OUR 25 FAVORITE MUTUAL FUNDS p 50

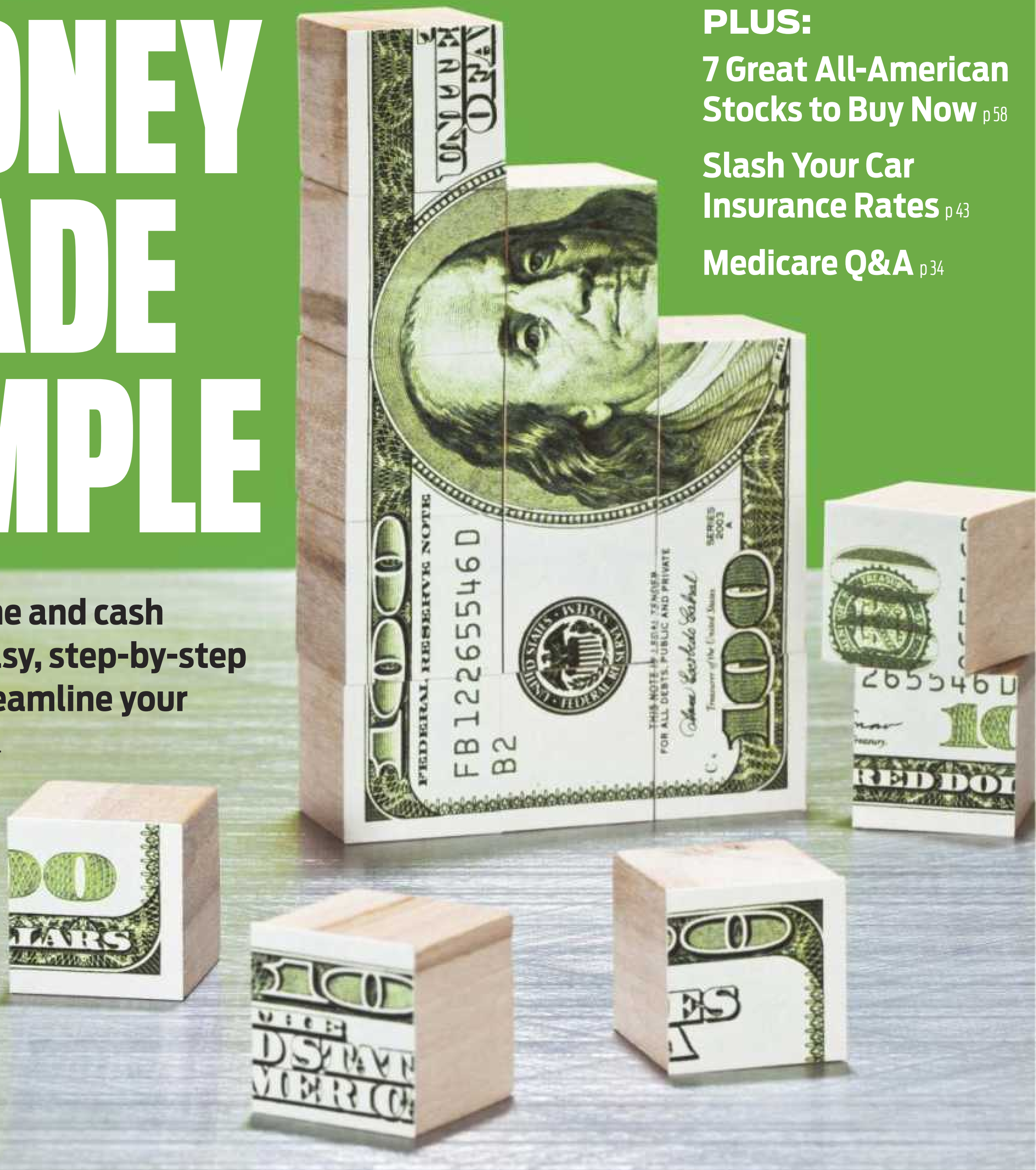
Kiplinger's

PERSONAL FINANCE

MONEY SMART LIVING

MONEY MADE SIMPLE

Free up time and cash with our easy, step-by-step plan to streamline your finances. p 24



PLUS:

7 Great All-American Stocks to Buy Now p 58

Slash Your Car Insurance Rates p 43

Medicare Q&A p 34

MAY 2017

CONTENTS

KIPLINGER'S PERSONAL FINANCE
FOUNDED 1947

VOL. 71 NO. 5

TOSHA TURNER IS USING A 529 PLAN AT WORK TO SAVE FOR COLLEGE FOR TWINS LINCOLN AND LYRIC (PAGE 13).

AHEAD

MONEY

INVESTING

HEALTHY LIVING

IN EVERY ISSUE

ON THE COVER: Photograph by Nicholas Eveleigh

ALEX MARTINEZ

KIPLINGER.COM

LOG ON & EXPLORE

FEATURED

GREAT STOCKS TO EARN DIVIDENDS ALL YEAR LONG

"Dividend Aristocrat" stocks have raised dividends for at least 25 straight years. Add these 12 to your portfolio to ensure dividend payouts every month of the year.

kiplinger.com/links/aristocrats

ALWAYS ON KIPLINGER.COM

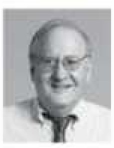
KIPLINGER'S ECONOMIC OUTLOOK

Stay ahead with exclusive forecasts to guide your portfolio and business.

- Business spending
- Trade deficit
- Energy
- Housing
- Interest rates
- Inflation
- Retail sales
- GDP

kiplinger.com/outlooks

INTERACT



5 GOLD-RATED FUNDS TO BEAT THE MARKET Columnist Steve Goldberg reveals Morningstar-rated funds that should outpace the indexes.

kiplinger.com/links/goldrated

STEVE GOLDBERG @Kiplinger

8 SMART FINANCIAL MOVES TO MAKE IN 2017 IF YOU'RE IN THE MILITARY Military families, make the most of these special saving opportunities.

kiplinger.com/links/military2017

KIM LANKFORD @Kiplinger

QUIZ YOURSELF

HOW SMART A HOME SELLER ARE YOU? Take our popular quiz to learn tactics that will help to sell your house faster, at the best possible price. Plus, tax implications of selling your home.

kiplinger.com/links/seller

TOOL

TOP-PERFORMING MUTUAL FUNDS BY CATEGORY Discover funds with the best one-, three-, five-, 10- and 20-year returns across 12 categories.

kiplinger.com/links/category

CONNECT WITH US

GET KIPLINGER'S FRESHEST MONEY-MAKING and money-saving advice in your in-box every weekday—free! Sign up for our Kiplinger Today e-newsletter at **kiplinger.com/links/ktoday**.

FACEBOOK: KiplingerPersonalFinance
TWITTER: @Kiplinger

ONLINE STORE

SOLVE YOUR TOUGHEST MANAGEMENT PROBLEMS Find solutions to seven of the worst management challenges with Kiplinger's latest special report. This downloadable PDF is easy to read and loaded with workplace-tested tips.

kiplinger.com/go/awake

MOST POPULAR MUTUAL FUNDS CONTENT ON KIPLINGER.COM

1. Best Vanguard Funds for Retirement
   kiplinger.com/links/vanguard
2. Best Mutual Funds for Your Retirement
   kiplinger.com/links/nestegg
3. Vanguard Mutual Funds to Avoid
   kiplinger.com/links/avoid
4. Top-Performing Funds, by Category
   kiplinger.com/links/category
5. The Kip 25: Our Favorite No-Load Funds
   kiplinger.com/links/kip25

SOURCE: BASED ON TRAFFIC ON KIPLINGER.COM, 3/1/16 – 2/28/17

CLOCKWISE FROM TOP: ISTOCKPHOTO.COM (2), LISE METZGER (2)

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/customer-service 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.

AMERICAN CRUISE LINES®

MISSISSIPPI RIVER

DISCOVER AMERICA'S HEARTLAND

MISSISSIPPI RIVER | SOUTHEAST | NEW ENGLAND | ALASKA | PACIFIC NORTHWEST

Cruise the legendary Mississippi River in complete comfort aboard the finest paddlewheelers. Experience our award-winning guided excursions as you discover antebellum plantations, Civil War battlefields, and historic American ports. **Small Ship Cruising Done Perfectly.®**

LARGEST STATEROOMS

GRAND HISTORY

5 & 8-DAY ITINERARY

Call today to request your *free* Cruise Guide

1-888-240-4951

AmericanCruiseLines.com

2016 TRAVEL WEEKLY MAGELLAN AWARDS GOLD AWARD

2016 EDITORS' PICKS CRUISE CRITIC

Janet Bodnar

FROM THE EDITOR

LISE METZGER

How to Get Good Advice

Amid all the *Sturm und Drang* surrounding the U.S. Department of Labor's proposed fiduciary rule—and President Trump's order to review it—I'm concerned that some of the practical implications for investors have been overlooked. So this month we're going to bring them into focus.

To review briefly, the rule requires that brokers and other financial professionals who offer investors advice on retirement accounts—401(k)s, IRAs and rollover IRAs—act as fiduciaries, putting clients' best interests ahead of their own financial gain. Specifically, the rule would target high-fee investments in rollover IRAs, such as variable annuities. I think that goal, though laudable, raises two important questions: Should you roll over retirement funds into an IRA when you leave your job or retire (a strategy that *Kiplinger's* often recommends)? And if so, where should you invest the money?

In her story on page 38, senior associate editor Sandra Block points out that rollovers make sense if your 401(k) has high fees, or if you want to gain access to more investment options or have more control over your account. But sometimes you should just stay put—especially if you like your plan's investment choices and have access to lower-cost institutional-class mutual funds not available to retail customers.

As to where you should put your money if you do choose a rollover, you won't go wrong following our advice to stick with top-performing mutual funds such as those in the Kiplinger 25 (see page 50), or solid individual stocks (see page 58) or low-cost exchange-traded funds (see "Earn Up to 6% From Our Fund Portfolios," March). Aside from their high fees, variable annuities are complex investments that should be approached with caution under any circumstances (see "Income Guarantees, With a Catch," May 2016).

Pricing changes. Regardless of what happens to the fiduciary rule, many brokers and other financial-services firms have already changed their practices and pricing policies. There has been a move away from sales commissions and toward managed accounts, in which you pay a flat fee—1% per year is common—for the company to handle your retirement assets. Merrill Lynch has announced that it will stop offering commission-based IRAs and switch to fee-based accounts.

So you need to know which arrangement suits you best. You may like the convenience of an annual fee. But if you are a buy-and-hold investor who trades infrequently, or a do-it-yourselfer who makes your own decisions and just needs someone to execute trades, it may prove less expensive to pay trading commissions (especially with commissions dropping; Fidelity recently cut its fee to $4.95 for stock and ETF trades).

If your account is too small to justify a 1% fee, you may decide to get computerized recommendations from an online robo adviser. Or if you're in the market for a particular service, such as retirement planning, you might look for an adviser who charges an hourly rate or a flat fee per project (check out the Garrett Planning Network).

Protect yourself by being your own fiduciary.

It's also important to remember what the fiduciary standard doesn't do: It doesn't guarantee that you'll get better advice or that you won't lose money. The best way to protect yourself is to be your own fiduciary: Feel comfortable with what you're investing in. Match your investments with your appetite for risk. No matter what ultimately happens with the fiduciary rule, ask if potential advisers follow a fiduciary standard, how they are compensated and how they resolve potential conflicts. If you don't get satisfactory answers, take your business elsewhere. In the end, nobody has a bigger stake in your money than you do. ■

Janet Bodnar

JANET BODNAR, EDITOR
FOLLOW JANET'S UPDATES AT WWW.TWITTER.COM/JANETBODNAR.

Insure Your Income

I read your article on the reasons to buy supplemental disability insurance ("Why You Need Disability Coverage," March). Here's mine: I was an executive at a large international consulting firm for 10 years, and before that I worked some 15 years in smaller firms. After working 80 to 100 hours a week for 25 years, I developed a heart condition (what a surprise) and could no longer take the stress and long hours of working on multimillion-dollar projects. My employer told me I could work a 40-hour week, but I would have to meet the same goals and objectives as everyone working 80-plus hours. Luckily, I purchased a disability insurance policy (70% of income) and paid for it with after-tax dollars 12 years ago. Had I not taken out the extra insurance, I would have been forced to continue working to pay my family's bills, and my cardiologist and I are both sure I would be dead by now. So to everyone reading this I say: Go get covered.

S.P.
PHILADELPHIA

Retire later. To your "6 Reasons to Stay on the Job" (March), I would add a seventh: delaying required minimum distributions. I'm in my seventies, and I continue to work, just not full-time. I'm able not only to delay taking RMDs from my 401(k) but also to continue to contribute to it. Plus, I'm active, I love what I do, and my employer is appreciative of my performance.

D.R.
LEXINGTON, MASS.

Beyond indexing. I agree that taking a nuanced approach to index investing opens up a wide range of possibilities ("Index Everything? Not So Fast," March). I'm retired, and I'm looking for total return for growth and income. I've owned shares of Vanguard Wellington (Admiral class) for some time, and I think this risk-averse fund is a great addition to your Kiplinger 25 mutual funds. Its expense ratio is a low 0.18%, and the income I receive from dividends and capital gains covers all or most of my RMDs annually. I supplement the Wellington fund with a short-term bond fund and cash to ride out market volatility.

LEONARD NAPOLI
MANAHAWKIN, N.J.

Kudos to these super savers. I'm very happy for the Villalta family and proud of the financial progress they have made over the past few years ("Then and Now," March). Articles like this should encourage anyone who is willing to save for the future, even on a small or single salary.

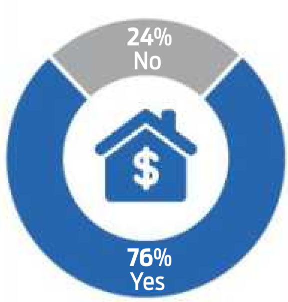
ANNIKA DOWNARD
ORANGE, CALIF.

CORRECTION

In our February issue, we erroneously reported the future earnings figure for students who attended Hillsdale College (which ranked number 36 on our combined list of best value colleges) as $35,700 a year. In fact, the U.S. Department of Education's Federal College Scorecard does not include an earnings figure for the school. We don't use the salary figure in ranking schools on our list, and the error does not affect Hillsdale's placement in the rankings. We apologize for the error.

Q READER POLL

Have you ever succeeded in lowering your property taxes?



To see how you can save on your property taxes, turn to page 37.

SOURCE: POLL SURVEYED 169 *KIPLINGER'S* READERS.

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.

