company stocks, according to Morningstar. Small companies still play a role; the fund has 28% of its assets in small-capitalization and micro-cap stocks. Among Low-Priced Stock's 911 holdings are microscopic positions—less than 0.01% of assets—in scores of stocks.

FIDELITY DIVERSIFIED INTERNATIONAL (FDIVX) BUY The first thing you need to know about this foreign stock fund is that 7% of its assets are in U.S. companies. That helps explain why Diversified International, Fidelity's biggest foreign stock fund, has performed relatively well in recent years. (U.S. stocks did better than foreign stocks in 2013 and 2014.) Over the past three years, the fund's 14.5% average annual return beat the typical fund that focuses on large, growing foreign companies by an average of 3.3 percentage points per year. William Bower, who has run the fund since 2001, searches for high-quality, growing companies with strong balance sheets.

His fund outpaced or matched the MSCI EAFE index, which tracks foreign stocks in developed countries, in eight of the past 11 calendar years (including so far in 2015).

FIDELITY BALANCED (FBALX) BUY As is typical of balanced funds, this fund holds more of its assets in stocks than in bonds. But in recent years, Balanced's tilt toward stocks—67% of assets at last word—has been a bit higher than most of its peers. The fund balances that risk, however, by investing cautiously on the bond side, with an emphasis on high-quality government and corporate bonds. Running the show are Robert Stansky, who has led the stock side of the portfolio since 2008 (he has nine comanagers), and Ford O'Neil, who came on board in late July to run the bond portfolio. We're comfortable with O'Neil's recent arrival. He comanages **FIDELITY TOTAL BOND (FTBFX)**, an intermediate-term bond fund that is a member of the Kiplinger 25.

FIDELITY PURITAN (FPURX) BUY Like Balanced, Puritan, with 69% of its assets in stocks, is more aggressive than the typical balanced fund, which normally keeps about 60% of assets in stocks. Ramin Arani, who took over stock-picking duties in 2007, dials up the risk with big bets on tech and health care stocks—22% and 19% of the fund's stock holdings, respectively. He balances bets on emerging biotech companies, such as Puma Biotechnology, with more-established companies, such as Amgen. Since Arani came on board, Puritan has outpaced the typical balanced fund in every calendar year except 2008, when Puritan surrendered 29.2% and the average balanced fund lost 28.0%.

In July, Michael Plage took over the bond side of the portfolio. Plage, who joined Fidelity in 2005, comanaged Fidelity Corporate Bond (FCBFX) from its launch in May 2010. Over the past five years, Corporate Bond has outperformed 74% of its peers. Junk bonds (debt rated double-B or lower) recently represented 5% of Puritan's assets and 16% of its bond holdings, a bit more than the high-yield allocation in the average balanced fund. Harley Lank has run the high-yield portion of the bond portfolio since 2003.

FIDELITY OTC PORTFOLIO (FOCPX) BUY Buckle up! OTC Portfolio aims to beat the technology-heavy Nasdaq Composite index. As a result, the fund has twice the exposure to tech stocks as the average large-company fund. And, says Morningstar, it holds more small and mid-cap stocks than the typical large-company fund.

Since Gavin Baker became manager in 2009, the fund has returned 20.6% annualized, topping the Nasdaq Composite by an average of 0.9 percentage point per year and the S&P 500 by 3.7 points per year. But with those results has come added volatility: The fund has been about 20% jumpier than the typical large-company growth fund over the past five years.

Buckle up! OTC Portfolio aims to beat the technology-heavy Nasdaq Composite index.

FIDELITY BLUE CHIP GROWTH (FBGRX) BUY Manager Sonu Kalra must invest most of Blue Chip's assets in companies that are members of the S&P 500 or the Dow Jones industrial average, or firms that have a market value of at least $1 billion if they are not in either of those indexes. On top of that is a growth requirement: Kalra seeks firms with expected long-term earnings growth of at least 10% a year.

Blue Chip's holdings reflect Kalra's experience running other tech-oriented funds, including OTC Portfolio and Fidelity Select Computers. Blue Chip has 34% of its assets in tech stocks, including Apple, Google, Amazon.com and Facebook, the fund's four biggest holdings. Blue Chip Growth's annualized return of 20.7% since Kalra became manager in mid 2009 beat the S&P 500 by an average of 3.8 percentage points per year.

FIDELITY INTERNATIONAL DISCOVERY (FIGRX) HOLD In five of the past 10 calendar years, International Discovery ranked in the bottom half of funds that invest in large, fast-growing foreign companies. The fund's long-term record is above average, though, because in four of those years, it landed in the top 14% of its category.

William Kennedy, who took over as manager in late 2004, favors high-quality, growing companies trading at reasonable prices. But Discovery isn't as large-cap-focused as most of its peers; the fund recently had 23% of its assets in mid-cap stocks, compared with 13% for the average large-company foreign stock fund. The fund also has 8% of its assets invested in emerging-markets stocks. Its top three holdings: Swiss drugmaker Novartis, French energy behemoth Total, and Unilever, the British–Dutch consumer-products giant.

FIDELITY FREEDOM FUNDS HOLD Target-date funds are designed to be a one-stop solution: You invest your money in a fund with a date that's closest to the year you plan to retire and let the pros do the rest. They decide how much of your money should be devoted to stocks, bonds and other assets, and they shift the proportions to a more conservative mix over time.

Nine of Fidelity's Freedom funds, from target date 2010 through 2050, rank among the top 101 funds in 401(k) plans. Long-term results have been mediocre, but the funds are slowly improving. Fidelity has been revamping the Freedom funds, which invest in other Fidelity funds, for three years. The changes included the creation of a new brand of funds, known as Series funds, to be used exclusively for the Freedom line. The firm also revved up the funds' glide paths (the changes in the stock-bond mix over time) to be more aggressive. Now the percentage of each Freedom fund devoted to stocks matches or exceeds that of its typical peer.

The funds' performance, relative to their peers, improved in 2014. But we would like to see more consistency before we recommend them. Of course, if your 401(k) plan offers the Freedom line and you want to own a target-date fund, stick with them. The funds could be better, but they're not awful. ■

THE KIPLINGER ETF 20 UPDATE

3 Tips for Trading ETFs

WE INTRODUCED THE KIPLINGER ETF 20 last month. Because the process of buying and selling ETFs may be unfamiliar to some of you, we're following up with some tips for trading ETFs. Even the cognoscenti among you may find these suggestions useful.

Buy commission-free. Because ETFs trade like stocks, you typically incur a brokerage commission whenever you trade a fund. Fortunately, all of the major discount brokerages let you buy and sell certain ETFs without commissions if you trade online. The table to the right tells you which brokers let you trade our favorite ETFs free.

Use limit orders. Limit orders allow you to specify the price at which you are willing to buy and sell shares. Enter an ETF's symbol on your broker's Web site and you'll see a bid price (the highest price a buyer is willing to pay) and an ask price (the lowest price a seller is willing to accept). Because most of the funds in the Kip ETF 20 are popular, the gap between the bid and ask prices is usually narrow. On one recent day, for instance, the bid-ask spread for **ISHARES CORE S&P 500** was just 2 cents, or 0.01% of the share price. But less widely traded ETFs are likely to sport wider spreads, says Max Chen, of ETFTrends.com. For example, the bid-ask spread for Vanguard Russell 1000 ETF (VONE) was recently 0.10%. By using a limit order, you'll lessen the risk of getting an unfavorable price on your transaction.