Kiplinger's PERSONAL FINANCE — MONEY SMART LIVING

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 **Lisa Gerstner, James K. Glassman, Kathy Kristof, Kimberly Lankford**
OFFICE MANAGER **Glen Mayers**

COPY AND RESEARCH
COPY CHIEF **Frederic Fane Wolfer**
COPY EDITORS **Rachel McVearry, Denise E. Mitchell**
SENIOR REPORTER **Ryan Ermey**
REPORTERS **Thomas H. Blanton, Rivan V. Stinson**

ART
ART DIRECTOR **Stacie A. Harrison**
ASSOCIATE ART DIRECTOR **Yajaira St. Fleurant** ASSISTANT ART DIRECTOR **Natalie F. Kress**
EDITORIAL PRODUCTION MANAGER **Kevin Childers**

KIPLINGER.COM
DIRECTOR, NEW MEDIA **Douglas Harbrecht**
ONLINE MANAGING EDITOR **Robert J.M. Long** EXECUTIVE EDITOR **Michael DeSenne**
ONLINE EDITORS **David Muhlbaum, Robert Niedt, Andrea Browne Taylor**
ONLINE CONTRIBUTING EDITOR **Lisa Kiplinger**
ONLINE CONTRIBUTING WRITER **Dan Burrows**
ONLINE BUSINESS DEVELOPMENT MANAGER **Phil Hawken**
DIGITAL PRODUCT AND DESIGN MANAGER **Jenny Cohan**
WEB OPERATIONS MANAGER **Wade Currie**
SENIOR WEB DEVELOPER **David Kuchler**
WEB DEVELOPERS **Bob Henry, Erhan M. Uyar**

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

ADVERTISING SALES
NATIONAL SALES DIRECTOR; CHICAGO, DALLAS, DETROIT, NORTHWEST **Mark E. Taussig (202-887-6528)**
ASSOCIATE PUBLISHER/ADVERTISING AND CUSTOM CONTENT; ATLANTA, NEW JERSEY, NEW YORK, WASHINGTON, DC **Paul Vizza (202-887-6558)**
NORTHEAST AND SOUTHWEST **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 DIRECTOR **Andy Nolen**
ADVERTISING OPERATIONS MANAGER **Michael Roche**
REGIONAL ACCOUNT MANAGERS **Maggie Kinsky, Stephanie Lee**
ONLINE ADVERTISING SALES ASSISTANT **Nicole Falkenburry**

THE KIPLINGER WASHINGTON EDITORS INC.
1100 13th St., N.W., Suite 750, Washington, DC 20005 (202-887-6400)
W.M. Kiplinger (1891–1967), Founder
Austin H. Kiplinger (1918–2015), Former Chairman and Editor
CHAIRMAN, PRESIDENT AND PUBLISHER **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**

CUSTOMER SERVICE
Visit kiplinger.com/customer-service or call 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/customer-service, 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 71, Issue 5. 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.

ROSE BLAKE

TOPIC A

HOW A BORDER TAX WOULD AFFECT YOU

A plan to limit imports could raise prices but also create more jobs. BY SANDRA BLOCK

AFTER GRAPPLING WITH your own tax return, you probably haven't given a lot of thought to how much Apple and ExxonMobil pay Uncle Sam. But a Republican plan to reengineer the corporate tax code could have a direct impact on your bottom line. How much? That depends on whom you talk to and where they stand on the border adjustment tax.

The border adjustment tax would eliminate taxes on income from products sold outside the U.S. while removing tax deductions for the cost of imported goods, which would effectively impose a 20% surcharge on imports. Proponents say the change would encourage companies to make products in the U.S., thus generating more jobs. The tax on imports would raise an estimated $1 trillion over 10 years, enabling the government to cut corporate tax rates—currently, the highest in the world—from 35% to 20%. Chief executives of companies that are big exporters, such as Boeing, Caterpillar and Pfizer, are big fans of the BAT. They say the current business tax code gives an unfair advantage to foreign competitors and foreign-made goods.

But chief executives from Wal-Mart, Target, Macy's and dozens of other retailers contend that the BAT would increase the cost of just about everything by up to 20%. For most consumers, switching to items made in the U.S. isn't an option. About 97% of the clothes and 98% of the shoes sold in the U.S. are made overseas, according to the American Apparel and Footwear Association. "Whether it's the automobile you drive, the gasoline you use, the groceries you put on the table, or the shoes and the clothes you put on your feet and back, the prices of all of those things will get driven up by the border adjustment tax," says National Retail Federation chief executive Matthew Shay. The BAT has strong support from House Republican leaders but faces headwinds in the Senate, where some Republican lawmakers have expressed concern about how it will affect big retailers.

The plan's supporters

argue that a sharp increase in the value of the dollar would help offset any price hikes. Here's how: The tax break for U.S. exporters would allow those companies to lower prices initially, which would increase demand for their products overseas. That, in turn, would boost demand for dollars, driving up the value of the greenback by 20% or more. A stronger dollar would increase purchasing power for U.S. companies and consumers who buy materials or products from overseas, thus offsetting the higher tax on imports.

Because a BAT has never been tried, it's unknown how long it would take to reach that kind of equilibrium. Currency traders might buy dollars in anticipation of a policy change, hastening the greenback's rise. But economists at the Institute on Taxation and Economic Policy, a nonpartisan research group, say the adjustment overall could take years, and in the meantime, at least some portion of the tax would be passed on to consumers.

If you're planning a trip to Paris, a stronger dollar is great news, but it has its pitfalls, too, particularly where your portfolio is concerned. As the dollar rises, it depresses returns from investments denominated in foreign currencies. One way around that problem is to look for funds that hedge their currency exposure, such as **FMI INTERNATIONAL (SYMBOL FMIJX)**, a member of the Kiplinger 25, the list of our favorite funds (see page 50).

INTERVIEW

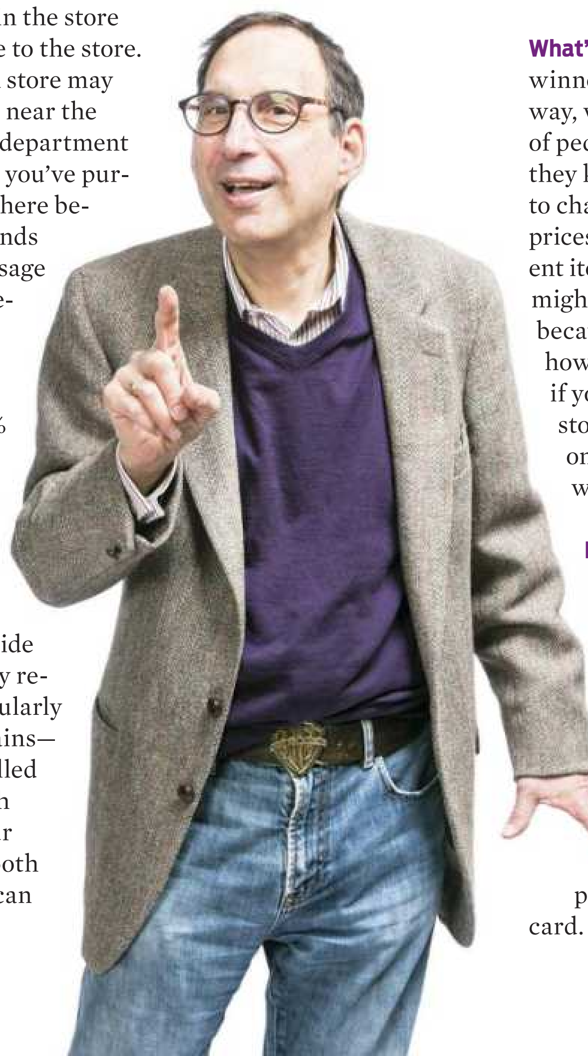
RETAILERS HAVE THEIR EYE ON YOU

When stores track your shopping, you get discounts and they get your personal info.

Joseph Turow is a professor of communication at the University of Pennsylvania and author of The Aisles Have Eyes: How Retailers Track Your Shopping, Strip Your Privacy, and Define Your Power.

Why are retailers tracking us? They want to send messages to customers based on their history with the store, their location in the store and their value to the store. For example, a store may see that you're near the women's shoe department and know that you've purchased shoes there before. It then sends you a text message or an advertisement via the store's app on your phone offering you 20% off if you buy shoes in the next hour.

How do retailers track their customers? Inside the store, many retailers—particularly the largest chains—use devices called beacons, which connect to your phone's Bluetooth signal. Stores can also track you through your phone's Wi-Fi connection. Outside the store, retailers can track you with GPS. If you're near competitors, for example, retailers might send you advertisements or coupons to lure you to them instead. When you use a frequent-shopper card, you allow a company to collect data about what you buy, too.


RYAN DONNELL

Can customers use any tricks to get discounts? If you save a coupon on your phone to use in a store, keep it there for a while. Or when you're shopping online, put something in the cart and leave it there without buying. If the store thinks you're not going to act, it may offer you a larger discount.

What else do stores do with the information they collect? If you look at companies that sell marketing data, such as Acxiom and Experian, a lot of what they have comes from retailers. A store might, say, sell information about which over-the-counter drugs you buy to a company that wants to sell you insurance.

What's the harm? There are winners and losers. In a way, we're back to the era of peddlers, who used what they knew about customers to charge them different prices or show them different items. Some companies might want your business because of your salary or how much you spend. But if you're not valuable to a store—say, because you only buy bargains—it will ignore you.

How can customers protect their privacy? If you don't want to be tracked in a store, shut off Wi-Fi and Bluetooth connections. Avoid using the store's app, participating in its loyalty program or paying with a credit card. **LISA GERSTNER**

■ TOSHA AND MARCUS TURNER ARE BUILDING COLLEGE FUNDS FOR TWINS LYRIC AND LINCOLN.

ALEX MARTINEZ

WHAT'S THE DEAL?

EMPLOYERS HELP WITH COLLEGE SAVING

Automatic payroll deductions fund 529s, and some bosses kick in cash.

AS THE COST OF COLLEGE rises, some employers are making it easy for workers to stash away cash for their kids' education. A small but growing number of companies allow workers to fund 529 college-savings accounts with direct withdrawals from their paychecks. And some companies sweeten the deal, matching employee contributions.

In 2016, 11% of companies offered a 529 benefit, according to the Society for Human Resource Management's annual survey of the organization's members. Contributions are made after federal taxes, and most states offer tax breaks for residents who invest in the state-sponsored plan (five states offer deductions regardless of which state's plan you pick). Your investment grows tax-free, and earnings escape tax completely if withdrawals are used for qualified higher-education expenses.

Marketing agency VML, headquartered in Kansas City, offers employees the option of directing a portion of their paycheck to a 529 account. Tosha Turner, 43, director of finance, is socking away cash each month to help cover college expenses for her 8-year-old twins. The automatic saving plan is both easy and effective, says Turner. "This takes the onus off me, and we're definitely making more progress," she says.

If your company doesn't kick in money to match your investments, make sure that the plan offered is as good as one that you could get on your own. For example, some employer-sponsored plans may limit you to 529s offered by certain states (forcing you to forgo tax breaks if you live across state lines), or they may carry higher fees or be a poor fit for your investment style. Compare options at www.savingforcollege.com. **KAITLIN PITSKER**

EXCERPT FROM *The Kiplinger Letter*

AN ETF FOR BITCOINS

Odds are in favor of retail trading of bitcoins on a major exchange. The Securities and Exchange Commission appears ready to give a green light to the Winklevoss exchange-traded fund, making it the first to track digital currency. The Winklevoss ETF would trade on the Bats BZX Exchange under the symbol COIN. (www.kiplingerbiz.com/ahead/coin)

THE BUZZ

STAY IN SHAPE ON THE ROAD

Forget about lounging in your hotel room with the TV remote when you travel. Hotels are giving guests plenty of ways to stay active in body and mind.

Hit the road. At Residence Inn, Radisson Blu and other chains, you can grab a trail map or follow an app to navigate custom running or bike routes. Some places also lend gear, such as the free bikes and helmets at Element Hotels. Westin's "run concierges" will lead guests on a run—and in some cities, on hiking, biking or surfing excursions.

Grab a mat. Rooftop or poolside yoga, high-intensity interval training, and even personal training are available at many hotels. At the Hilton Chicago O'Hare Airport, for example, you can schedule a trainer and a workout at the hotel gym via an app.

Slow it down. A new focus on mental wellness may include guided meditation or art therapy. At a few Marriott hotels, Stay Well guest rooms feature a dawn-simulating wake-up, with gradually increasing light and sound, optional aromatherapy, and mood lighting.

Rejuvenate in your room. Find free yoga mats in Kimpton rooms. Or hop on the treadmill, elliptical or stationary bike in Fitness rooms at Tryp by Wyndham—workout wear included. **MIRIAM CROSS**

FAMILY FINANCES

YOUR WATER BILL IS HEADED HIGHER

Even though we're using less H_2O, the pipes need fixing, so utilities are charging more.

WATER UTILITIES HAVE BEEN hit by a one-two punch that will likely affect your wallet, too. Revenues are down, thanks to consumers' conservation efforts. At the same time, pipes need replacing, and systems are expanding to meet growing demand. "We're playing catch-up," says Tracy Mehan, director of government affairs for the American Water Works Association.

Water rates rose an average of 5% for U.S. consumers in 30 major cities in 2016, tacking on an extra \$2 to \$4 or more to monthly water bills, depending on usage. Since 2010, rates have jumped 48%. Expect more increases as utilities try to close the revenue gap.

To raise money, some utilities are reconfiguring rate plans that charge a low initial price for a specified amount of water, with the price scaling up as more water is consumed. In Texas, the Fort Worth Water Department charges \$2.12 per 100 cubic feet of water for the first 600 cubic feet, but the first tier used to cover up to 800 cubic feet.

Other utilities are increasing customers' fixed monthly charges or, in some cases, adding new fees to cover special projects. Bay City, Mich., approved a new \$2 monthly fee to fund lead-pipe removal. State and local law determines whether you'll be notified of an increase. Check your bill for a breakdown of your current rate, or go to your utility's website to find out if you'll pay more soon. **RIVAN STINSON**

MONEY & ETHICS // KNIGHT KIPLINGER

LISE METZGER

What should doctors and drugmakers do to stop painkiller addiction?

Q **America is in the grip of a terrible epidemic: addiction to pain-relieving prescription medicines. What responsibility do you think the manufacturers, distributors and prescribers of these drugs have in this crisis?**

A I think they bear plenty of responsibility, which some of them—and their professional associations—have been reluctant to accept.

Ultimately, individuals are responsible for their own health and what they put into their bodies. But when pain is strong and/or chronic, there is a natural tendency for patients to ask for whatever will ease it, and with this comes the risk of addiction to opioids.

That's why physicians and dentists need mandatory pain-management training, starting in medical and dental schools and continuing thereafter. They should first prescribe the mildest, nonaddictive, over-the-counter pain remedies. If they step their patients up to more-powerful prescription drugs, they should be required to limit the initial supply, counsel their patients and monitor them carefully for early signs of addiction.

States must maintain well-funded, real-time prescription-drug monitoring programs so that prescribers and pharmacists can spot patients who get prescriptions from multiple physicians, dentists and pharmacies, as well as see patterns of over-prescribing of painkillers by medical professionals—either by negligence or for illegal resale purposes ("pill mills").

Manufacturers of prescription painkillers have to recognize that some portion of the soaring sales and profits they have enjoyed are coming from both overuse by legitimate patients and illegal black markets. Some manufacturers are belatedly endorsing mandatory physician training in pain management and even physician licensing by the federal Drug Enforcement Administration for prescribing opioids.

Sadly, tougher training and prescribing standards for American health care professionals are not enough. The addiction epidemic is now being fed by supply chains that go far beyond U.S. drugmakers and medical professionals. An internet mail-order market is flourishing, and foreign supplies of generic opioids are flooding into our country. China has agreed to ban the export of more than 100 drugs, but new sources are constantly arising. This epidemic must be fought on many fronts.

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

INSIDE SCOOP

TAKE IN A MOVIE FOR LESS

Sign up for an all-you-can-view plan, or see prerelease films free.

THE AVERAGE COST OF A MOVIE TICKET IS $8.65, up 26% from a decade ago, according to Box Office Mojo, an industry-trend-reporting service. In Los Angeles and New York, movie tickets can cost almost twice that. But there are ways to see new-release films on the cheap.

True film buffs can check out **MOVIEPASS** (www.moviepass.com). You pay a flat monthly rate—$45 in most cities and $40 in rural areas—to see up to one movie a day in any major theater chain in the country. (In New York and Los Angeles, you'll pay $50.) Plans for less-dedicated moviegoers range from $15 to see two movies a month to $31 for three movies, depending on your locale. Use an iPhone or Android app to book showtimes, then swipe your MoviePass card at the box office to pick up your ticket.

Rub elbows with critics and insiders by taking in a screening before a movie's official release date. Studios and public-relations firms offer free tickets through **GOFOBO** to generate buzz and word-of-mouth publicity. Create an account at www.gofobo.com and you'll get e-mails when screenings are available (mostly in major cities).

Catch up on the 2017 Oscar winners and nominees at home with **FANDANGONOW**, a new streaming platform from the online ticket seller. Prices are comparable to Amazon Prime, but you can accumulate reward points to rent more movies. **THOMAS H. BLANTON**

ISTOCKPHOTO.COM (2)

CALENDAR 05/2017

MONDAY, MAY 1

The average gain in Standard & Poor's 500-stock index from November through April dwarfs the average from May through October. But be careful if you plan to "sell in May and stay away," says Sam Stovall, author of *The Seven Rules of Wall Street*. Consider transaction costs and taxes. Plus, he says, you might miss out on an unexpected summertime rally.

FRIDAY, MAY 5

The best time to list your home for sale is no longer in March but in early May, say researchers at Zillow. Since 2012, sellers who listed during the first two weeks in May netted a price that was one percentage point higher than the annual average, and homes sold nearly 20 days faster.

SATURDAY, MAY 6

The Berkshire Hathaway annual shareholder meeting kicks off in Omaha. Can't make the trek to see the Oracle? Fear not. Yahoo Finance will live stream the event and make video replays available on the site for 30 days following the meeting.

▲ MONDAY, MAY 15

May is Celiac Awareness Month. If you have the disease and pay extra for gluten-free food, you may be able to claim a tax break for medical expenses. See kiplinger.com/links/gluten for details.

WEDNESDAY, MAY 24

To celebrate 529 Day, Savingforcollege.com will host a free, live Q&A webcast with college savings plan experts. Register at www.savingforcollege.com/529-day. **RYAN ERMEY**

DEAL OF THE MONTH

May 6 is Free Comic Book Day. Leading publishers such as DC, Marvel and Dark Horse Comics will release free books at more than 2,300 stores nationwide. To find a participating store near you, head to www.comicshoplocator.com.

SUCCESS STORY

Sharing a Taste of the South

Her obsession with chicken salad launched a franchised fast-casual restaurant.

PROFILE

WHO: Stacy Brown, 42
WHERE: Auburn, Ala.
WHAT: Founder, Chicken Salad Chick

What's Chicken Salad Chick? We do chicken salad, and we are a "chicky" place. We have 65 restaurants from Texas to Florida to Virginia.

What's the appeal? Chicken salad is comfort food. It makes you feel nostalgic and think of home. We serve 15 varieties named for the chicks in my life—women who have positively influenced me. Our "Olivia's Old South" is named for my grandmother, who made her chicken salad with sweet pickle and hard-boiled egg. We also serve soup, sandwiches, sides and desserts. To me, eating is a social activity, so our décor is designed to cultivate conversation.

You started at home? In 2007, I was a stay-at-home mom of three young children. After a divorce, I racked my brain: How would I support my family? I was obsessed with chicken salad and tasted it wherever I traveled. I thought, What if I could come up with a *really* good chicken salad, make it at home and deliver it? I went to work in my kitchen, tried the results on everyone I knew and tweaked the recipe until I had a hit. I sold it to neighbors and teachers at my children's school, and within three weeks I had more business than I could handle.

But there was a hitch? It was a blessing. In October 2007, the county health inspector told me that it was illegal to sell home-cooked food to the public and that I had to shut down. By then I had partnered with Kevin Brown, a family friend who was savvy about business, and we decided to open a restaurant. We leased a tiny shack for $800 a month and spent our own money to turn it into a take-out place. On opening day in January 2008, we made 40 pounds of chicken salad and sold out in two hours, and on the second day we sold twice as much in the same time. We never looked back. Kevin and I became best friends, and we married that year.

How did you grow? We opened two more restaurants in Auburn to handle demand. Then we targeted other college towns. Visiting parents would ask, "What do we have to do to get one of these in Little Rock or Tuscaloosa?" Franchise requests poured in. We secured a local partner and investor and built our franchising infrastructure.

We got a lot of press, and many private-equity companies came knocking. We turned away all but one. Eagle Merchant Partners, of Atlanta, believed in what we do, valued our core values, respected what we had built and didn't want to change it. We accepted their offer in May 2015. They bought majority ownership and infused more capital. In 2016, we had revenue of $12.4 million.

Your role now? Kevin passed away from cancer in 2015. I still have a share of ownership, and I'm financially secure. Now, I'm the company's brand voice to make sure we stay true to who we are.

What's the goal? We want to be the best chicken salad in the nation. The cost to establish a franchise, depending on square footage, runs from $400,000 to $550,000 per restaurant. We hope to have 200 restaurants by 2020.

Are you sick of chicken salad? I was when I was the one cooking it. I probably didn't eat it for a year and a half. When I got back to it, I thought, Darn, this is good. *Really* good.

PATRICIA MERTZ ESSWEIN

ALEX MARTINEZ

JAMES K. GLASSMAN | Opening Shot

Buy Retail Stocks at Wholesale Prices

I'm constantly looking for unloved sectors, but in a bull market that just celebrated its eighth birthday, despised industries aren't easy to find. Over the past five years, energy was down a bit and real estate was flat, but both have bounced back lately. In the past 12 months, the overwhelming majority of sectors tracked by Standard & Poor's registered gains. One notable exception: department-store stocks.

Shares of so-called multi-line retailers have lost one-fifth of their value in the past five years, according to research firm Morningstar, while Standard & Poor's 500-stock index, the large-company benchmark, has nearly doubled. Sears Holdings (symbol SHLD), once the proudest name in retailing, has fallen by more than half in the past 12 months. Specialty retailers have suffered, too. Sports Authority, Limited Stores and Wet Seal have all filed for bankruptcy protection. Other retailers, such as Barnes & Noble (BKS), with a market value of $713 million, are shadows of their former selves. Still others, including Bon-Ton Stores (BONT), down more than 90% since 2013, are on the brink of collapse. (All share prices and returns are as of February 28.)

LISE METZGER

Department-store stocks have lost one-fifth of their value in the past five years, while the overall stock market has nearly doubled.

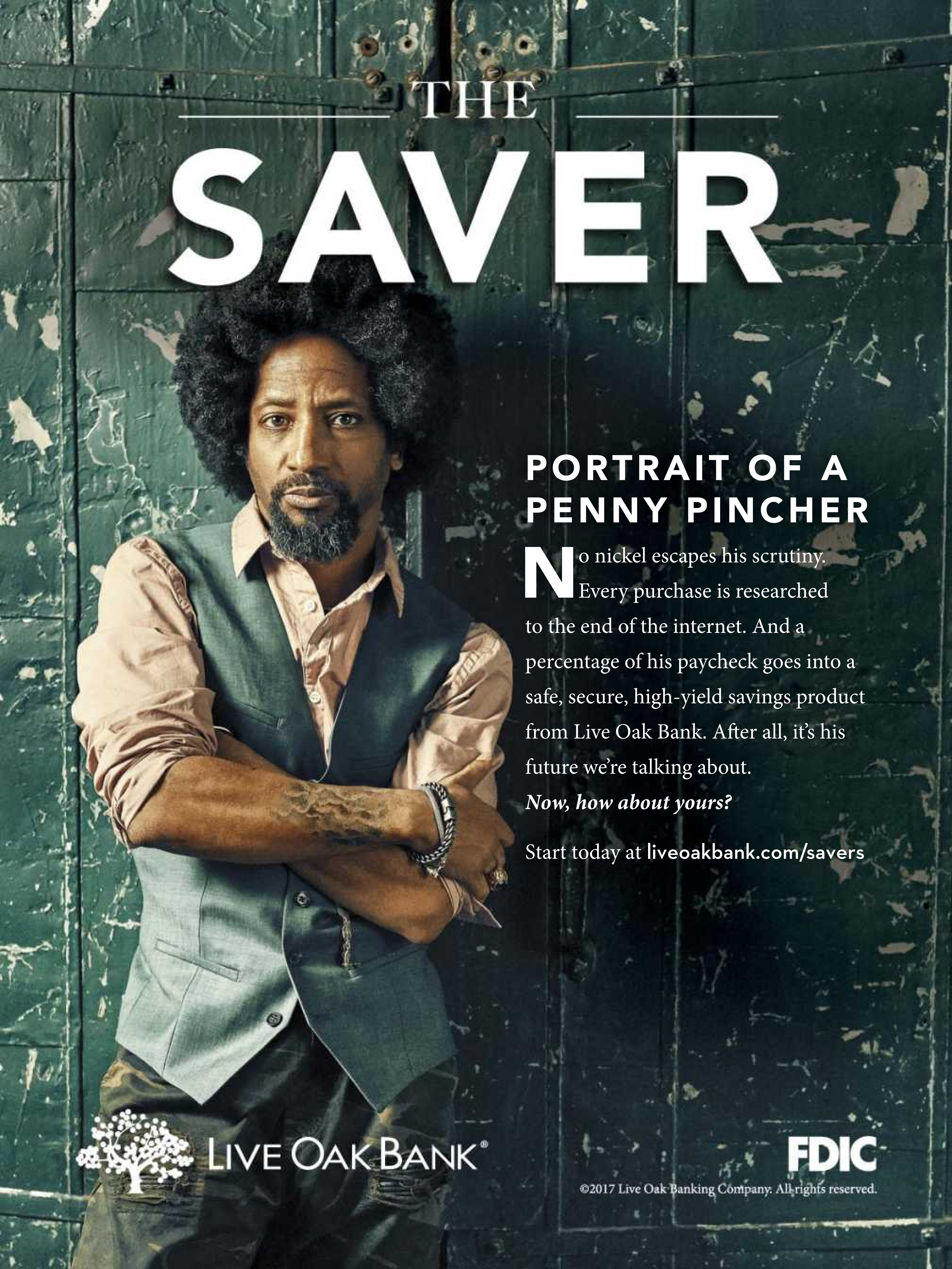
Bargain hunter's dream. This devastation is delightful for contrarian investors. The misery of retailers has given the sector such a bad name that perfectly decent companies are now on sale. A curious fact about human nature is that, as consumers, people will rush to buy items marked down 40% by a clothing shop or an airline, but, as investors, they will shun stocks that have fallen in price.

Retailers were hurt by the recession of 2007–09 and the sluggish economic growth that followed, with consumers paying off debt and unwilling, or unable, to borrow against the value of their homes. But the internet is the main reason many retailers have run aground.

Consumers are moving from brick-and-mortar shops to cyberspace, and traditional stores are floundering. Nearly all are vulnerable, even sellers of clothing. "Department stores," says a recent Value Line report, "banked on the fact that apparel needed to be tried on, a belief that's now fading." Millennials, especially, just don't like shopping at the mall, so internet-based companies such as Bonobos (which is not publicly traded) let consumers try on clothes in a showroom, establish their sizes and then order only online. Other online retailers offer virtual dressing rooms, taking measurements by webcam. Returns are easy if the clothes don't fit.

Few retailers have effectively adapted to this new world. **WAL-MART STORES** (WMT, $71), the world's largest retailer, sells only 3% of its goods online; Home Depot (HD) sells 6%; Best Buy (BBY), 12%; and Target (TGT), 4%. The Census Bureau reports that last year, e-commerce sales amounted to $395 billion, and just one company, **AMAZON.COM** (AMZN, $845)—a longtime recommendation of mine—accounted for $95 billion of the total, or nearly one-fourth. Amazon sells more online than the next 20 largest internet purveyors combined. It also has a rapidly growing cloud-computing business.

Gadgets and e-commerce. Although internet sales are growing swiftly, we are still in the early days. E-commerce accounts for only 8.1% of total retail sales, a figure that could easily hit 20% in the next 10 years. Which retailers are doing well on the internet besides Amazon? **WILLIAMS-SONOMA** (WSM, $49), for one. The company owns 241 stores that sell high-end kitchen products, plus another 202 Pottery Barn shops and about 200 outlets under other names. Still, Williams-Sonoma gleans half of its $5 billion in sales online—a big reason that annual revenues rose in each of the fiscal years from 2009 through 2015, with more growth expected when the final results are in for the fiscal year that ended in January 2017. The stock trades at a moderate price-earnings


THE
SAVER
PORTRAIT OF A PENNY PINCHER
No nickel escapes his scrutiny. Every purchase is researched to the end of the internet. And a percentage of his paycheck goes into a safe, secure, high-yield savings product from Live Oak Bank. After all, it's his future we're talking about.
Now, how about yours?
Start today at liveoakbank.com/savers
LIVE OAK BANK®
FDIC
©2017 Live Oak Banking Company. All rights reserved.

ratio of 14, based on analysts' estimated earnings for the fiscal year that ends January 2018, and yields 3.0%.

Also strong in online sales is **NORDSTROM** (JWN, $47), which collects about one-fifth of its revenues from its excellent internet site. The owner of 118 upscale department stores generated $14.8 billion in revenue in the fiscal year that ended in January 2017, marking the seventh straight year of sales gains. Nordstrom shares, which have dropped 41% since June 2015, are attractively priced and yield an above-average 3.2%.

But the classic contrarian retailer is **MACY'S** (M, $33). There's no doubt that the department-store chain, which also owns Bloomingdale's, has been having problems, suffering eight straight quarters of sales declines at stores open for at least a year. (So-called same-store sales are an important barometer for retailers.) Earnings per share dropped 38% from the fiscal year ending in January 2016 to the year ending in January 2017, and 66 stores closed, with more shutting this year.

Nevertheless, Macy's has a lot going for it, including strong online sales, which represent 18% of total revenues. With about 900 stores, Macy's has the most powerful brand in retailing today, valuable real estate and a tantalizing dividend yield. The stock has fallen by more than half in eight months, so the dividend yield has jumped to 4.5%. Recent cost-cutting should pay off, and the stock's P/E, based on expected earnings for the year ahead, is about 10. Macy's is indeed risky, but it also provides a rare bull-market bargain.