Limit orders can protect you during runaway markets, too. Between 2:40 p.m. and 3 p.m. eastern time on May 6, 2010, more than 300 securities, including many ETFs, traded at prices that were off by 60% or more from their levels before 2:40 p.m., even though the market fell far less. The "flash crash" was a freakish event, but it underscored the need to use limit orders when trading ETFs, especially when markets are volatile.

Watch for pricing anomalies. ETF share prices sometimes diverge from the value of the securities held inside an ETF. When buying an ETF, you want to avoid paying much more than the fund's net asset value, or NAV, per share, and when selling, you want to make sure that the share price is not far below NAV.

You can eyeball whether a fund is trading at, above or below its NAV by comparing a fund's current share price with its intraday NAV, known as the intraday indicative value. Go to Morningstar.com and enter a symbol for an ETF. On one recent day, for instance, the intraday indicative value of Market Vectors Vietnam (VNM) was \$17.94, but the ETF traded at a share price of \$17.78, or a 0.9% discount to the fund's NAV. **NELLIE S. HUANG**

Returns, Fees, Free Trades

KIPLINGER ETF 20: VITAL STATISTICS

Before you buy an ETF, check if your broker lets you trade it without a sales charge. This table shows commission-free availability for Kip ETF 20 members at six online brokers.

Fund	Symbol	Recent price	Annualized total returns 1 yr.	3 yrs.	Yield	Exp. ratio	Commission-free trades
CORE STOCK MARKET FUNDS							
iShares Core S&P 500	IVV	\$212	11.3%	17.6%	2.0%	0.07%	F, FT, TD
iShares Core S&P Mid-Cap	IJH	150	11.2	18.6	1.4	0.12	F, FT, TD
iShares Core S&P Small-Cap	IJR	117	11.9	18.8	1.3	0.12	F, TD
Vanguard FTSE Developed Markets	VEA	40	-0.5	12.4	NA	0.09	TD, V
Vanguard FTSE Emerging Markets	VWO	38	-10.1	1.6	NA	0.15	FT, TD, V
Vanguard Total International Stock	VXUS	50	-3.6	9.5	NA	0.14	V
Vanguard Total Stock Market	VTI	109	11.2	18.0	1.9	0.05	TD, V
DIVIDEND STOCK FUNDS							
iShares US Preferred Stock	PFF	\$40	6.2%	6.5%	5.6%	0.47%	F
Schwab US Dividend Equity	SCHD	39	5.4	13.9	3.0	0.07	S
Vanguard High Dividend Yield	VYM	68	7.5	14.9	3.3	0.10	TD, V
WisdomTree Intl LargeCap Dividend	DOL	49	-3.7	10.5	3.0	0.48	E
CORE BOND FUND							
iShares iBonds Mar 2020 Corporate	IBDC	\$104	1.9%	—	2.3%	0.10%	
OPPORTUNISTIC STOCK FUNDS							
Financial Select Sector SPDR	XLF	\$25	14.5%	21.9%	1.6%	0.15%	
Guggenheim S&P 500 Eq Wt Health Care	RYH	164	32.1	31.7	NA	0.40	S
Vanguard Information Technology	VGT	109	12.9	17.6	1.4	0.12	V
WisdomTree Europe Hedged Equity	HEDJ	64	20.6	18.7	1.6	0.58	E
OPPORTUNISTIC BOND FUNDS							
iShares J.P. Morgan USD Emrg Mkts Bond	EMB	\$110	-0.1%	1.8%	5.1%	0.40%	F
Market Vectors Fallen Angel Hi Yld Bond	ANGL	27	3.0	8.2	5.2	0.40	
Pimco Total Return Active	BOND	107	3.9	3.4	3.4	0.55	
PowerShares Senior Loan Portfolio	BKLN	24	0.1	3.0	4.6	0.65	S
INDEXES							
S&P 500-STOCK INDEX (large U.S. stocks)			**11.2%**	**17.6%**	**2.1%**		
MSCI EAFE INDEX (foreign stocks)			**0.1%**	**12.8%**	**2.9%**		
BARCLAYS US AGGREGATE BOND INDEX			**2.8%**	**1.6%**	**2.4%**		

Key: E=E*Trade F=Fidelity FT=Firstrade S=Schwab TD=TD Ameritrade V=Vanguard

Through July 31. NA Not available. —Fund not in existence for the entire period. SOURCE: © 2015 Morningstar Inc.

KATHY KRISTOF > Practical Investing

Sticking With a Sinking Stock

For the past few months, I've watched the shares of **AMERICAN CAPITAL LTD. (ACAS)**, a piece of my Practical Investing portfolio, slide relentlessly. At a recent price of $13.66, the stock trades for one-third less than the value of American Capital's net assets of $20.35 per share.

Now to be fair, my investment hasn't exactly been a dog. American Capital has climbed 53% since I bought 1,122 shares three years ago at $8.94 apiece. But until the stock jumped nearly 6% on August 6, after the release of second-quarter results, it had been sinking steadily since mid April.

I've been asking myself whether the earlier drop represents a buying opportunity or a warning that something is amiss. With this company, the answer isn't easy. American Capital is no ordinary concern; it is a business development company, or BDC—essentially a venture capital firm that takes equity stakes in or lends money to small and midsize firms, most of which are privately held. American Capital also provides management advice to these companies. Think of it as a sort of *Shark Tank* without the cameras. In addition, the firm collects fees for managing investments for other publicly traded entities.

> **"I've been asking myself whether the stock's drop represents a buying opportunity or a warning that something is amiss."**

American Capital was once structured as a "regulated investment company." That allowed it to avoid corporate income taxes as long as it paid out at least 90% of its taxable income to shareholders. In 2007, when the stock peaked at nearly $50, the company paid out $3.72 per share to stockholders.

But when the financial crisis struck, American Capital posted massive losses. The firm teetered on the brink of insolvency, and by early 2009, the stock had plunged to 59 cents. To conserve capital, the company slashed dividends, then suspended them altogether. In 2011, American Capital changed its structure to a standard corporation so it could hold onto its cash and use its massive losses to offset income taxes in future years. (Regulated investment companies aren't permitted to carry losses forward to offset future income.)

Starting in early 2009, the stock began to recover. But analysts say investors aren't giving the company its due, probably because it isn't paying dividends. They note, for example, that rival Garrison Capital (GARS, $15), which yields 9.4%, trades at just a bit below its net asset value per share.

Breakup benefits. The challenge American Capital faced was how to resume paying dividends while retaining the ability to use all those losses. The answer: Engage in some financial alchemy. The company plans to spin off a BDC that would own the existing firm's investment assets and pay out the income they generate to shareholders. The remaining entity, which would retain the corporate structure and the American Capital name, would focus on the fee-generating asset-management business and keep the remaining $264 million worth of tax-loss carryforwards.

So why has American Capital's stock been going down? Part of it is probably due to uncertainty over whether the deal will win the necessary regulatory approval. Investors may also be worrying that 13% of American Capital's portfolio is in Europe. Moreover, if interest rates rise, the company's borrowing costs will rise, too.

Still, after digging through six years of financial statements, I found nothing inordinately troubling. Assuming that the company isn't cooking the books, American Capital's stock looks like a great deal. So I bought another 750 shares on July 21 for $13.51 a share. I now own 1,872 shares, worth $25,572. If the restructuring has the desired effect, the combined value of the streamlined American Capital and the new BDC should approach American Capital's current net asset value, suggesting potential appreciation of 49% from today's price. ■

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

LISE METZGER

THE KIPLINGER 25 UPDATE

Navigating a Choppy Fixed-Income Market

IF YOU FELL INTO A LONG slumber at the end of 2014, awoke in early August and immediately checked out the Treasury bond market (yes, we know that's a long shot; just pretend you're a bond geek), you'd probably conclude that not much had happened over the period. The benchmark 10-year Treasury closed 2014 yielding a hair under 2.2%, and in early August it was yielding a hair over 2.2%. In between, however, bonds exhibited a lot of choppiness, says Jeffrey Gundlach, lead manager of **DOUBLELINE TOTAL RETURN BOND**. Over the seven-month period, the 10-year bond yielded as little as 1.65% and as much as 2.5%.

Total Return Bond has held up well. In the first seven months of 2015, the fund returned 1.8%, beating the Barclays U.S. Aggregate Bond index by 1.2 percentage points and outpacing 97% of taxable intermediate-term bond funds.

Gundlach and comanager Philip Barach balance government-backed mortgage securities (53% of the fund's assets) with non-government-agency mortgage bonds (35%). The former carry no default risk but a lot of interest-rate risk; the latter have little interest-rate risk but a greater risk of default. Treasuries and cash make up the rest of the portfolio. The result is a low-volatility fund that yields 3.6%.

It seems as if other fund managers could easily copy the fund's methods, but few have done so successfully. "There's no template," says Gundlach. "It's not a paint-by-numbers strategy." Rather, Gundlach says, he and Barach actively manage the fund in an attempt to boost results. For instance, Gundlach says that earlier this year, as the 10-year Treasury yield started to close in on 2.5%, he and Barach bought medium-maturity government bonds. That helped stretch the fund's average duration, a measure of interest-rate sensitivity, from 2.5 years in January to 4.0 years in early August. The figure implies that the fund's share price would drop by 4.0% if rates rose by one percentage point (bond prices and rates move in opposite directions). But everything's relative, says Gundlach. His fund's duration still falls below that of the Aggregate Bond index, which has a duration of 5.7 years.

Gundlach says he expects the yield on the 10-year Treasury to end 2015 largely where it was at the start of the year—but with more choppiness along the way, of course. **NELLIE S. HUANG**

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

U.S. Stock Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Added to Kip 25
Akre Focus	AKREX	13.6%	19.7%	19.5%	—	Dec. 2009
Davenport Equity Opps	DEOPX	15.3	20.7	—	—	May 2014
Dodge & Cox Stock	DODGX	6.7	20.1	16.4	6.9%	May 2008
Fidelity New Millennium	FMILX	6.3	17.2	15.9	9.9	May 2014
Homestead Small Co Stock	HSCSX	11.6	18.2	16.9	10.6	May 2012
Mairs & Power Growth	MPGFX	7.5	16.8	15.3	8.1	Jan. 2013
Parnassus Mid Cap	PARMX	7.1	14.8	15.3	9.0	Aug. 2014
T. Rowe Price Divers Sm-Cap Gro	PRDSX	19.4	21.9	20.0	10.4	May 2015
T. Rowe Price Sm-Cap Value	PRSVX	3.0	13.2	12.8	7.5	May 2009
T. Rowe Price Value	TRVLX	8.0	19.7	16.2	8.2	May 2015
Vanguard Dividend Growth	VDIGX	12.1	15.9	15.6	9.2	May 2010
Vanguard Selected Value	VASVX	3.5	18.3	15.4	8.2	May 2005

International Stock Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Added to Kip 25
Artisan International	ARTIX	1.7%	12.5%	11.0%	7.2%	May 2015
FMI International	FMIJX	7.0	14.0	—	—	April 2015
Harding Loevner Emrg Mkts	HLEMX	−10.6	3.9	3.0	7.2	May 2013
Matthews Asian Gro & Inc	MACSX	−4.6	6.3	6.3	8.1	Aug. 2013

Specialized/ Go-Anywhere Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Added to Kip 25
FPA Crescent	FPACX	2.2%	11.4%	10.5%	7.7%	Oct. 2008
Merger	MERFX	−0.4	2.6	2.5	3.3	June 2007

Bond Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Added to Kip 25
DoubleLine Total Return N	DLTNX	3.9%	3.6%	6.4%	—	May 2011
Fidelity Intermed Muni Inc	FLTMX	2.3	2.2	3.4	3.9%	May 2004
Fidelity New Markets Income	FNMIX	−3.4	2.1	5.8	7.8	May 2012
Fidelity Total Bond	FTBFX	2.6	2.3	4.2	5.1	May 2014
Met West Unconstrained Bd M	MWCRX	0.5	4.0	—	—	May 2013
Osterweis Strategic Income	OSTIX	1.6	4.9	5.6	6.5	May 2013
Vanguard Sh-Tm Inv-Grade	VFSTX	1.3	1.8	2.3	3.6	May 2010

Indexes	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.
S&P 500-STOCK INDEX	**11.2%**	**17.6%**	**16.2%**	**7.7%**
RUSSELL 2000 INDEX*	**12.0**	**17.9**	**15.3**	**7.6**
MSCI EAFE INDEX†	**0.1**	**12.8**	**8.5**	**5.5**
MSCI EMERGING MARKETS INDEX	**−13.1**	**1.0**	**0.9**	**7.0**
BARCLAYS AGGREGATE BOND INDEX#	**2.8**	**1.6**	**3.3**	**4.6**

Through July 31. —Not available; fund not in existence for the entire period. *Small-company U.S. stocks. †Foreign stocks. #High-grade U.S. bonds. SOURCE: © 2015 Morningstar Inc.

JEFFREY R. KOSNETT > Income Investing

6 Bond Funds to Own Today

Last month, I discussed why owning bond funds still makes sense even if you think higher interest rates are coming. Before I name my favorites, I want to reiterate that I am not defecting to the Society of Interest Rate Scolds. I firmly believe that rates will remain low for much longer than most people expect.

Why am I so confident? For starters, all economic signs suggest that when the Federal Reserve finally lifts short-term rates, it will do so by no more than 0.25 to 0.5 percentage point this year, then keep them on hold until well into 2016. And don't expect much action in the bond market, where investors set yields for longer-term debt. Think of bond yields simply as the cost of credit. The world is swimming in cash, and investors are eager to buy bonds at today's prices. Their buying keeps yields down and prices up (the two move in opposite directions). So fears that a wave of selling is about to crush bondholders are unfounded.

But the endless chatter about the inevitability of higher rates complicates managing your bond fund portfolio. To get a decent yield while protecting your principal, you should own funds that focus on the tough task of actively buying and selling bonds. That way you may benefit from quick price movements and changes in credit ratings, as well as take advantage of the opportunities that are created when investors are forced to sell their bonds under duress. Such hands-on investing requires skilled managers, supported by smart analysts and agile traders. Index funds and funds run by managers who try to time swings in interest rates need not apply.

Beyond seeking talented managers, what should you look for? Avoid funds with big stakes in Treasuries. Investors are most likely to dump government bonds if they need cash quickly. Stick with funds that have a short to medium duration, a measure of rate sensitivity. Holding some high-yield bonds is a reasonable strategy. Junk funds offer above-average yields and should hold their value better than investment-grade funds as yields rise. Below are my six favorite mutual funds.