Macy's has the most powerful brand in retailing today, valuable real estate and a tantalizing dividend.

If you invest in Macy's, you are betting on profits increasing from cost-cutting and smart merchandising. But you can invest in stronger retailers, whose profits have been nearly flat but reliable. The best example is Wal-Mart, which has more than 10,000 stores around the world and more brick-and-mortar revenues than all U.S. e-commerce sales combined. Wal-Mart's sales crept up 3% in the fiscal year that ended in January 2017—not bad for such a behemoth. But the big reason to buy the stock is its dividend, which has risen 44 years in a row and, at the current share price, produces a yield of 2.9%. Think of Wal-Mart, which has a gorgeous balance sheet, as an increasing annuity. In 2006, it was paying a dividend of 30 cents a year; today, it's $2.04. One warning, though: Wal-Mart and other large retailers would suffer from tariffs or a border tax on imported goods from countries such as China and Mexico. That would boost prices for customers, and Wal-Mart might lose sales.

Grocers are retailers, too, and a contrarian choice that merits attention is **WHOLE FOODS MARKET** (WFM, $31). The largest natural-foods grocer in the country has suffered, with five straight quarters of same-store sales declines, as traditional chains have increased their offerings of organics. The shares are down by half since October 2013, but the company has a strong balance sheet, and it continues to add stores. This is one of those "faith-based" investments that I like. No one can know when Whole Foods will turn around, but it has a powerful name and loyal customers, and I have faith that it will make a comeback. Meanwhile, you can own it for the price you would have paid in 2005.

And two more: **LULULEMON ATHLETICA** (LULU, $65), designer and retailer of yoga-style casual clothing, is more expensive than the others here, trading at 27 times estimated year-ahead earnings. But it's still a bargain when you consider that Lululemon's sales and earnings are projected to rise at an annual average of 16% for the next three years, according to Zacks Investment Research. And **TIFFANY** (TIF, $92), whose jewelry sales have suffered from a weak global economy, represents a great wager on a revival.

All of the companies I have recommended should be able to navigate the tricky currents of e-commerce. A smart strategy is to invest in two or three of these stocks. ■

Eclectic Mix

8 RETAILERS FOR SAVVY SHOPPERS

Glassman's picks encompass a wide variety of retailers: department-store chains, specialty firms, a food retailer and, of course, internet giant Amazon.com.

Company	Symbol	Share price	Market value (billions)	Annual revenue (billions)*	% revenue from online sales	Price-earnings ratio†	Dividend yield
Amazon.com	AMZN	$845	$403.2	$136.0	70%	110	0.0%
Lululemon Athletica	LULU	65	9.0	2.3	19	27	0.0
Macy's	M	33	10.1	25.8	18	10	4.5
Nordstrom	JWN	47	7.9	14.8	22	16	3.2
Tiffany	TIF	92	11.5	4.0	6	25	2.0
Wal-Mart Stores	WMT	71	218.0	485.9	3	16	2.9
Whole Foods Market	WFM	31	9.8	15.8	NA	23	1.8
Williams-Sonoma	WSM	49	4.3	5.1	51	14	3.0

Through February 28. *Based on revenues for the past 12 months. †Based on estimated earnings for the next four quarters. NA Not available. SOURCES: eMarketer, Yahoo, Zacks Investment Research.

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*. OF THE STOCKS MENTIONED, HE OWNS SHARES OF AMAZON.COM.

JANET BODNAR | Money Smart Women

All-Stars of the Kip 25

OF THE 25 FUNDS IN THE KIPLINGER 25 (see page 50), a number have women managers. I interviewed several of them, and in addition to the stellar performance of their funds, these women have a lot in common. They all took the initiative to get a foot in the door, benefited from the encouragement of male mentors, have fulfilling family lives and offer similar investment advice for women.

Lori Keith, who manages **PARNASSUS MID CAP** with Matt Gershuny, received a baptism by fire when she became manager in October 2008 and the market tanked during her first quarter on the job. “We were down a lot less than the market because we stuck to our strategy: focusing on high-quality companies with a competitive advantage so they can endure over a full market cycle,” says Keith. One favorite now: Fortive, an industrial-products firm spun off from Danaher last year.

One characteristic of Keith’s fund is perseverance (“We hold companies for at least three years and often much longer”), a trait she learned by studying classical piano in her youth. She was attracted to Parnassus because of its emphasis on social responsibility, and she credits an internship at the firm with helping her land a full-time position.

Asset management is a “fantastic” field for women, she says, because it’s “challenging, intellectually stimulating and impactful.” But it can be tough to break into the business because, unlike consulting firms, it doesn’t have large classes of new entrants each year. And for women, says Keith, it’s important to be at a “culturally friendly” firm that allows you to have both a family—she’s married, with three children—and a long career. “The burden is on those of us in the industry to cultivate a pipeline.”

Diana Strandberg is part of the eight-person team that manages **DODGE & COX STOCK**. With the company’s team approach, women make up 33% of members on its investment-policy committees—the highest percentage in the industry, says CEO **Dana Emery**. The team approach also provided support for Stock in 2015, when the fund’s emphasis on energy and financial stocks hurt returns, and paved the way for a big snapback in 2016, when the fund gained 21.3%. The fund is still bullish on financials; its top four holdings are Bank of America, Wells Fargo, Capital One and Charles Schwab.

Strandberg and Emery have been at the firm for decades—between them they have five adult sons—another example of choosing a company with a culture that aligns with your values. At Dodge & Cox, says Emery, “we’re looking for people who thrive on debate and are resilient—more of a personality issue than gender.”

Strandberg’s advice for young women: Raise your hand to jump into projects even when you don’t feel 100% ready. And stay flexible. “Many more doors may be open to you than you imagined.”

Jean Hynes manages **VANGUARD HEALTH CARE**, which has been caught squarely in the middle of the political debate over health insurance and pharmaceutical pricing. From her perspective of 20 years analyzing the health care market, Hynes thinks some parts of the Affordable Care Act will be repealed but that the entire law won’t be dismantled—in her words, “repeal, replace, repair, rebrand.” She is excited about prospects for innovative treatments of complex diseases that affect a small number of patients, and she is optimistic that we’ll be able to figure out ways to pay for them.

Like Keith, Hynes says an internship—in her case, with a brokerage firm—got her interested in the business. She joined Wellington, which manages Vanguard Health Care, in 1991, and 26 years later, she says, “I love it as much as I did then.” She credits former fund manager Ed Owens, who was “gender-blind,” with “allowing me to learn how to take risks and make mistakes.” A mother of four teenage daughters, Hynes says she loves “telling young mothers that if you love your job, your children will know that and it will make the juggling act more achievable.”

As for investment advice, all four women agree: Think long term. Says Emery, “Women tend to want more stability in their investments, but they probably need to own more stocks.” ■

PETER OUMANSKI

“When will I have enough money to retire?”

FREE
RETIREMENT PLANNER

When can I retire comfortably?
Assess your readiness here

What impact will Social Security have?
Add income events to explore answers

What if something unexpected happens?
You can prepare for that too

What if I retire earlier?
Find out how different scenarios play out

How much money will I have to spend each month?
Make sure you save enough

Can I afford that splurge?
Plan for big expenses

Get answers with our free retirement planner

Over 1 million people use Personal Capital’s free financial tools to track $312 billion. If you decide you'd like personalized, one-on-one financial advice, we can provide that too. But our top-rated tools are yours free to use as long as you like.

PERSONAL CAPITAL®

TRY OUR PLANNER. **IT'S FREE.**
Visit **personalcapital.com/retire**
Priority Access Code: **KP5**

MONEY MA

Our strategies to streamline and simplify your finances will free up both time and cash.

INVEST IN A DO-IT-ALL FUND

Whether you're a brand-new investor or an old pro, corralling a significant portion of your assets in the same fund can simplify your financial life and give you a clear picture of what you've saved and how close you are to meeting your goals.

With an asset-allocation fund, you get a stake in most major investment categories without having to shuffle the assets yourself. For example, **FIDELITY FOUR-IN-ONE INDEX FUND** (SYMBOL FFNOX) holds four Fidelity index funds, with an overall mix of 85% of assets in stocks and 15% in bonds. The fund charges 0.11% of assets annually for a portfolio that includes stocks of large, midsize and small U.S. companies, shares of foreign companies in developed markets, and corporate and government bonds. **VANGUARD STAR FUND** (VGSTX) is more conservative, with 60% of the portfolio in stocks and the rest in bonds. Star invests in 11 actively managed Vanguard funds and charges 0.32%. The 15-year returns of both the Fidelity and the Vanguard funds place them in the top 25% of similar funds.

Target-date funds, like asset-allocation funds, hold a diversified portfolio of stocks and bonds, but they shift toward a more conservative asset mix as you approach retirement age. **VANGUARD** and **T. ROWE PRICE** both offer solid, low-fee options.

Investors who are more hands-on can build a diversified portfolio on the cheap with exchange-traded funds. Just two Charles Schwab ETFs—**US BROAD MARKET ETF** (SCHB) and **US AGGREGATE BOND ETF** (SCHZ)—give you a piece of some 2,000 stocks and 3,200 bonds. The funds charge expense ratios of 0.03% and 0.04%, respectively. **RYAN ERMEY**

ADE SIMPLE

PHOTOGRAPH BY NICHOLAS EVELEIGH

PUT ALL YOUR INVESTMENTS IN ONE BASKET

Consolidating your assets can make your investments easier to track (no more multiple statements) and reduce the paper trail at tax time. But do it carefully. If you transfer assets out of a taxable account, for example, watch out for tax consequences, transaction fees or transfer charges. You can avoid most charges by transferring assets "in kind" to the new account, but if you have to sell shares in a mutual fund your new firm doesn't offer, you could trigger a commission or redemption fee—and a tax bill. If you roll 401(k) funds into an IRA, your company may send you a check payable to the new firm. If you fail to deposit it within 60 days, you'll owe income tax on the money plus a 10% penalty if you're younger than age 55. (For more advice on IRA rollovers, see "Roll Your Money Into an IRA?" on page 38.)

If consolidating makes sense, choose a firm that charges low fees and has services you'll use. **FIDELITY**, for instance, offers more than 3,700 mutual funds without a load or transaction fee, and it sports a wide range of advisory and retirement-planning services (see "Best of the Online Brokers," Aug. 2016). If your assets are difficult to move, consider aggregating them virtually, with an online investment-management tool such as **PERSONAL CAPITAL**. The site lets you link your investing accounts and analyze your whole portfolio on a single dashboard. **R.E.**

USE ONE CREDIT CARD

Pick a single rewards card with a generous payback on everything you buy and you'll have just one credit card bill to pay each month, a single statement to monitor for errors and fraud, and one rewards program to track. Plus, you won't have to think about which card to pull out at the register. With the **CITI DOUBLE CASH** card (annual percentage rate: 13.49% to 23.49%), for example, you'll earn 1% when you make a purchase and an additional 1% when you pay the bill, for a total of 2% back on everything you buy. Investors may prefer the **FIDELITY REWARDS VISA** (14.49%), which earns 2% cash back on purchases when you deposit the rewards into a Fidelity brokerage, retirement, checking or 529 college-savings account.

If you like playing the rewards card game—juggling multiple cards for maximum earnings in different categories—you can simplify by using credit cards from a single issuer. If you stick with cards in the Chase Ultimate Rewards program, for example, you can pool the points you earn and exchange them for travel bookings, cash back, Amazon.com purchases and other rewards. The **CHASE FREEDOM UNLIMITED** card (0% for 15 months, then 15.49% to 24.24%) rebates a flat 1.5% on all purchases. **CHASE FREEDOM** (0% for 15 months, then 15.49% to 24.24%) offers 5% back on up to $1,500 spent each quarter in rotating categories and 1% on everything else you buy (so far in 2017, categories that earned 5% included gas stations and grocery stores). And **CHASE SAPPHIRE PREFERRED** (16.49% to 23.49%; $95 annual fee, waived the first year) offers two points per dollar on travel and dining and one point on all other purchases. **LISA GERSTNER**

ISTOCKPHOTO.COM (2)

PUT YOUR BANK ACCOUNTS UNDER ONE ROOF

Bank accounts are easier to manage if you keep them in one institution. Transfers from one account to another are usually quick, and you may qualify for other perks, such as waived monthly maintenance or ATM fees and higher interest rates on checking or savings. With **BANK OF AMERICA'S PREFERRED REWARDS** program, for example, customers who maintain a combined $20,000 or more in eligible checking, savings and Merrill Edge and Merrill Lynch investment accounts get fee breaks on mortgage originations, overdraft transfers and other services, plus other benefits. Or you could choose an internet bank that offers a great all-around suite of accounts, no matter what your balance. **ALLY BANK**, **CAPITAL ONE 360** and **DISCOVER BANK**, for instance, have free checking, savings and certificate of deposit accounts with competitive yields and rewards.

Or treat a high-yield checking account as a savings account, suggests Ken Tumin, of DepositAccounts.com. The **CONSUMERS CREDIT UNION** (Illinois) Free Rewards Checking account, for instance, pays 4.59% on balances up to $20,000 if you make 12 debit card purchases monthly and spend $1,000 or more a month on one of the credit union's credit cards and meet other requirements. **L.G.**

STREAMLINE YOUR TECH

For a smoother transition from one tech device to another, choose sides in the Apple versus Android competition. With products from the same family, you can usually access apps, movies, books and even documents from multiple devices. For example, with Apple devices you can share information, websites and photos or continue iMessage conversations on your iPhone, iPad or Apple Watch. **KAITLIN PITSKER**

LEAVE YOUR WALLET AT HOME (AND GO MOBILE)

A cluttered wallet is a pain to pick through. Plus, if you lose it, you'll have to scramble to replace its contents and protect your identity. By carrying your debit and credit card information in a mobile wallet, you can pay for purchases with your smartphone and remotely erase sensitive data if the device lands in the wrong hands. **APPLE PAY**, **ANDROID PAY** and **SAMSUNG PAY** are compatible with cards from most major banks and issuers. You can pay with the Samsung wallet (using the Samsung Galaxy S6 and S7, among other models) almost anywhere that accepts credit cards. But the Apple and Android wallets are limited to merchants equipped with near field communication (NFC) terminals and those that accept payments from the wallets through their apps, such as Starbucks and ride-share services Uber and Lyft. Some mobile wallets store loyalty card and gift card information, too. Or use an app: **KEY RING** stores loyalty cards, and **GYFT** holds gift cards.

If you want to close card accounts, shutting down the ones with the lowest limits may be the best move. That's because to maintain a strong credit score, you should use no more than 30% of the credit available to you (less is even better). Or simply let the cards collect dust in a safe place. **L.G.**

ISTOCKPHOTO.COM (3)

PARE DOWN YOUR PAPER

To reclaim your desk from clutter, start by limiting the amount of paper that makes it into your home in the first place. Sign up for paperless delivery of banking, investment, loan and credit card statements, as well as internet, wireless phone, utility and other bills. Slim down your paper files by discarding older items. Utility bills and credit card and loan statements are generally available online for a year or more, and bank and investing statements are often available for several years. But don't toss your tax returns; you'd best hang on to those forever (see "Ask Kim," on page 42). Use a cross-cutting shredder to destroy anything with personal information, such as account numbers or your Social Security number.