> **"My picks avoid funds with big stakes in Treasuries. Investors are most likely to dump government bonds if they need cash quickly."**

BUFFALO HIGH YIELD (SYMBOL BUFHX, YIELD 3.0%) invests mainly in higher-quality, short-duration junk. It stays away from energy debt and occasionally holds convertible bonds to benefit from gains in an issuer's stock.

DODGE & COX INCOME (DODIX, 2.8%) has most of its assets in medium-maturity corporate bonds and mortgage securities; it has only 10% in Treasuries.

FPA NEW INCOME (FPNIX, 2.9%) passes along income from commercial and residential mortgages and offbeat asset-backed securities for things such as subprime car loans and airplane leases. The yield is surprisingly high considering the fund's low average duration of 1.4 years.

METWEST UNCONSTRAINED BOND (MWCRX, 1.7%) can, as its name suggests, do anything in the fixed-income arena, including betting on bond prices to fall. The managers have been emphasizing mortgages and asset-backed securities, such as student-loan receivables. The fund, a member of the Kiplinger 25, has been tracking FPA New Income lately, which is good.

OSTERWEIS STRATEGIC INCOME (OSTIX, 4.1%), another Kip 25 member, was an early advocate of short-term junk bonds and continues to be effective in focusing on that area.

RIVERNORTH/DOUBLELINE STRATEGIC (RNDLX, 5.3%) combines closed-end funds trading at discounted prices with the mortgage expertise of bond powerhouse DoubleLine. It sounds weird, but it works. ■

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

LISE METZGER

FUND SPOTLIGHT

Get a 2.3% Yield and Sleep Easy

This short-term bond fund boosts returns by investing in safe mortgage securities.

IN THE STAID WORLD OF BONDS, IT doesn't get much more boring than short-term U.S. government debt. But in today's low-interest-rate environment, **SIT U.S. GOVERNMENT SECURITIES** fund, with a yield of 2.3%, is sitting pretty. The typical short-term government bond fund pays a measly 0.7%.

Managers Mark Book, Mike Brilley and Bryce Doty invest mostly in pools of government-backed fixed-rate mortgages. Like most bonds, these high-quality securities are sensitive to interest-rate moves (though not as much as Treasury bonds of similar maturities). Mortgage securities are also subject to the risk that homeowners will refinance their loans.

To protect against this prepayment risk, the managers seek bundles of mortgages that have undergone at least one major wave of refinancing and that pay at least 6% in interest. The fund pays a premium for these securities, but the risk of further prepayments is low. The managers have also positioned the fund to protect shareholders from rising interest rates (bond prices and rates move in opposite directions). The fund's average duration, a measure of interest-rate sensitivity, typically ranges from two to five years. Today, its average duration is a mere 0.9 year, implying that the fund's share price would drop just 0.9% if rates were to rise by one percentage point. In the fund's 28 years, it has suffered only one down year, losing 2.1% in 2013. **RYAN ERMEY**

SHORT-TERM GOVERNMENT BOND FUNDS Ranked by one-year returns

Rank/Name	Symbol	Annualized total return through July 31: 1 yr.	3 yrs.	5 yrs.	Yield‡	Max. sales charge	Exp. ratio	Toll-free number
1. Victory Fund for Income A@	IPFIX	3.4%	1.0%	2.0%	1.3%	2.00%	0.96%	800-539-3863
2. Shelton US Govt Secs Direct@	CAUSX	2.2	0.0	1.5	1.0	none	0.72	800-955-9988
3. Sit US Govt Securities	SNGVX	1.9	0.5	1.7	2.3	none	0.80	800-332-5580
4. Eaton Vance Sh Dur Govt Inc A@	EALDX	1.9	1.1	1.6	2.3	2.25	1.03	800-262-1122
5. Eaton Vance Govt Obligations A@	EVGOX	1.7	0.7	1.5	1.6	4.75	1.17	800-262-1122
6. Fidelity Spartan Sh-Tm Bd Inv@	FSBIX	1.6	0.6	1.1	0.7	none	0.20	800-343-3548
7. Northern Short-Intmed US Govt	NSIUX	1.6	0.3	1.0	0.6	none	0.41	800-595-9111
8. Fidelity Limited Term Govt	FFXSX	1.5	0.7	1.1	0.7	none	0.45	800-343-3548
9. Thornburg Ltd Term US Govt A@	LTUSX	1.4	0.6	1.3	1.1	1.50	0.93	800-847-0200
10. Vanguard Sh-Tm Federal Adm@	VSGDX	1.3	0.7	1.2	0.8	none	0.10	800-635-1511
CATEGORY AVERAGE		0.9%	0.4%	0.8%				

20 LARGEST STOCK MUTUAL FUNDS Ranked by size

Rank/Name	Symbol	Assets† (in billions)	Annualized total return through July 31: 1 yr.	3 yrs.	5 yrs.	Max. sales charge	Toll-free number
1. Vanguard Total Stock Market Idx Inv@	VTSMX	$348.6	11.0%	17.8%	16.2%	none	800-635-1511
2. Vanguard 500 Index Inv@	VFINX	181.3	11.1	17.4	16.1	none	800-635-1511
3. Vanguard Total Intl Stock Idx Inv@	VGTSX	175.0	–3.9	9.4	5.9	none	800-635-1511
4. American Growth Fund of America A@	AGTHX	149.5	12.6	19.5	15.6	5.75%	800-421-0180
5. American EuroPacific Growth A@	AEPGX	132.1	2.9	11.7	7.9	5.75	800-421-0180
6. Fidelity Contrafund@	FCNTX	113.3	15.8	18.5	16.8	none	800-343-3548
7. American Capital Income Builder A@	CAIBX	99.2	2.9	8.7	9.2	5.75	800-421-0180
8. American Income Fund of America A@	AMECX	97.0	3.0	10.2	10.8	5.75	800-421-0180
9. Fidelity Spartan 500 Index Inv@	FUSEX	91.5	11.1	17.5	16.2	none	800-343-3548
10. Franklin Income A@	FKINX	90.0	–4.5	7.1	8.1	4.25	800-632-2301
11. American Capital World Gro & Inc A@	CWGIX	89.5	4.4	14.0	10.8	5.75	800-421-0180
12. Vanguard Wellington**@	VWELX	89.0	6.4	11.8	11.3	none	800-635-1511
13. American Balanced A@	ABALX	83.5	7.8	12.3	12.2	5.75	800-421-0180
14. American Washington Mutual A@	AWSHX	77.8	7.5	15.1	15.0	5.75	800-421-0180
15. American Invstmt Co of America A@	AIVSX	76.6	7.9	17.0	14.4	5.75	800-421-0180
16. American Fundamental Inv A@	ANCFX	74.3	10.5	17.2	14.7	5.75	800-421-0180
17. Dodge & Cox International Stock**	DODFX	69.7	–4.3	14.5	8.6	none	800-621-3979
18. American New Perspective A@	ANWPX	61.1	9.7	15.6	12.8	5.75	800-421-0180
19. Dodge & Cox Stock	DODGX	59.9	6.7	20.1	16.4	none	800-621-3979
20. Vanguard Mid Cap Index Inv@	VIMSX	54.5	12.7	20.0	16.8	none	800-635-1511
S&P 500-STOCK INDEX			11.2%	17.6%	16.2%		
MSCI EAFE INDEX			0.1%	12.8%	8.5%		

@Rankings exclude share classes of this fund with different fee structures or higher minimum initial investments. ‡30-day SEC yield. †For all share classes combined. **Closed to new investors. MSCI EAFE index consists of developed foreign stock markets. SOURCES: Morningstar Inc., Vanguard.