Consider digitizing documents you need to keep. Save PDFs of scanned images on your computer, then back up all of your files with an external hard drive. Consider using a scanner or a phone app, such as Smart Receipts, to take pictures of receipts for medical expenses or tax-deductible donations or large purchases that are under warranty. **K.P.**

PAY SOMEONE ELSE TO DO THE HEAVY LIFTING

A professional can tackle tasks with a level of speed and expertise that you may not possess.

Accountant. A certified public accountant (CPA) can guide you through complex tax-planning issues and prepare your tax return. The average fee to prepare and submit a Form 1040 with itemized deductions and a state return is about $275, according to a National Society of Accountants survey. Search for a CPA who is a personal financial specialist at www.aicpa.org.

Financial planner. A financial adviser takes a broad look at your cash flow, savings goals, investments and other areas of your financial life. You may be charged hourly, annually, by the project or as a percentage of managed assets. Search for fee-only planners at www.napfa.org.

Health insurance claims specialist. If you are dealing with significant medical bills, a claims specialist can help you navigate the insurance system, find errors in bills and contest denials of insurance claims. Specialists often charge about $75 to $95 an hour; you can find one at www.claims.org.

Professional organizer. An organizer can "help clients learn the skills and develop the systems they need to get and stay organized," says Jennifer Pastore Monroy, executive director of the National Association of Professional Organizers. An organizer may charge about $50 to $75 an hour. Search for one at www.napo.net.

Travel agent. If you're planning a customized trip—say, a culinary tour in Europe—an agent can create an itinerary and may also alert you to hidden or unexpected expenses and hook you up with extra perks at the hotel or on tours. Some agents charge no fee to customers; if you do pay, the price may be from $25 to $100. Search for an agent at www.travelsense.org.

Landscape professional. Hire one to do a onetime project—say, selecting low-maintenance plants—or for ongoing lawn care. Prices vary depending on the project. Search for professionals at www.loveyourlandscape.org. **L.G.**

FROM TOP: PETER DAZELEY/GETTY IMAGES; ISTOCKPHOTO.COM

LINE UP YOUR HEALTH DOCUMENTS

To simplify life for you and your loved ones in the event of a health emergency, make sure you have a durable power of attorney and a power of attorney for health care (sometimes called a health care proxy) that name the person who should make financial and medical decisions on your behalf if you are unable to do so. You should also have a living will (or advance health care directive) outlining your wishes for treatments and interventions.

You can order a form for a durable power of attorney from a site such as LegalZoom for about $35, and you can find free state-specific living wills at www.caringinfo.org. Or an estate-planning attorney can help you draw up documents. Note that some banks and brokerages also have specific requirements for financial powers of attorney. **K.P.**

CLEAN UP YOUR DIGITAL TRAIL

You've probably accumulated a lengthy list of online accounts for everything from e-mail and social media sites to travel sites and blogging platforms. Even if you stopped using the accounts ages ago, your digital footprints—including any personal information you provided to the company—are still sitting there, a potential treasure trove of information for identity thieves.

Sign in to accounts you no longer use (check your e-mail for old messages to jog your memory), then look for information about how to delete them. The websites may not make it easy, but **ACCOUNTKILLER.COM** and **BACKGROUNDCHECKS.ORG/JUSTDELETEME** collect links and instructions on how to remove accounts from popular sites, including AOL, Hotmail, MySpace and YouTube. In some cases, you'll be able to simply log on to your account and follow the instructions to delete it. In others, you'll need to send an e-mail to the site's support or customer-service team. Once you hear back, or after a few days have passed, try logging on again and send a follow-up e-mail if necessary.

Continue tidying up your digital trail by curbing the number of ads and promotional messages that land in your in-box. Many of the e-mails include an option to unsubscribe or manage your subscription at the bottom of the message, but for a quicker fix, try **UNROLL.ME**. After you give the site permission to access your e-mail account, you can choose which subscription e-mails you no longer want to receive and combine those you do want into a daily e-mail. **K.P.**

SIMPLIFY BUDGETING

For a budget that won't bog you down, forget about creating categories and keeping track of limits on each one. Cristina Guglielmetti, a certified financial planner in New York City, has an easier way: Add up all your fixed expenses—rent or mortgage payments, utilities, debt payments, and savings for your emergency fund, retirement accounts and future goals—and subtract that from your monthly income. The result is your budget for variable monthly expenses, including food, entertainment and other bills you could find a way to cut if you had to, such as your cell-phone plan. Use a single rewards credit card for the variable charges so that your transactions are recorded in one place. That way you can easily track spending, set up alerts when you're nearing your cap and earn some cash back in the process.

As you age and income changes, your fixed versus variable expenses will change. "This method becomes more important in your forties and fifties, when you still have time to make adjustments before retirement," says Guglielmetti. **MIRIAM CROSS**

ISTOCKPHOTO.COM (2)


Announcing the lowest cost for every investor.
With Schwab, you'll get the lowest costs for market cap index funds in the industry[1], with no minimums. Plus everyone pays the same, whether you have $5 or $5 million to invest.
$5,000 investment
$5 million investment
Schwab
Total Stock Market Index Fund
0.03%
Lowest in the industry with no minimum.
Vanguard
Total Stock Market Index Fund
0.15%
Nearly 80% more expensive than Schwab.
0.03%
With minimum investment.
charles SCHWAB
Own your tomorrow.

SET AND FORGET RETIREMENT WITHDRAWALS

Several advisory services help you put your retirement withdrawal strategies on autopilot. For all except one, you need to have assets under management by the firm.

Robo adviser **BETTERMENT** (www.betterment.com/retirement) gives account holders access to its retirement income tool, which calculates a dynamic "monthly safe withdrawal" from your Betterment accounts based on your age, portfolio value and risk tolerance. Betterment also shows your required minimum distributions annually, so you can incorporate them into the withdrawals. There's no account minimum. Fees range from 0.25% of the average asset balance per year (with no minimum) to 0.5% if you have at least $250,000 in assets. The higher-priced plan includes unlimited calls with Betterment's financial experts.

INCOME STRATEGY (www.incomestrategy.com) offers software that helps you coordinate withdrawals (including RMDs) from all of your accounts, maximizes tax efficiency and designs a Social Security strategy that maximizes benefits. The software costs $500 for one-year's access (the price includes up to two hours of advice from a financial professional). For more hand-holding, you can also use its advisory service. You'll pay 1% for up to $1 million in assets, 0.75% for $1 million to $3 million, and 0.5% for more than $3 million.

Designed for the needs of near-retirees and retirees, robo adviser **TRUELINK** (www.truelinkfinancial.com) sets up your investments and withdrawal strategy to match specific goals: "If your goal is income, we design it so you get a monthly check you can depend on," with occasional adjustments for major expenses, such as a car purchase, says Kai Stinchcombe, cofounder and CEO. The plan factors in Social Security and other income, as well as RMDs. Underlying investments include ETFs and bond ladders. Cost: 0.87% of assets per year.

VANGUARD PERSONAL ADVISOR SERVICES (https://investor.vanguard.com/retirement/income/we-can-help) uses human advisers to help you come up with an investment-and-withdrawal strategy (based on your Vanguard portfolio) and to provide ongoing advice. The strategy considers Social Security and other income and factors in tax-efficiency and RMDs. The cost is 0.3% of Vanguard assets up to the first $5 million, with a $50,000 asset minimum. **JANE BENNETT CLARK**

SAVE TIME WITH THESE APPS AND TOOLS

Pay bills online. You can pay all your bills using most banks' bill-payment feature. Or you can use Mint.com to set up auto pay for multiple bills (free if you're paying with a bank account) as well as receive billing reminders and track spending.

Rebalance investments automatically. Many firms offer automatic-rebalancing tools to help keep your portfolio's mix of stocks, bonds and other investments from drifting off course. You can generally set up this feature by logging in to your account and selecting the auto-rebalance option.

Track loyalty programs. AwardWallet keeps track of your points, miles and other rewards in nearly 700 loyalty programs, from airlines and hotels to credit cards and popular stores. The free service will notify you when your point balance changes and before your points expire.

Manage passwords. End the vicious cycle of resetting forgotten passwords while keeping your accounts secure by using a service such as Dashlane. The service stores and encrypts your passwords and fills them in automatically when you're browsing the web. The free version works for a single device, but for $40 a year you can sync your account information across multiple devices.

Monitor credit. The free tool at CreditKarma.com will track your TransUnion and Equifax reports and alert you to changes, such as when a new account is opened or when your balance changes.

Track deductible expenses. To make next year's tax return less of a headache, start keeping tabs on deductible expenses and donations throughout the year using a program such as It's Deductible, available through TurboTax. If you're using a budgeting site such as Mint.com, flag expenses that may be tax-deductible as you review them so you can simply search for them at tax time. **K.P.**

ISTOCKPHOTO.COM

YOUR YOUTH WAS NO TIME TO BE SENSIBLE BUT NOW MIGHT BE.

Bet you never thought you'd get excitead reading an ad about the joy of Municipal Bonds?

The Main Advantages of Municipal Bonds

Investors are attracted to municipal bonds for three reasons; safety of principal, regular predictable income and the tax-free benefits. Together, these three elements can make a compelling case for including tax-free municipal bonds in your portfolio.

Potential Safety of Principal

When investing in municipal bonds, investors are paid back the full face value of their investment at maturity or earlier if called, unless the bond defaults. This is important because many investors, particularly those nearing retirement or in retirement, are concerned about protecting their principal. In May of 2016, Moody's published research that showed that rated investment grade municipal bonds had an average cumulative 10-year default rate of just 0.09% between 1970 and 2015.* That means while there is some risk of principal loss, investing in rated investment-grade municipal bonds can be an important part of your portfolio.

Potential Regular Predictable Income

Municipal bonds typically pay interest every six months unless they get called or default. That means that you can count on a regular, predictable income stream. Because most bonds have call options, which means you get your principal back before the maturity date, subsequent municipal bonds you purchase can earn more or less interest than the called bond. According to Moody's 2016 research,* default rates are historically low for the rated investment-grade bonds favored by Hennion & Walsh.

Potential Tax-Free Income

Income from municipal bonds is not subject to federal income tax and, depending on where you live, may also be exempt from state and local taxes. Tax-free can be a big attraction for many investors in this time of looming tax increases.

About Hennion & Walsh

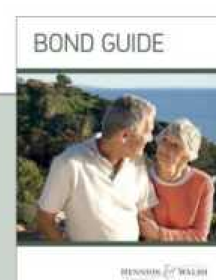
Since 1990 Hennion & Walsh has specialized in investment-grade tax-free municipal bonds.The company supervises over $3 billion in assets in over 16,000 accounts, providing individual investors with institutional quality service and personal attention.

Our FREE Gift To You

We're sure you'll want to know more about the benefits of tax-free Municipal Bonds. So our specialists have written a helpful Bond Guide for investors. It's free and comes with no obligation whatsoever.

HENNION & WALSH
It comes down to trust.®

FREE Bond Guide
Without cost or obligation
Call (800) 318-4850



HEALTH

Your Medicare FAQs

When you turn 65, you have to master a new health care system. We're here to help. BY KIMBERLY LANKFORD

ABOUT 10,000 PEOPLE TURN 65 EVERY DAY, and along with that milestone comes a challenge: You need to get up to speed on the many ins and outs of Medicare. There's a lot at stake. You have to pick supplemental insurance to fill Medicare's coverage gaps, and you might have to switch to less-expensive versions of some medications. If you don't sign up by the deadline or you make other mistakes, you could end up with lifetime penalties, denied claims or big bills you shouldn't have to pay.

Every day, my in-box is filled with questions from readers about the nuances of Medicare. The following frequently asked questions will help you navigate the system and deal with tricky issues.

SIGN-UP QUESTIONS

Do I need to sign up for Medicare, or will I be enrolled automatically? If you signed up for Social Security before age 65 (eligibility for full benefits currently begins at age 66), you will automatically be enrolled in Medicare parts A and B and receive your card three months before your 65th birthday. Part A covers hospitalization and is generally premium-free; Part B covers outpatient care, such as doctors' visits, x-rays and tests, and costs $134 a month for people who enroll in 2017 (or more for high earners).

Everyone else needs to take steps to enroll—or face a lifetime late-enrollment penalty (unless you're still working and have employer coverage; see below). Go to www.socialsecurity.gov to sign up anytime from three months before until three months after you turn 65 (your "initial enrollment period"), even if you are waiting to file for Social Security benefits.

I'm still working. Do I need to sign up? That depends on the size of your company. If you or your spouse (if you're covered by your spouse's insurance) is still working for a firm with 20 or more employees, the employer's insurance is your primary coverage, and Medicare is secondary and can fill any gaps in coverage. You aren't required to sign up for Medicare at 65, and you won't have a late-enrollment penalty as long as you sign up within eight months of leaving your job and losing work-based coverage (or losing coverage under your spouse's insurance).

If you work for a large employer and are happy with its coverage, you may decide to delay signing up for Part B. (Many people still sign up for Medicare Part A at 65.) But the rules are different if you work for a company with fewer than 20 employees. In that case, Medicare generally becomes your primary coverage at age 65, and you need to sign up for Part A and Part B while you're still working. Some small employers negotiate with insurers to keep employee coverage primary for workers after age 65, but this is unusual; get it in writing from your boss before you delay signing up.

Also note that you can't delay signing up for Part A if you're already receiving Social Security benefits and were automatically enrolled in Medicare—even if you're still working.

I have a health savings account at work. Can I still contribute to my health savings account after I turn 65? Yes, as long as you haven't enrolled in Medicare. If you are able to delay signing up for Medicare parts A and B (see above), you can continue contributing to an HSA. Before you decide, determine whether the HSA's tax breaks, any employer

ROSE BLAKE

contributions and other benefits are more valuable than the premium-free Part A coverage.

I have retiree health insurance. Do I need to sign up for Medicare at age 65? Unless you or your spouse is still working and has current employer coverage, you should sign up for both Medicare Part A and Part B at 65. Retiree coverage can fill gaps in Medicare (which would otherwise require medigap and Part D policies or a Medicare Advantage plan), but it's secondary to Medicare after age 65, and it may not kick in at all if you don't sign up for Medicare. Federal retiree coverage is an exception; it remains your primary coverage if you don't sign up for Medicare, but you will pay a penalty if you decide to sign up for Part B later.

What's the penalty for not signing up? You'll have to pay a late-enrollment penalty of 10% of the Part B premium for every year you should have had coverage. The penalty applies as long as you receive Medicare benefits. If you miss the initial enrollment period or the eight-month window after you or your spouse stops working, you can only sign up from January through March in any year for coverage to begin July 1.

FILLING THE GAPS

Why do I need medigap insurance? You still have to pay deductibles and co-payments. Most people buy a Medicare supplement (medigap) policy to pay those costs, plus Part D prescription-drug coverage because Medicare generally doesn't cover drugs. Or you can sign up for a private Medicare Advantage plan, which provides both medical and drug coverage.

Medigap policies are sold by private insurers and come in 10 standardized versions (A through D; F; G; and K through N). Every medigap plan with the same letter designation must provide the same coverage, even though prices can vary by insurer. You can use any doctor or facility that is covered by Medicare. Many state insurance departments have medigap price lists by insurer (go to www.naic.org and click "map" for links). *Kiplinger's* readers can get a personalized report at Weiss Medigap for $49 (www.weissmedigap.com/kiplinger).

Part D prescription-drug plans are sold by private insurers and have average premiums of $34 per month. You can compare premiums and out-of-pocket costs for your drugs under each Part D plan in your area at www.medicare.gov/find-a-plan.

Medicare Advantage plans combine medical and drug coverage and may also provide coverage that isn't available through Medicare, such as for some dental and vision care. Premiums average $38 per month, which tends to be lower than for medigap plus Part D, but you may have more out-of-pocket costs. The plans usually have a limited network of doctors and hospitals, and you may have higher costs (or no coverage) if you go out of network. You may also need a referral to see a specialist. You can shop for a Medicare Advantage plan at www.medicare.gov/find-a-plan. For an analysis of the best values based on typical costs for people in good, fair and poor health, go to www.medicarenewswatch.com.

I've been paying high premiums for my medigap Plan F. Can I switch to another policy to save money? Maybe. There's a huge price range for medigap policies, and you may be able to save by switching. But depending on your health and the state where you live, your options may be limited. Insurers cannot reject you or charge more because of preexisting conditions if you buy a medigap policy within six months of signing up for Medicare Part B. But after that, your health can affect your costs and coverage options. If you're still healthy, you may qualify for a better deal with another insurer.

Some insurers will let you switch to a less-comprehensive policy without medical underwriting—for example, to high-deductible Plan F, for which you pay a $2,200 deductible in 2017 before medigap coverage kicks in. Median premiums are $610 per year for a 65-year-old man, compared with $2,184 for the standard Plan F, according to Weiss Ratings. Plan N has coverage similar to that of standard Plan F, but you pay the Part B deductible ($183 in 2017) and a $20 co-payment for each physician visit, as well as $50 for emergency-room visits. Median premiums are $1,448 per year.

Your state may offer special opportunities to switch, regardless of preexisting conditions. For example, New Yorkers can switch medigap policies at any time regardless of health. In Missouri, you can switch to another insurer's version of your letter plan on your policy anniversary. (Learn more from your state health insurance assistance program at www.shiptacenter.org, or call 800-633-4227 for contacts.)

The doctor I want to use isn't covered by my Medicare Advantage plan. When can I switch to a different plan? You generally can't switch to another Medicare Advantage plan until open enrollment in the fall, which runs from October 15 to December 7, 2017, for 2018 coverage. There are a few exceptions: You can switch plans if you qualify for a special enrollment period, such as if you move to an address that isn't in your plan's service area. You can also switch to a Medicare Advantage plan with a five-star quality rating anytime during the year. But there are only 17 five-star plans in the U.S. in 2017 (look up "Medicare health plans" by zip code at www.medicare.gov/find-a-plan).

If you join a Medicare Advantage plan when you are first eligible for Medicare and switch back to traditional Medicare within 12 months, you can buy a medigap policy and a Part D plan within 63 days of the change. Each year, you can switch from Medicare Advantage back to traditional Medicare and get a Part D drug plan from January 1 to February 14. But you could be rejected or charged more for medigap because of a preexisting condition. For more about the rules, see Medicare Interactive at www.medicareinteractive.org.

SAVING MONEY

How high must my income be to get snagged by the Medicare high-income surcharge? If the total of your adjusted gross income plus tax-exempt interest income is more than $85,000 if you're single or $170,000 if you're married and filing jointly, you have to pay extra for Part B, with monthly premiums of $187.50 to $428.60 in 2017, depending on your income. You'll also have to pay an extra $13.30 to $76.20 each month for Part D drug coverage.

The high-income surcharge is based on your last tax return on file—for 2017 premiums, that's your 2015 return. If your income has dropped since then because of certain life-changing events, such as divorce or retirement, you can ask the Social Security Administration to base premiums on your more-recent income by filing Form SSA-44 and providing documentation. (See "Medicare Premiums: Rules for Higher-Income Beneficiaries," at www.ssa.gov.)

My doctor prescribed an expensive drug and even with my Part D coverage, I have to pay a lot of the cost out of pocket. What can I do to pay less? First, ask your doctor if you can use a generic drug or a "therapeutic alternative" that costs less under your plan. Also see if you can reduce co-pays by using a preferred pharmacy (ask your insurer which pharmacies are preferred). Then look for a new plan during open enrollment in the fall. Use the Medicare Plan Finder (www.medicare.gov/find-a-plan) to compare premiums plus out-of-pocket costs for your drugs. See if there are restrictions, such as requiring prior authorization from your provider before covering pricey drugs, or step therapy, which means you have to try less-expensive drugs first, if possible.

After I'm on Medicare, can I use HSA money for medical expenses without paying taxes on it? Even though you can no longer contribute to an HSA after you sign up for Medicare, you can use money already in the account tax-free for medical expenses. You can also use the HSA money tax-free for Part B, Part D and Medicare Advantage premiums (but not medigap).

APPEALING DENIED CLAIMS

My Medicare claim was denied. What can I do? First find out why it was denied. It may be a coding error your doctor can fix and resubmit. Or Medicare may cover an expense but not submit the claim to your supplemental insurer (go to www.mymedicare.gov to update this information). Drug coverage may be denied if you didn't follow procedures for step therapy or prior authorization, but that denial may be reversed when you resubmit the forms.

If that doesn't work, you have 120 days to appeal the denial. Look on the back of the Medicare summary notice for details, and see www.medicare.gov for more about each level of appeal. You have just 60 days to file an initial appeal for Medicare Advantage or Part D; follow the instructions on the explanation of benefits.

You can get help appealing a claim from your state health insurance assistance program (www.shiptacenter.org) or the Medicare Rights Center (www.medicarerights.org; 800-333-4114). Or use the Center for Medicare Advocacy's appeal self-help packet (www.medicareadvocacy.org). ■

ROSE BLAKE

GAME PLAN

Q My property tax bill has skyrocketed. How can I reduce it?

START BY MAKING SURE you're taking advantage of all the property tax breaks available to you. Many jurisdictions will exclude a portion of a home's value from property taxes if you're a senior or a veteran, or if you're disabled. In Florida, all homeowners are eligible for a homestead exemption of up to $50,000; those 65 and older who meet certain income limits can claim up to an additional $50,000. Other jurisdictions reduce your tax bill by a certain percentage if you meet specific criteria.

These tax breaks are valuable, but they're often overlooked. For example, when Chicago increased property taxes by an average of 13% last year, it included a rebate program for low- and middle-income homeowners. The rebates were worth up to $200, but only 11% of eligible homeowners claimed them.

Rebates and other property tax breaks aren't automatic; you usually have to apply for them and show proof of eligibility. Go to your tax assessor's website for details.

DAVE URBAN

Fighting city hall. You can score an even bigger tax cut by challenging the assessed value of your home, which is used to calculate your tax bill. The National Taxpayers Union, an advocacy group, estimates that 30% to 60% of property in the U.S. is assessed for more than it's worth.

See how often your jurisdiction assesses property. If it's not every year, there's a greater chance your home's value has changed since the last assessment. Check how market value is determined. An appraiser might compare your property with similar, recently sold properties to determine its market value, then multiply that by a set fraction, known as the assessment ratio. So if a property's market value is determined to be $100,000 and the assessment ratio is 80%, the assessed value for property tax purposes would be $80,000. Property tax bills are typically calculated by multiplying the home's assessed value by the local tax rate. You can find this information on the tax assessor's website.

Next, review the assessor's data on your home. You'll find this on your property's record card, which should be on file at your assessor's office and may be available online. Look for errors, such as an incorrect number of bathrooms or inflated lot size. If you can't find a glaring mistake but believe your home is still being overassessed, check out the property cards of similar homes in your neighborhood to see how their assessments compare with yours. If the assessments on those properties are lower than yours, you can make the case that your property's assessment is too high. Recent sales of homes in your neighborhood could also help you demonstrate that your property is overvalued.

Armed with this information, request an informal meeting with your assessor. He or she may agree to adjust your assessment on the spot, says Aaron Terrazas, senior economist at Zillow, an online real estate marketplace. If that doesn't work, request a formal review. Procedures vary, but a typical review takes one to three months, and you'll usually receive the results in writing. You can find the procedures for your jurisdiction on the tax assessor's website. Pay attention to deadlines. Most jurisdictions give you 90 days to challenge a new assessment, but some give you only 30 days to appeal.

If that doesn't work, most jurisdictions allow you to appeal to an independent board. The burden of proof is usually on the property owner, so come prepared. Zillow (www.zillow.com) offers a tool you can use to check recent sales of properties in your neighborhood. Alternatively, ask a real estate agent to point out three to five comparable homes that have sold in the past 60 to 90 days, or get a professional appraisal (expect to spend several hundred dollars for one). SANDRA BLOCK

STRATEGIES

Roll Your Money Into an IRA?

We tell you when it makes sense to move your 401(k) account to an IRA—and when it's smart to stay put. BY SANDRA BLOCK

WHEN YOU LEAVE A JOB, YOU pack up your family photos, the spare pair of dress shoes stashed under your desk, your "I Love My Corgi" coffee mug and all your other personal items. But what do you do with your 401(k) plan?

Most people roll the money over to an IRA because they gain access to more investment options and have more control over the account. Some brokerage firms sweeten the deal with cash incentives. TD Ameritrade, for example, offers bonuses ranging from $100 to $2,500 when you roll over your 401(k) to one of its IRAs, depending on the amount. Plus, moving your money to an IRA could help you streamline your investments (see "Money Made Simple," on page 24). Amy Thomas, a 43-year-old clinical trial coordinator in Lakewood, Colo., has rolled over 401(k) plans from three former employers into one place, which "makes everything a lot easier," she says. Now she doesn't worry that she'll lose track of an account that might have been left behind.

But a rollover isn't always the right move; sometimes it's best to simply leave the money where it is. With millions of dollars to invest, large 401(k) plans have access to institutional-class funds that charge lower fees than their retail counterparts. That means you could end up paying less to invest in the 401(k). There are other perils to a rollover: If you're not careful, you could end up with a portfolio of high-cost investments with subpar returns, an issue that's in the spotlight as a result of the debate surrounding the proposed fiduciary rule (see the box on page 40).

What about cashing out the account when you leave your job and taking a lump sum? Unless your financial situation is dire, that's never a good idea. You'll owe taxes on the entire amount, plus a 10% early-withdrawal penalty if you're younger than 55.

REASONS TO ROLL OVER

Rolling over the money from your 401(k) to an IRA is still the best move in many cases.

Your plan has high-cost investments. Many large 401(k) plans offer low-cost options that have been carefully vetted by the plan's administrators, but other 401(k)s are hobbled by underperforming funds and high costs. And even low-cost plans may charge former employees higher administrative fees if they choose to keep their 401(k).

Some plans offered by small and midsize companies are loaded with insurance products that charge "egregious" fees, says Mitch Tuchman, managing director of Rebalance IRA, which provides advice and low-cost investment portfolios for IRA investors. Rebalance invests clients' money in exchange-traded funds to keep costs down. (For advice on how to create a low-cost portfolio of index and actively managed funds, see "Index Everything? Not So Fast," March.)

Companies are required by law to disclose the fees they take out of your account to pay for administrative costs. Review your quarterly statements for details. Companies are also required to provide an annual rundown of the plan's investment costs, expressed as a percentage of assets, or an expense ratio. You can use this information to see how your retirement plan's mutual fund expenses compare with the expense ratios of similar funds. Average expense ratios for retirement plans have declined, partly because plans feature more index mutual funds. The average fee is 0.68% for stock funds and 0.54% for bond funds, according to a 2015 survey by the Investment Com-

pany Institute. To see how your plan compares with other employer-sponsored plans, check out www .brightscope.com.

You have a trail of 401(k) accounts. If you've changed jobs frequently—younger baby boomers switch jobs an average of 12 times during their careers, according to the Bureau of Labor Statistics—leaving your plan behind could result in a mishmash of overlapping funds that may not suit your age and tolerance for risk. In that case, it can make sense to consolidate all of your old 401(k) plans in an IRA. Another option is to roll 401(k) accounts from former employers into your current employer's plan, assuming that's permitted.

You need more bond funds. Although most 401(k) plans have a solid lineup of stock funds, they're often much weaker when it comes to fixed-income options, says Melissa Brennan, a certified financial planner in Dallas. In many cases, says Brennan, choices are limited to a money market fund, a bond index fund and an actively managed bond fund. Most plan trustees are focused on encouraging participants to accumulate as much as they can—which typically involves investing in stocks. As you get close to retirement, though, you'll probably want to shift to a less-aggressive mix of investments. Rolling your money into an IRA will provide you with a smorgasbord of fixed-income options, from international bond funds to certificates of deposit.

You want flexibility for withdrawals. About two-thirds of large 401(k) plans allow retired plan participants to take withdrawals in regularly scheduled installments—monthly or quarterly, for example—and about the same percentage allow retirees to take withdrawals whenever they want, according to the Plan Sponsor Council of America, a trade group. But other plans still have an "all or nothing" requirement: You either leave your money in the plan or withdraw the entire amount. In that case, rolling your money into an IRA will enable you to manage your withdrawals and taxes you'll pay on them.

Even if your 401(k) plan allows regular withdrawals, an IRA could offer more flexibility. Many 401(k) plan administrators don't let you specify which investments to sell; instead, they take an equal amount out of each of your investments, says Kristin Sullivan, a certified financial planner in Denver. With an IRA, you can direct the provider to take the entire amount out of a specific fund and leave the rest of your money to continue to grow.

STICK WITH THE 401(K)?

In addition to lower costs, many 401(k) plans offer stable-value funds, a low-risk option you can't get outside of an employer-sponsored plan. With recent yields averaging about 1.8%, stable-value funds provide an attractive alternative to money market funds. And unlike bond funds, they won't get pulverized if interest rates rise. Other good reasons to leave your money behind:

JEFF NELSON

TO KEEP THINGS SIMPLE, AMY THOMAS CONSOLIDATED THREE 401(K) PLANS IN AN IRA.

You plan to retire early...or late. In general, you must pay a 10% early-withdrawal penalty if you take money out of your IRA or 401(k) before you're 59½. There is, however, an important exception for 401(k) plans: Workers who leave their jobs in the calendar year they turn 55 or later can take penalty-free withdrawals from that employer's 401(k) plan. But if you roll that money into an IRA, you'll have to wait until you're 59½ to avoid the penalty unless you qualify for one of a handful of exceptions. Keep in mind that you'll still have to pay taxes on the withdrawals.