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.

Break THE Cable Habit

The alternatives to cable TV are more attractive than ever—and they could save you money.

BY LISA GERSTNER

PHOTOGRAPHY BY HUNTER FREEMAN

Thinking about ditching cable or satellite TV? It may be time. For several years, Netflix, Hulu and Amazon Prime have been the go-to Web streaming services, but cable TV was still the only place to watch premium and sports channels. Now, thanks to Sling TV, you can catch ESPN plus 22 other cable channels (including CNN, AMC, TBS and the Food


House of Cards
2013-2015 TV-MA 3 Seasons
A ruthless politician will stop at nothing to conquer Washington, D.C., in this Emmy and Golden Globe-winning political drama.
Popular on Netflix
BLOODLINE
UNBREAKABLE KIMMY SCHMIDT
BoJACK HORSEMAN
Recently Watched
NETFLIX

Network) live for $20 a month. For an additional fee, you can stream HBO and Showtime to your TV. Both channels have launched online access to their video libraries, including recent episodes and full seasons of popular TV shows such as *Game of Thrones* and *Homeland*.

Sony sells live online TV bundles with up to 85 channels, as well as some à la carte channels through PlayStation Vue. Apple is also expected to throw its hat in the ring with a live TV streaming service that will offer about 25 channels. Sports fans who need a more serious fix than ESPN provides have more streaming options as well (see the box on the facing page).

Even the cable companies are getting into the streaming act. Comcast is rolling out a live online TV service called (wait for it) Stream, for customers of its Xfinity Internet. (For a list of prices, content and other information on services that stream TV and movies, see the table on page 66.)

Given that the average price of expanded basic cable TV service is about $66 a month, according to the Federal Communications Commission (and that your own plan may cost more), exchanging a full-blown cable or satellite package for some well-chosen alternatives could save you a pile of cash. In a survey by Digitalsmiths, which makes software for video providers, respondents said that their ideal cable lineup would cost no more than $38 a month and include only 17 channels.

"Figure out what you can't live without," says Chris Brantner, founder of Cut Cable Today, an informational Web site on cutting the cord. Then see whether you can get those non-negotiable items without cable or satellite for a lower price.

BUILD YOUR OWN NETWORK

The basic ingredients for building a customized streaming network include a streaming media box such as Roku or Amazon Fire, broadband Web access, and subscriptions to one or more streaming services.

Access to local channels is frequently the sticking point for potential cable cutters, so start with an antenna that picks up signals from free over-the-air broadcast TV stations, such as ABC, CBS, NBC, Fox and PBS. At www.antennaweb.org, enter your zip code and address to see which channels are available and which type of antenna you'll need to receive them. If you live close to a transmitter, a pair of rabbit ears, such as the RCA Basic Indoor Antenna ($7 at Walmart), may be all you need. For something less obtrusive in your living room, try the Mohu Leaf ($40 on Amazon), a thin, flat-panel antenna. Rural residents may need a more powerful, outdoor antenna, such as the Winegard HD7084P ($123 on Amazon). You can record programming with a DVR, such as those from Tablo ($220 for the 2-Tuner Over the Air DVR) or TiVo ($200 for the Roamio box). You may have to pay a monthly fee ($5 for Tablo and $15 for TiVo) to get programming guides and other enhanced services.

Next, consider the choices for

PAGES 62-63: RACCOON: AVILLA'S TAXIDERMY; TALENT: BLACKWELL FILES streaming live TV online, such as the offerings from Sling and Comcast, which should be offered in early 2016 wherever Comcast cable is available. If you're a fan of local sports teams, you probably won't be able to watch them play without a regional sports channel. And be prepared to forgo some of the perks that you expect with cable TV. Sling TV, for example, has no DVR option.

Subscription-based services such as Netflix and Amazon Prime provide unlimited on-demand programming—in other words, the kind that enables you to binge-watch back episodes of *Breaking Bad* or *Downton Abbey*. Netflix and Amazon Prime provide deep catalogues of movies (don't expect new and popular releases), documentaries and past seasons of TV shows. Both services have produced successful original series, too, such as Netflix's *House of Cards*, *Orange Is the New Black* and *Unbreakable Kimmy Schmidt* and Amazon's *Transparent*. With Hulu's subscription service, Hulu Plus, you can often watch full current seasons of broadcast TV shows (rather than a handful of recently aired episodes offered by the free version of Hulu) and view them on a wide range of devices.

You can fill the gaps with Google Play, iTunes, Amazon Instant Video, Vudu and other services that sell movies and TV episodes à la carte. (Paying for an entire season is often a better value than purchasing each episode individually.) Pricing and selection are often similar from one service to another, meaning that your choice may boil down to convenience. For example, if you use the Apple TV media streaming player to display online video on your television, using iTunes makes sense.

SET UP THE HARDWARE

You have no shortage of choices for ways to stream Web content to your television. If you have a "smart" (Internet-ready) TV, a video-gaming console or a Blu-ray player, you may already have streaming capability. But you'll have to check whether your device supports your chosen streaming services, such as Netflix and Amazon Instant Video. Dedicated streaming media boxes such as Roku ($50 to $100), Amazon Fire ($99) and Apple TV ($69) are all strong candidates for providing a broad menu of streaming options; we like Roku in particular for its selection of apps and user-friendly interface.

For ultimate portability, consider getting a streaming stick. The size of a flash drive, it plugs into a TV's HDMI port and provides many of the same capabilities as a box. Amazon and Roku both offer streaming sticks ($39 and $50, respectively), and Google is in the game as well with Chromecast ($35). If nothing else, you can play video on your computer and display it on your TV by connecting the two devices with an HDMI cable ($5 to $15 on Amazon).

You'll need a speedy broadband Internet connection to support smooth video streaming. Brantner recommends a minimum speed of 5 megabits per second for each device that you regularly use to stream video. If you often stream video to TVs in your living room and bedroom plus your kid's tablet, for example, then 15 Mbps broadband should suffice. If you have a bundled Internet and cable package and cancel the cable portion, your service provider may increase your monthly rate for Internet service.

Call other local Internet providers (enter your address at www.broadbandmap.gov to see a listing) to ask for price quotes, then see whether your current service will meet the best price before you switch. Rather than pay a monthly rental fee for a modem, consider purchasing one; it could save you money in the long run. Use the tool at www.wallethub.com/internet-modem-calculator to determine whether buying a modem is worthwhile for you and to see suggestions for modems compatible with your Internet service provider. ■

KipTip

Sports Fans Can Cut the Cord, Too

You'll have a tough time rooting for the home team without the regional sports network in your cable package because of policies that often ban coverage of games in a team's local market. But if your loyalties lie with a team from another town or you usually catch local games at the stadium, you may be able to ditch cable for streaming.

Sling TV, which includes both ESPN and ESPN2, is the biggest breakthrough in streaming for all-around sports fans. For more sports coverage, Sling also offers a $5-a-month add-on package with ESPNU, ESPNEWS, SEC Network and others.