Another wrinkle in the law applies to people who continue to work past age 70, which is increasingly common. Ordinarily, you must take required minimum distributions from your IRAs and 401(k) plans starting in the year you turn 70½. These distributions are based on the value of your accounts at the previous year's end and on a life-expectancy factor found in IRS tables. But if you're still working at age 70½, you don't have to take RMDs from your current employer's 401(k) plan. And if your plan allows you to roll over money from a former employer's plan into your 401(k), you can also protect those assets from RMDs until you stop working.

You want to invest in a Roth IRA but earn too much to contribute. Rolling over your former employer's 401(k) to an IRA could make it more expensive to take advantage of a strategy to move money into a Roth IRA.

You must pay taxes on your contributions to a Roth IRA, but withdrawals will be tax-free when you retire. But in 2017, if you're single with adjusted gross income of more than $133,000 or married filing jointly with AGI of more than $196,000, you can't contribute directly to a Roth. There's no income limit, though, on Roth conversions, which has given rise to the "backdoor" Roth IRA. High earners can make after-tax contributions to a nondeductible IRA—in 2017, the maximum contribution is $5,500, or $6,500 if you're 50 or older—and then convert the money to a Roth. Because the contributions to the nondeductible IRA are after tax, there is usually no tax on the conversion.

Unless, that is, you already have money in a deductible IRA—which you certainly will if you roll over your former employer's 401(k) into an IRA. In that case, your tax bill will be based on the percentage of taxable and tax-free assets in all of your IRAs, even if you convert only one of them. For example, if you have $5,000 in a nondeductible IRA and $95,000 in a deductible IRA and convert $50,000 to a Roth, then only 5% of the nondeductible IRA funds, or $250, will be tax-free; you'll owe tax on the rest. (If your employer offers a Roth 401(k), you can avoid this rigmarole because there are no income limits on contributions.)

You're worried about lawsuits. The federal Employment Retirement Income Security Act (ERISA) shields 401(k) and other types of employer-sponsored retirement plans from creditors. If someone wins a judgment against you in a personal injury lawsuit, he can't touch your 401(k) plan. IRAs don't offer that same level of protection. They're generally protected if you file for bankruptcy, but state laws vary with respect to other types of claims. California, for example, exempts the amount necessary to support you and your dependents in retirement. For physicians, protecting retirement savings from creditors "is a very big issue," says Daniel Galli, a certified financial planner in Norwell, Mass. ■

FIDUCIARY RULE

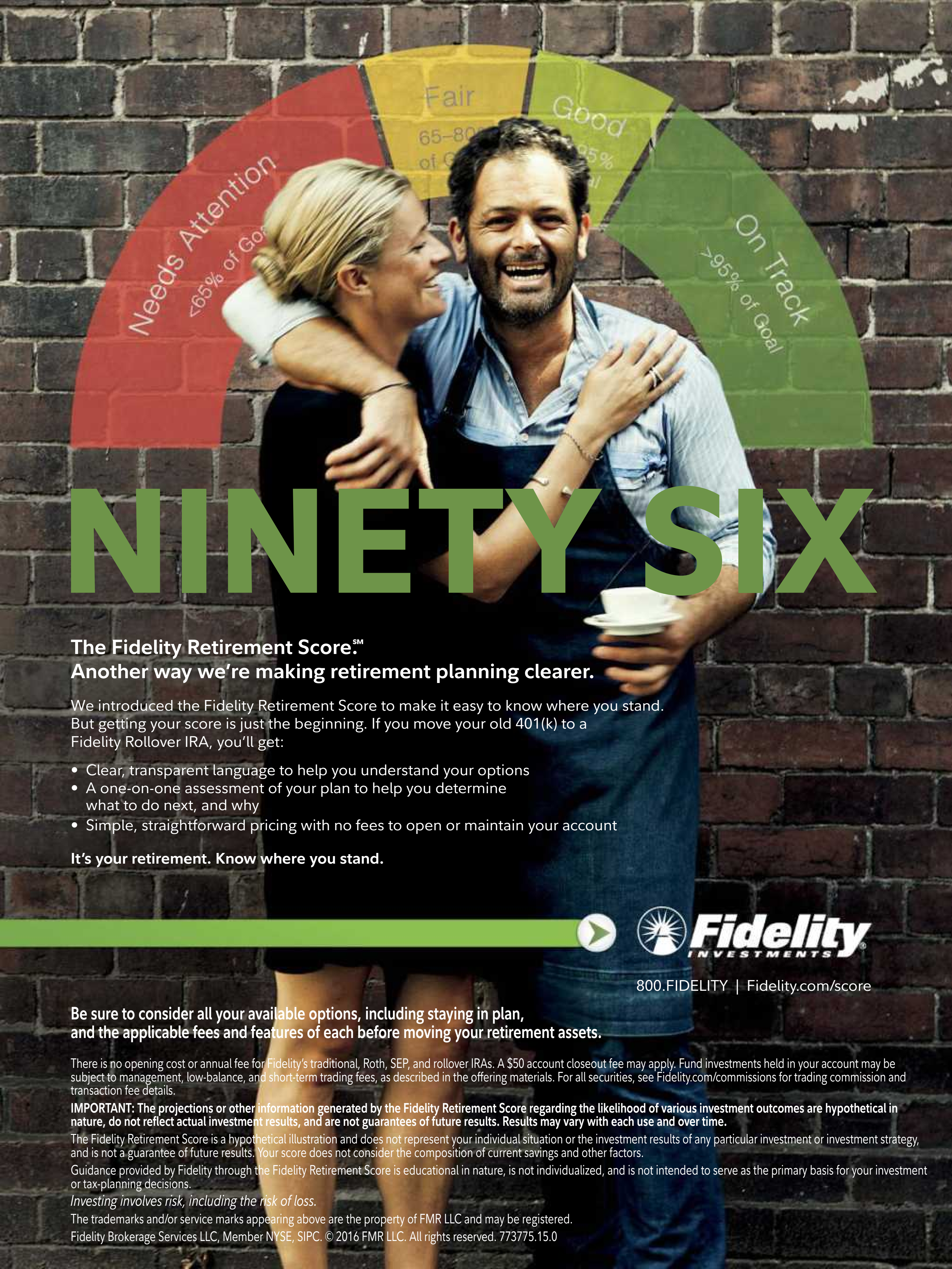
Protect Your Assets

Concerns that some securities brokers and insurance company representatives were encouraging investors to roll their 401(k) plans into high-cost or inappropriate investments that generated big commissions was one reason the U.S. Department of Labor proposed new requirements for financial professionals who advise investors with retirement accounts. The DOL rule would require those individuals to comply with the *fiduciary standard,* which means they would be required to put their clients' interests above their own. Securities brokers now adhere to a less-stringent *suitability rule.* Investments they recommend must be suitable, given a client's age and risk tolerance, but they don't have to be the lowest-cost alternative.

For now, the fiduciary rule is on hold. The Trump administration has instructed the Department of Labor to review the rule, which could lead to its demise. Critics, which include some securities industry groups, have said that the rule would make it more difficult for middle-income savers to get advice.

But in anticipation of the rule, which was scheduled to take effect in April, financial services firms have made a raft of changes that they're unlikely to reverse (see "Ahead," April). Some big firms have scrapped commission-based IRAs in favor of charging fees based on a percentage of assets. In addition, a host of financial services companies, such as Betterment, LearnVest and Personal Capital, have harnessed technology to offer affordable, objective advice, even if you have only a modest amount to invest.

No matter what happens in Washington, you are your own best advocate. Ask prospective advisers why they're recommending a particular investment and how they'll be compensated for it. Don't let anyone steamroll you into rolling over your 401(k) to an IRA. "It seems like everybody and their brother is interested in rolling money out of your 401(k)," says Daniel Galli, a certified financial planner in Norwell, Mass. But, says Galli, there's no downside to leaving your money in your former employer's plan while you consider your options.


Needs Attention
Fair
Good
On Track
>95% of Goal

KIMBERLY LANKFORD | Ask Kim

How Long to Hang on to Tax Records

HOW LONG DO I NEED TO KEEP my tax records in case I get audited? What can I do to start organizing my 2017 tax records now?
R.Y., Tucson, Ariz.

It's a good idea to keep your returns indefinitely, but you can generally toss supporting tax records three years after the tax-filing deadline, which is the time the IRS generally has to initiate an audit. The audit period extends to six years if you underreport your income by 25%, so Jeffrey Schneider, an enrolled agent in Port St. Lucie, Fla., recommends holding on to your records for at least seven years.

Keep any investment purchase records at least three years after you sell the investment. Hold on to Form 8606, for nondeductible IRA contributions, until all your IRA money is withdrawn.

For future tax seasons, check out H&R Block, TaxAct and TurboTax, all of which have tools to help you upload and organize your tax records digitally during the year.

Short-term health coverage. *I'm switching jobs and won't have health insurance for two months. How can I get coverage?*
S.M., New York City

You can continue your coverage through the federal law known as COBRA for up to 18 months, but you'll have to pay the full premiums, including the employer's share (often 70% of the cost), plus up to 2% extra. You have 60 days to sign up for COBRA, so you could wait to see if you need it and get the coverage retroactively if you do; in that case, you'll have to pay all of the premiums due since you left your job.

You also have up to 60 days after leaving your job to buy coverage on your state insurance exchange (find links at Healthcare.gov). That coverage is not retroactive. Estimate your annual income (including the two months without a job); if it's less than $47,520 for an individual or $64,080 for a couple, you'll get a subsidy to help with premiums.

The IRS generally has three years after the tax deadline to initiate an audit, but it's six years if you underreport income by 25%.

If you don't qualify for a subsidy, your cheapest option may be a short-term policy, says Anthony Kavouras, of eHealth (where premiums averaged less than $120 per month in 2016). But these policies don't typically cover pre-existing conditions, preventive care or maternity care, and most don't cover prescription drugs, he says.

Calculating equity in a car lease. *I'm about to turn in my leased Mazda. My three-year lease allowed 10,000 miles per year, but I've driven the car a total of only 16,000 miles. Does this give me any negotiating leverage?*
M.S., Washington, D.C.

It might, says Ron Montoya, senior consumer advice editor for Edmunds. Ask your leasing company for your payoff amount, then get the car appraised by a third party, such as Carmax. If the appraisal is more than the lease's payoff amount, you could sell the car and make a small profit on the difference. Or you could take the appraisal to the dealer and see if it will match the offer, then use the extra money as a down payment on another car.

Social Security survivor benefits. *My husband and I were both receiving Social Security benefits when he died recently. Do I need to apply for survivor benefits, or will I get them automatically?*
N.D., Dallas

If you're already getting benefits on your husband's record, you generally don't need to apply for survivor benefits; Social Security automatically makes the change. But if you are receiving benefits on your own record, you'll need to file in order to switch to survivor benefits. You can get them as early as age 60, but they're reduced if you're not yet full retirement age (now 66). See www.ssa.gov/survivors. ■

GOT A QUESTION? ASK KIM AT ASKKIM@KIPLINGER.COM. KIMBERLY LANKFORD ANSWERS MORE QUESTIONS EACH WEEK AT KIPLINGER.COM/ASKKIM.

LISE METZGER

ISTOCKPHOTO.COM

FAMILY FINANCES

Cut Car Insurance Rates

Follow our six-step plan to reshop your policy. You could save hundreds of dollars a year. BY MIRIAM CROSS

SHOPPING AROUND FOR AUTO insurance may not be your idea of fun, but comparing prices for a new policy every few years—or even more often—can pay off big. Premiums for two people in the same zip code with the same driving record can differ by a thousand dollars or more. The reason: Companies weigh risk factors or black marks on your record differently. For example, adding a teen driver or moving to a new part of the city can cause your premiums to spike, and some insurers penalize you after a single accident or speeding ticket. But other companies may raise rates more gently when your teen starts to drive, or they may overlook that accident.

Follow these six steps to save money on your insurance without compromising valuable coverage. Keep in mind that insurers typically cut you a break of 5% to 20% for bundling your auto policy with homeowners or other types of coverage, so get quotes for separate policies as well as for your whole panoply of insurance.

1. Assess your coverage. Before you start shopping, study your renewal notice to find out how much coverage you already have so you can compare new policies with the same limits. Also make sure you have the right amount of insurance. "The biggest mistake I see is underpaying for uninsured motorist coverage," says Spencer Houldin, president of Ericson Insurance Advisors, in Washington Depot, Conn. He usually recommends a half-million dollars in coverage—far more than many states' minimums. (For more recommendations, see "70 Ways to Build Wealth," April.) For a more accurate quote, know your vehicle's safety features, how many miles you drive each year, your claims history, and information about accidents or moving violations you've had within the past five years. You can find a checklist of details needed to finalize a quote at www.insurance.com.

2. Start shopping. Begin at your state insurance department's website (find a link at www.naic.org/state_web_map.htm). Most states have consumer guides with general advice on how to shop for policies and trim premiums, and some states have a pricing report or rate-comparison table. Find the driver profile that is most like you, and choose the six or so companies with the lowest prices, says Bob Hunter, director of insurance for the Consumer Federation of America, who follows this method himself when reshopping his auto coverage. Before you start calling insurers, look up the complaint ratio for each company (see step 3) and discard the two with the highest complaint ratios. Call the remaining four, and request quotes for identical coverage.

Cover your bases by comparing rates from insurers at Insurance.com or InsuranceQuotes.com.

Enter a few details about yourself and your car into the search tool and you'll receive two to five quotes online or from the insurance companies via phone or e-mail. If you are eligible for a USAA policy because you or a relative has served in the military, you may need to look up its policies separately, says Hunter. For some companies, such as Allstate and State Farm, it may be better to work with a local agent, which you can find through their websites.

3. Vet the company. A low rate isn't worth it if your insurance company has poor customer service or is stingy with payouts. Look up the insurer's complaint record at the National Association of Insurance Commissioners' Consumer Information Source (www.naic.org/cis). Type the company's name and choose "property/casualty" in the drop-down menu, then click on "closed complaints." (To see the actual number of complaints in your state, click on "closed complaint counts by state.") Select "closed complaint ratio report" and then "private passenger." You'll see a ratio of the insurer's market share of resolved complaints to the company's market share of auto premiums. The national median is 1.00; companies with ratios below the median have a better track record than those with ratios above the median.

You can also review the insurer's financial strength by searching for the company at A.M. Best's or Standard & Poor's website (you will need to register). Insure.com surveys customers about their experience with insurance companies, including claims service (see www.insure.com/best-car-insurance-companies). J.D. Power also rates firms on the shopping process and on claims satisfaction (go to www.jdpower.com/ratings/industry/insurance and look under "Automotive").

4. Get all the discounts you deserve. You might be able to lower your premium by locking in more discounts. For example, if your child is getting good grades, you could get a break of up to 25%. Or your rates could drop if your teenager moves away to college and doesn't take a car. You could also earn discounts for getting married, reducing your commute or improving your credit score. Some states even allow you to take a defensive-driving course in exchange for a rate reduction. (Look for a list of discounts on your insurer's website, the buyer's guide on your state insurance website, or at www.carinsurance.com/discounts.aspx.)