If you're an avid fan of one or two sports, you can still do an end run around cable with a Web streaming package. For example, baseball fans can subscribe to MLB.TV for $110 a year ($130 for a package that can be streamed on compatible devices such as Roku and Xbox One and 360) to catch live games of any Major League Baseball team that is not in your region. NBA fans can watch any of nearly 1,000 nonlocal games during the 2015–16 season for $200. This year, the NBA is also offering a single-team pass for $120 or single games for $7. And the NHL's GameCenter Live will allow you to stream games that aren't in your region ($169 in previous seasons). For live regular-season NFL games, stick with an antenna or Sling TV. The NFL's Game Pass ($100 per year) allows you to watch 256 regular-season games after the game is over. KAITLIN PITSKER

Pick the Streaming Options That Are Right for You

SERVICE	CONTENT	PRICE	PROS	CONS	STREAMING DEVICES
LIVE TV					
CBS All Access	Live CBS programming	$6 a month	On-demand programming, with access to more than 6,500 TV episodes	Live streaming is not yet available in all markets; some sporting events, including NFL games, are blacked out on All Access.	Roku, Chromecast
Comcast Stream (in early 2016)	Live TV from about a dozen major broadcast networks, plus HBO	$15 a month (in addition to cost of Xfinity Internet)	DVR and on-demand programming	Available only to Xfinity Internet customers; live TV streaming is unavailable outside your home.	Laptops, tablets and phones via the Xfinity TV app
PlayStation Vue (recently available in five cities)	50+ to 85+ live channels, depending on the package; basic Access package includes CBS, FOX, NBC, AMC, Bravo; Showtime sold separately and available nationwide.	$50 to $70 a month for channel packages; $11 a month for Showtime ($9 for PlayStation Plus members)	Offers both broadcast and cable channels, including some regional sports networks; DVR and on-demand programming.	Prices are as high as cable TV, but popular channels such as ESPN and ABC are missing.	PlayStation 3, PlayStation 4, iPad
Sling TV	Best of Live TV package has more than 20 cable channels, including ESPN, AMC, HGTV and CNN; tack on HBO or channel packs focused on kids, sports and other themes for additional cost.	$20 a month for Best of Live TV; $15 a month for HBO; $5 each for channel packs	Sign up for three months of service and get a half-price Roku or Nexus media streaming player or free Roku streaming stick.	No DVR; limited access to previously aired shows on-demand	Roku, Amazon Fire TV, Xbox One, mobile devices from Apple and Android
ON-DEMAND TV AND MOVIES					
Amazon Instant Video	Movies and TV shows for rent or sale à la carte; Amazon Prime subscription includes many movies and TV shows free.	$5 to rent new-release movies; $10 to $18 to purchase new-release movies; $2 to buy TV episodes; $99 a year for Amazon Prime	With Amazon Prime, you'll get free two-day shipping, unlimited photo storage, music streaming and other perks.	Popular new-release movies and the latest seasons of current TV shows aren't typically available free with Prime.	Roku, Amazon Fire TV, Xbox, PlayStation, Wii, mobile devices from Apple, Android and Amazon
Google Play	Movies and TV shows for rent or sale à la carte	$4 to $7 to rent new-release movies; $10 to $18 to purchase new-release movies; $2 to buy TV episodes	Convenient for users of Android mobile devices	Not compatible with many popular streaming devices	Roku, Chromecast, mobile devices from Apple and Android
HBO Now	On-demand access to programming on HBO channels	$15 a month	Includes the most recent episodes of shows such as *Game of Thrones*, *Girls* and *True Detective*	No live programming	Apple TV, mobile devices from Apple, Android and Amazon; Amazon Fire TV and Chromecast coming soon
Hulu Plus	Full current seasons of TV shows from broadcast networks, plus Comedy Central and Nickelodeon	$8 a month; additional $9 a month for Showtime	Watch a few recent episodes of many shows free, without a subscription.	Shows are delayed until the next day or longer; you have to watch advertisements.	Roku, Amazon Fire TV, Apple TV, Chromecast, Xbox, PlayStation, Wii, mobile devices from Apple, Android, Amazon and Windows
iTunes	Movies and TV shows for rent or sale à la carte	$5 to rent new-release movies; $10 to $18 to purchase new-release movies; $2 to buy TV episodes	Convenient for users of Apple mobile devices	Not compatible with many popular streaming devices	Apple TV, mobile devices from Apple
Netflix	Movies, documentaries and TV shows	$9 a month	Full past seasons of many popular TV shows; access to original Netflix programs	You can't see popular new-release movies or the latest episodes of current TV shows.	Roku, Amazon Fire TV, Apple TV, Chromecast, Xbox, PlayStation, Wii, mobile devices from Apple, Android and Windows
Showtime	On-demand access to programming on Showtime channels; live streaming of Showtime's East and West Coast feeds	$11 a month	Includes the most recent episodes of shows such as *Homeland* and *House of Lies*	Programming not as popular as HBO's	Roku, Apple TV, mobile devices from Apple

TRAVEL»

Renting the RV Life

Take a week or two to test-drive the roving lifestyle. BY DAVID MUHLBAUM

RECREATIONAL VEHICLE SALES sagged during the Great Recession, but lately they have ticked back up, thanks to gas prices that have stayed below $3 a gallon for nearly a year. If you've thought about investing a small fortune in one of these mobile motel rooms, perhaps because you're contemplating a nomadic retirement, think about renting one to try out the lifestyle for a week or two.

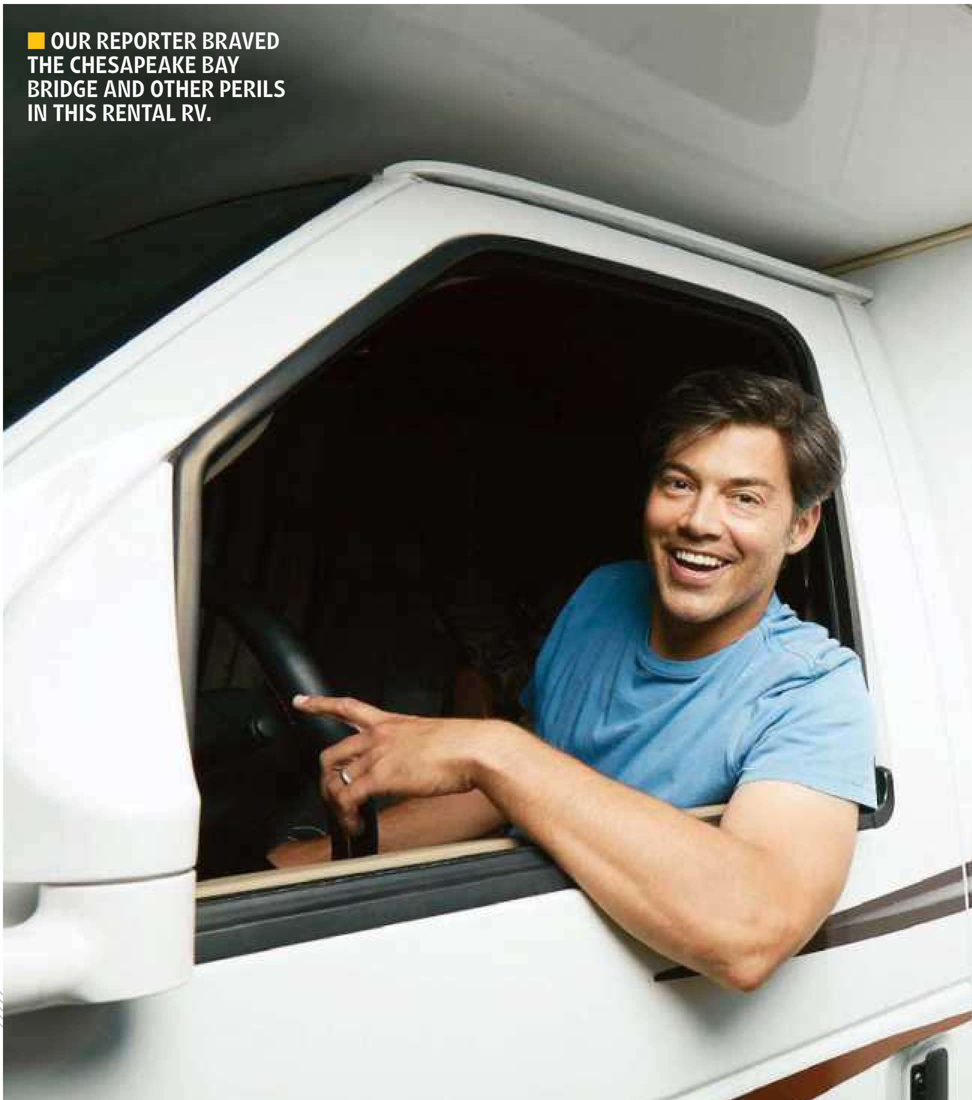
A number of national chains rent RVs. A weeklong rental from Cruise America, for example, typically costs about $1,000, depending on where you rent and how far you drive (see the box on the facing page). Other national chains include El Monte and Road Bear. Renting is also a good option if you're looking for an affordable and convenient way to see the scenery on your next vacation.

FIRST, THE BAD NEWS. Let's get the driving part out of the way because it's pretty miserable. Most rental RVs are Class C motor homes: The cab and chassis of a full-size van are merged with a big box that houses enough beds to sleep up to seven, plus a kitchen, a toilet, a shower, a television and whatever other features the builder chooses to include.

For my recent RV excursion, taking my family to visit friends in Rehoboth Beach, Del., I rented a Coachman Freelander 28DS from Ace RV in Herndon, Va. The Coachman is a Class C RV, and that means no matter how nicely appointed it is in back, the front is still just a regular work van. Pull away from a stop and the engine labors loudly, joined by a cacophony of creaks and rattles as the rest of the vehicle slowly realizes that it, too, has to come along. Turning? Better swing wide (and check those mirrors). Backing up? If you're lucky, you'll have a rearview camera. Otherwise, send out spotters. Crosswinds? Two hands on the wheel at all times. Crosswinds on narrow, high bridges, such as the Chesapeake Bay Bridge, which I had to cross to get to the beach? Now we're really sweating. As a friend of mine puts it, driving an RV is "like suddenly becoming very, very fat."

No special driver's license is typically required to rent an RV, but that belies the complexity of operating one. At the very least, pay close attention during the how-it-works tour of your vehicle because that's when you'll realize that you're not just checking into

POON WATCHARA-AMPHAIWAN



OUR REPORTER BRAVED THE CHESAPEAKE BAY BRIDGE AND OTHER PERILS IN THIS RENTAL RV.

a cabin; you're ripping that cabin from its sewer, water and electrical lines and taking it somewhere. (Cruise America offers an instructional video for renters; you can view it on YouTube.)

If the goal of your trip is to scope out using an RV as part of your retirement plan, keep in mind that most Class C motor homes (average retail price, $89,000) don't measure up in size and amenities to the bus-style, Class A RVs (averaging $180,000) that retirees favor. If you want a taste of that life, pay the extra for a Class A rental. El Monte and Road Bear offer these for about $2,000 to $3,000 a week, as do many independents.

NO BUGS, NO BEARS. The campground is where the magic of an RV's little cubbies, folding beds, tables, pull-out stoves and retractable TVs comes to life. But what wowed the five kids in my party was the bed over the cab, which struck them as the world's biggest top bunk. Three of them slept up there.

You can look for one of the thousands of campgrounds around the country with "full hookups" (electricity, water and even cable TV). Or you can make the RV a truly independent home-on-wheels, at least for a while: The gasoline-powered generator will make electricity for the air-conditioning, and propane will fuel the cooktop, power the fridge and heat the water for the shower. About those bathrooms: They're tiny, and the water flow is modest. If you're in a campground, you'll probably opt to use its facilities, except for middle-of-the-night bathroom needs, when rolling out of bed to use the onboard toilet sure beats scampering to the comfort station. No bugs, no bears.

That flexibility to camp pretty much wherever was a big part of a rental RV's appeal for Kristen Potter Farnham of Falmouth, Maine, who checked one out from Cruise America in Las Vegas to tour the Southwest with her husband and three kids. Normally a self-described "total type-A planner," Farnham made a reservation for only one night of their tour. "You don't have to worry about finding a restaurant; you have the RV," she says. "You don't have to worry about finding a hotel; you have the RV." The Farnhams also knew about the RV traveler's last-ditch option (though they didn't have to use it): Most Walmarts let you park overnight in their lot.

PLAN AHEAD. Although having a roof over your head, no matter what, alleviates some stresses of traveling, the RV rental experience still poses demands. For example, there is air-conditioning and heat in back, but it's not just a question of punching the thermostat up or down. You need to think about where the power is going to come from. Are you plugged into a campground's juice, or will you need to use the generator? What if the campground has quiet hours that restrict

KipTip

What an RV Rental Costs

We priced a one-week rental for a 25-foot Class C RV from Cruise America.

- **March 2016:** $553 (Las Vegas); $623 (Orlando).
- **August 2016:** $1,043 (Las Vegas); $763 (Orlando).
- **Per-mile fee:** 34 cents. **Fee for generator:** $3.50 per hour (does not include fuel). **Fee if vehicle is returned with dump tanks unemptied:** $50.
- **Miles per gallon:** 8 to 10 (typical fill-up: $150).
- **Campground site:** $10 to $50 per night, depending on the season and amenities.

generator use? You'll need to budget time to return the RV reasonably clean and with its holding tanks empty (which means finding a dump station), or face punitive fees.

You can cover a lot of terrain in an RV, but don't be too ambitious. "Some people spend too much time driving or setting up camp in a new place every night, instead of slowing down and enjoying their vacation," says Phil Ingrassia, president of the National RV Dealers Association. A week is usually long enough to get the hang of the vehicle but short enough to preserve the harmony among your traveling companions in close quarters.

Some rental companies, such as Cruise America and Road Bear, include insurance coverage as part of the price (with a damage deductible of $1,000 per incident). And some offer temporary coverage for an extra fee. With other rental outfits, you'll need proof that you're covered by your own insurance. But unlike a typical car rental, an RV rental may not be covered by your auto policy. ■

TECH »

Make Your Phone a Hotspot

Get secure Web access everywhere you go. BY JEFF BERTOLUCCI

YOU'RE AWAY FROM HOME and there's no Wi-Fi nearby. Or maybe there is, but it's free and not password-protected, and you need to get online stat.

The solution? If you carry a smartphone, you can set up a personal hotspot that lets you share the phone's cellular data connection with other devices via Wi-Fi, Bluetooth or USB cable. It's easy, and a hotspot is great for road trips, too, because it brings Internet access to all the Net-capable devices you take in your car. But depending on your carrier, you could wind up paying a bundle in excess data charges.

Getting started. First, ask your carrier what it will take to turn your smartphone into a hotspot. If you have a shared-data plan from AT&T, T-Mobile or Verizon, in most cases all you have to do is follow the instructions below.

With an iPhone, simply tap the Settings icon, then "Personal Hotspot," and slide the button to the right. This makes your iPhone visible to devices nearby. Go to the device you want to connect—say, a Windows laptop—and choose the iPhone's name from its Wi-Fi settings (for example, "Jeff's iPhone"). Then enter the iPhone's Wi-Fi password, which you'll find on the Personal Hotspot screen.

Configuring a personal hotspot on an Android phone varies slightly from device to device. In general, you open the Settings menu, and under "Wireless and Network," select "More," and then "Portable hotspot." Check the box next to "Portable Wi-Fi hotspot," tap the hotspot notification, and select "Set up Wi-Fi hotspot." On the device you want to connect, go to its Wi-Fi settings, choose the Android phone's name and enter its password.

Pretty easy, huh? One tip: A personal hotspot drains a smartphone's battery faster than regular usage, so keep the device plugged in during a hotspot session.

What will it cost? That depends on how you will use your hotspot. According to a study of the data usage of hundreds of thousands of wireless customers by mobile analytics provider Mobidia, the average customer consumed 1.8 gigabytes of cellular data a month in the third quarter of 2014. If you expect to use your hotspot for occasional e-mail and Web browsing, you could stay within that range. But if you're going to use your hotspot to stream video, or you plan to use it on the road for long periods of time, you may need a larger data plan. There are apps that can help you monitor your data usage. We recommend My Data Manager, a free app for iOS and Android that has received high marks from reviewers and users.

The major carriers offer a confusing array of hotspot data options. Let's say you have a smartphone under contract with unlimited talk and text, and you'd like to add a hotspot. With AT&T's Mobile Share Value plan, shared-plan users don't pay extra for a mobile hotspot, but each excess GB of data will cost you $15. Sprint customers with unlimited regular data pay $10 a month to add a hotspot that includes 1G of data, $20 a month for 2GB or $50 a month for 6GB.

A mobile hotspot is free with T-Mobile's Simple Choice Plan. Unless you have the unlimited 4G data option, which adds 2.5GB of monthly hotspot use, your hotspot data use counts against your data plan. Verizon's More Everything Plan includes a mobile hotspot; you don't pay extra for hotspot usage, but each GB of data over your total allowance costs $15. ■

INNOCENTI/GETTY IMAGES

LOWDOWN

What You Need to Know About Lifetime Learning

It's never too late to go back to school, for a degree or for pleasure. BY MIRIAM CROSS

1. You have plenty of options. Older adults may enroll in a degree program, sit in on regular college courses, attend classes with peers or take courses online. Many colleges and universities allow older adults to audit or take classes for credit, as well as host lifelong learning programs for adults 50 and over. A good place to start is at www.aseniorcitizenguideforcollege.com.

2. Age has its privileges. If you are at least 60 to 65, a number of public colleges will let you enroll in credit courses without paying tuition, if space is available. (You may be responsible for fees and textbooks.) Some states have instituted auditing programs for older adults at their state schools. Other colleges may permit auditing; if you don't see information on a school's Web site, call.

3. You could earn a degree. The average price tag for a master's degree in 2011–12 was nearly $23,000. You may qualify for financial aid; there are no age restrictions on federal loan programs. But be sure you don't borrow more than you can afford to pay back, says Mark Kantrowitz, senior vice president and publisher of Edvisors.com. One strategy: Stretch out the payments as long as possible. You'll minimize the monthly hit on your income. And federal loans are discharged when you die (that's not the case with most private loans).

4. And get a tax break. The Lifetime Learning Credit is worth up to $2,000 a year for qualified education expenses, and, unlike the American Opportunity Tax Credit, it is available for any number of years. You can claim the credit to pay for tuition, textbooks and supplies as long as your modified adjusted gross income is less than $65,000 in 2015, or $130,000 if married filing jointly. Or you could start a 529 college-savings plan with yourself as the owner and beneficiary. Most states offer a tax break for 529 plan contributions.

5. Sign up with OLLI. Not ready to commit to a degree? Your local college or university may host an Osher Lifelong Learning Institute, or OLLI for short (see www.nrc.northwestern.edu/find-an-olli-near-you). You generally pay a membership fee to access courses on everything from European history to shooting videos with an iPhone. At the University of North Carolina–Asheville, for example, a one-year OLLI membership costs $70 and includes access to more than 280 courses. Even if there's no OLLI in your vicinity, you may find a local school that offers a similar program.

6. Explore online. Massive open online courses (or MOOCs) are college-level courses available to anyone. Search listings from the major providers (including Udacity, Coursera and edX) at www.class-central.com. Few MOOCs offer credit, so look for courses that pique your curiosity. For technical and creative skills, browse the tutorials at Lynda.com. Lynda subscriptions start at $20 a month for unlimited access to all videos, but your library card may let you log in free.

7. Hit the road. Why learn about ancient Peru in a classroom when you can climb to the ruins of Machu Picchu? Some alumni associations, museums and nonprofit groups, notably Road Scholar (www.roadscholar.org), offer educational tours around the world. These tours can be pricey, so ask whether the company has any "special offers." ■

RICHARD FAUST

THEN AND NOW

Emily Gould, with son Raphael: New venture, new baby.

JULY 2005

An Author's Rocky Road to Success

THEN: Emily Gould was an assistant editor at Hyperion Books when she appeared in our July 2005 cover story, "Smartest Money Moves at Any Age." At 23, she was thriving in her first post-college job, but she acknowledged being less than savvy about money, including failing to take full advantage of her 401(k). "I'd rather be a young person with beautiful shoes than an old person with a roof over my head," she said then.

NOW: Part of an early generation of bloggers, Gould left Hyperion in 2006 for a job at Gawker, the media/gossip blogging site. She later wrote about that experience, and her willingness to share personal details online about her life and relationships, in a first-person account for *The New York Times Magazine.* The story featured a provocative photo of Gould on the cover and generated a torrent of comments, most of them negative. She was stunned by the reaction, but the attention paved the way for a book deal (a memoir later published as *And the Heart Says Whatever*), for which she received a $200,000 advance.

Gould looks back on the rest of her twenties as "rocky and tumultuous." The book, published in 2010, sold poorly, and within a few years the money was gone, partly to cover taxes, health insurance premiums and her agent's commission but also to pay for pricey clothes and an apartment she couldn't afford. Gould even cashed out her 401(k) retirement account (incurring a big tax bill and a 10% early-withdrawal penalty). "The Emily Gould–specific financial crisis coincided with the global financial crisis," she says.

Life in her thirties has been much smoother, says Gould, now 33. Her first novel, *Friendship,* hit bookstores in 2014 and has earned back its $30,000 advance. Last year, she married writer Keith Gessen; in June, the couple had their first child, Raphael. "These were things I'd always imagined would happen, but it was unclear if they ever would or when," she says.

Gould is writing another novel, and she co-owns (with Ruth Curry) Emily Books, an online bookstore that offers monthly subscriptions to feminist e-books. Earlier this year, Gould and Curry raised more than $40,000 through Kickstarter to develop the site and partner with Coffee House Press to publish original books.

Any regrets? The way she spent the $200,000 is a big one. "I wish I could go back to that old self and scream, 'Buy an apartment!'" says Gould, who lives with Gessen and Raphael in a rental apartment in Brooklyn, N.Y. Still, "having a child really makes all the other stuff you were anxious about feel like small potatoes." **JANE BENNETT CLARK**

2005 PHOTO BY JIM FRANCO

PHOTOGRAPH BY GINA LEVAY


YOU MIGHT NOT NEED IT.
BUT CAN YOU LIVE WITHOUT IT?
ZOOM-ZOOM
2016 MAZDA MX-5 MIATA | DRIVING MATTERS™
mazda