You could also trim premiums by raising your deductible or dropping collision coverage altogether on an older car.

5. Give your current insurer one last chance. You might or might not be able to persuade your current insurer to lower your premium because you found a better deal elsewhere. But it doesn't hurt to ask. If nothing else, you may uncover new discounts that lower your premiums.

Plus, your insurer may actually bump up your rate if you appear to be a customer who doesn't shop around. This practice, known as price optimization, uses personal consumer data to gauge your likelihood of shopping around for policies. If you are on record complaining about your rate or have recently switched insurers, you may look like a more active shopper. (Note that price optimization is illegal in 19 states and the District of Columbia.)

6. Let your driving speak for itself. A "pay as you drive" program, such as Allstate's Drivewise, Progressive's Snapshot or State Farm's Drive Safe & Save, is ideal for those who drive sedately. Plug a monitoring device into your car or allow a smartphone app to track your driving habits and you can earn discounts of up to 50%, depending on mileage, the times of day you drive, your speed, your braking habits and other factors. You may also get a small discount for signing up.

If you're willing to go through the hassle of installing the device and sending it back, be sure to ask about the data your insurer is collecting. Most programs promise not to raise rates using collected data (and instead simply withhold any discount). But Progressive, for example, cautions that in certain states, risky driving behavior may result in higher rates. ■

KipTip

Advice From an Agent

An independent agent who works with multiple insurers can help you compare policies—including those from under-the-radar but reputable companies too small to place ads on sports broadcasts. More importantly, the agent will recommend limits based on your situation, highlight nuances in policies that you might have glossed over and be your advocate in the event of a claim. An agent can also find a policy that will pay for replacement "OEM" parts (equipment made by the original manufacturer, rather than a third party) or cover repairs at your body shop of choice.

To find an independent agent, ask friends and family for recommendations, or search by zip code at www.trustedchoice.com. Ask prospective agents how many companies they represent, why they represent those companies and how they will help during a claim, suggests Rebecca Korach Woan, CEO of Chartwell Insurance Services, in Chicago. You want someone who will actively reach out to you at renewal time, too, to review coverage. Feel free to tell an agent you want to save money on your policy, but remember that you are getting expertise and hand-holding, so you shouldn't expect rock-bottom rates. As compensation, agents receive a commission of 10% to 12% paid by the insurer you choose.

JANE BENNETT CLARK | Rethinking Retirement

Moving to Be Near the Grandkids

In my ongoing quest to figure out where I'll eventually live in retirement, I recently came up with another brilliant idea: Philly.

The city has tons going for it—terrific restaurants and museums, top colleges (including the University of Pennsylvania), good hospitals, and, for retirees, low taxes (for more on Philadelphia and other great places to retire, see kiplinger.com/links/healthy). Plus, housing is cheaper than in the Washington, D.C., area, where I currently live.

But the main reason I'd rather be in Philadelphia? One of my daughters lives there (I hear the sound of her gulping across the miles), and my other two children live in Brooklyn, a quick train ride away. Being closer to my kids, not to mention the tiny package of perfection that is my granddaughter, would be a luxury. It could also be a necessity as I grow older.

The majority of retirees don't have to move to get more face time with adult children: More than 50% of older households live within 10 miles of at least one child, according to the Health and Retirement Study, sponsored by the National Institute on Aging. But for those who live farther away, the arguments for and against moving closer to them can be equally persuasive.

Pulling up roots to be near the children and grandchildren is a huge decision. Don't let a brilliant idea dazzle you into getting it wrong.

Pros and cons. In the best-case scenario, you get to enjoy time with your adult child, forge bonds with the grandchildren and help the family out by occasionally babysitting. Down the road, your adult child returns the favor by caring for you as you age. Your new home, in this ideal version, offers not only proximity to loved ones but also a climate you like, lots of cultural amenities, a lower cost of living and myriad opportunities for making friends.

The worst-case scenario? You miss the friendships and networks you've established over the years, hate the weather, and discover that the cost of living in the new place is eating away at your nest egg. The grandkids are too busy to spend time with you, or you're expected to be a full-time babysitter. You and your adult child remember that you never really got along.

And even if none of that happens, your child and her family could decamp to another area. "I've seen parents move to be closer to young grandchildren only to have their adult children relocate for work. Then the parents are in an unknown city with no family," says Cheryl Sherrard, a certified financial planner (CFP) in Charlotte, N.C. Sure, you could move to the new city along with them—but that entails more costs and more disruption.

To improve your odds of making the right choice, first identify your motivation for moving, says Lynn Dunston, a CFP in Denver. For instance, if getting help from your daughter with errands or with personal care—now or later—is a factor, find out whether she is willing and able to take on that role. "Put it all on the table," says Dunston.

Maybe one of your goals is to downsize your expenses. Be sure to vet the cost of living in your new area, as well as the tax environment for retirees (see kiplinger.com/links/retireetaxmap). Even in a tax-friendly state, if the cost of living is higher than where you are now, you might end up drawing down more than you had planned from your pretax account while triggering more taxes, says Andrew Gipner, a CFP in Huntsville, Ala.

Once you've done the preliminary research, consider renting near your adult child for a few months. "That gives you the flavor of the place without taking the financial risk of buying a house only to find you don't like the area," says Chris Hardy, a CFP in Suwanee, Ga. And you'll see how everyone reacts to all that togetherness.

Pulling up roots to be near the children and grandchildren is a huge decision. Don't let a brilliant idea dazzle you into getting it wrong. ■

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

LISE METZGER

DAVID MUHLBAUM | Drive Time

How to Get a Great Deal on a New Car

The internet has disrupted many industries, but it has left the new-car-buying process largely intact. At the end of the day, it's still likely to be you and the dealer dickering over details such as paint coatings and floor mats. But that doesn't mean you can't use the internet to get a better deal.

Do your research. Right, and eat your veggies, too. But here's where the internet has really paid dividends: Not only does each manufacturer provide oodles of information on their models, but sites such as Edmunds.com, Kelley Blue Book and TrueCar let you configure a vehicle exactly as you want it and price it that way. The best new-car deals now are for compact and midsize sedans, and carmakers are trying to move them with generous incentives, particularly low-rate financing. Generally, from Labor Day until New Year's weekend, as the new-model-year vehicles roll in and dealers try to clear out last year's models, the deals get sweeter and sweeter.

You'll be offered myriad extended warranties and add-ons. But don't automatically agree to pay the asking price. Negotiate.

Line up financing. Dealers have access to low-rate loans from manufacturers and may be able to offer rates that a bank or credit union can't beat. But you'll be in the driver's seat during negotiations if you have financing to fall back on. Keep the loan term as short as you can, says Ronald Montoya, of Edmunds. Going long (say, more than 60 months) to keep the payments down can significantly raise the total interest you pay and increase the time you'll be "underwater" on the loan (owing more money than the car is worth).

Consider leasing. If you must have new-car flash but don't want to be shackled to a big loan, consider leasing. Leasing can make sense if you trade in often enough that you always have a car payment. Leases on luxury cars, large SUVs and pickups have been especially popular because their residual values—what the vehicles are projected to be worth at the end of the lease—have been optimistically high. So the monthly payments are more affordable than they would be if you were to finance the same vehicle.

Prepare to negotiate. Your online research will clue you in to what others are paying for the car you want, and you could shoot for an average of those transactions—your target price—as a fair price you could pay without regret. If you want a spectacular deal, you'll have to spend more time. "It's going to take calling dealerships and asking them for a price quote," says Montoya. After you've done your best to dicker via e-mail and phone and it's time to go to the showroom, a few truisms of negotiating still hold true: Consider bringing a helper (my wife is the bad cop to my good cop), and don't go when you're hungry or pressed for time.

Or let someone else do it. TrueCar (which powers Consumer Reports and USAA's services, among others) and Costco's Auto Program offer prenegotiated discounts—off of MSRP. That will get you a fair price, with added hand-holding. But you will probably get a better deal if you pay a pro to do the work of calling dealerships and making them compete for your business. Carbargains.org, which charges $250, has been doing this for decades. Also take a look at Carjojo.com, which tracks inventory, price and behavior data on new models to help you negotiate a good price. Or you can hire its negotiators to seek dealer bids for $199.

Mind the extras. Your next stop after agreeing on a price is the F&I (finance and insurance) office. At this point, it's wise to note that dealers sell a lot more than vehicles. Besides a loan, you'll be offered myriad extended warranties and add-ons. Part of the appeal is that you can roll these extras into the monthly payment, but don't automatically agree to the asking price for these items. If you really want something, negotiate. ■

YOU CAN FOLLOW DAVID MUHLBAUM'S AUTOMOTIVE MUSINGS ON TWITTER AT WWW.TWITTER.COM/DAVEYDOG.

LISE METZGER

CREDIT

Deposit Insurance Has Your Back

FOR SEVERAL MONTHS, CDs from Melrose Credit Union have appeared at or near the number-one spot on our table of top-yielding certificates of deposit. Recently, the National Credit Union Administration, an independent federal agency that oversees credit unions, announced that it had taken Melrose into conservatorship because of "unsafe and unsound practices."

> **Kiplinger.com**
> **RATE UPDATES**
> For the latest savings yields and loan rates, visit kiplinger.com/finances/yields.

That may set off alarm bells if you are a yield-starved saver who invested your money in Melrose CDs, but be assured that your money is safe. Money held in deposit accounts at Melrose is federally insured up to the limits prescribed by the National Credit Union Share Insurance Fund, which is the credit union equivalent of Federal Deposit Insurance Corp. coverage for bank accounts.

An individual's deposits at a credit union are insured for up to a combined $250,000 in all deposit accounts—including CDs as well as checking and savings accounts. Joint accounts come with separate coverage of $250,000 for each depositor listed on the accounts. IRAs and trusts come with their own insurance limits, too. At www.mycreditunion.gov/estimator, you can use a tool to calculate whether your deposits are fully insured.

Until Melrose's financial troubles are resolved, we are removing its CDs from our tables. New York–based Melrose has suffered heavy losses related to loans for taxi medallions, which taxi operators purchase to license their services. (The taxi industry is under pressure from ride-sharing services such as Uber and Lyft.) If a troubled credit union can't resolve its issues, then it will liquidate, and the NCUA will either transfer accounts to a credit union that has agreed to acquire them or send checks to customers for their insured deposits. **LISA GERSTNER**

YIELD BENCHMARKS	Yield	Month-ago	Year-ago
U.S. Series EE savings bonds	0.10%	0.10%	0.10%
U.S. Series I savings bonds	2.76	2.76	1.64
Six-month Treasury bills	0.85	0.63	0.49
Five-year Treasury notes	2.05	1.85	1.42
Ten-year Treasury notes	2.52	2.40	1.91

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

As of March 7, 2017.
- EE savings bonds purchased after May 1, 2005, have a fixed rate of interest.
- Bonds bought between May 1, 1995, and May 1, 2005, earn a market-based rate from date of purchase.
- Bonds purchased before May 1, 1995, earn a minimum of 4% or a market-based rate from date of purchase.

TOP-YIELDING DEPOSIT ACCOUNTS

No-Fee Interest Checking (Minimum balance may be required)	Annual yield as of March 7	Balance range†	Website (www.)
GTE Financial (Fla.)#	1.99%	$0–$500	gtefinancial.org
Langley Federal Credit Union (Va.)#	1.61	0–1,000	langleyfcu.org
MemoryBank (Ky.)*	1.50	0–250,000	mymemorybank.com
Aspiration (Calif.)*	1.00	2,500 and above	aspiration.com
NATIONAL AVERAGE	**0.13%**		

High-Yield Checking (Must meet activity requirements‡)	Annual yield as of March 7	Balance range†	Website (www.)
America's Credit Union (Wash.)#	5.00%	$0–$1,000	youracu.org
Northpointe Bank (Mich.)	5.00	0–5,000	northpointe.com
Consumers Credit Union (Ill.)#	4.59	0–20,000	myconsumers.org
La Capitol FCU (La.)#	4.25	0–5,000	lacapfcu.org
NATIONAL AVERAGE	**1.79%**		

Savings	Annual yield as of March 7	Min. amount	Website (www.)
PurePoint Financial (Calif.)*	1.25%	$10,000	purepoint.com
Popular Direct (Fla.)*	1.15	none	populardirect.com
Northpointe Bank (Mich.)	1.12	10,000	northpointe.com
Incredible Bank (Wis.)*	1.11	none	incrediblebank.com
NATIONAL AVERAGE	**0.18%**		

#Must be a member; to become a member, see website. *Internet only. ‡To earn the maximum rate, you must meet requirements such as using your debit card several times monthly and receiving electronic statements. †Portion of the balance higher than the listed range earns a lower rate or no interest. SOURCES: Bankrate, DepositAccounts.

TOP-YIELDING CERTIFICATES OF DEPOSIT

1-Year	Annual yield as of March 7	Min. amount	Website (www.)
Andrews Federal Credit Union (Md.)#	1.45%	$10,000	andrewsfcu.org
Connexus Credit Union (Wis.)#	1.42	5,000	connexuscu.org
EverBank (Fla.)*	1.40	5,000	everbank.com
PurePoint Financial (Calif.)*	1.40	10,000	purepoint.com
NATIONAL AVERAGE	**0.52%**		

5-Year	Annual yield as of March 7	Min. amount	Website (www.)
United States Senate FCU (D.C.)#	2.34%	$20,000	ussfcu.org
EverBank (Fla.)*	2.30	5,000	everbank.com
State Farm Bank (Ill.)*	2.30	500	statefarm.com
Utah First FCU (Utah)#	2.30	500	utahfirst.com
NATIONAL AVERAGE	**1.44%**		

#Must be a member; to become a member, see website. *Internet only. SOURCES: Bankrate, DepositAccounts.

LOW-RATE CREDIT CARDS

Issuer	Rate as of Mar. 7*	Annual fee	Late fee	Website (www.)
Lake Mich Credit Union Prime (P)#	6.75%	none	$27†	lmcu.org
Simmons Bank Visa (P)	7.75	none	27†	simmonsbank.com
First Command Bank Visa (P)	8.75	none	27†	firstcommandbank.com

CASH REBATE CREDIT CARDS

Issuer	Rate as of Mar. 7*	Annual fee	Rebate earned Category/Other	Web site (www.)
Amex Blue Cash Preferred	13.49%	$95	6%/1%‡	americanexpress.com
Chase Freedom	15.49	none	5/1^	chase.com
Citi Double Cash	13.49	none	2&	citi.com

Rates are adjustable. Banks may offer lower introductory rates. *If you do not qualify for this interest rate, the issuer will offer a higher-rate card. (P) Platinum. #Must be a member. †$37 if late more than once in 6 months. ‡6% groceries up to $6,000 per calendar year (1% thereafter); 3% gas/retail; 1% other purchases. ^Categories change quarterly on up to $1,500 of spending. &Earn 1% when you buy and an additional 1% when you pay for a purchase. SOURCE: Bankrate.

The Kip 25 Funds DELIVER

With most of our favorite funds thriving, we add only two new ones this year. BY NELLIE S. HUANG

ILLUSTRATIONS BY GIORDANO POLONI

AT A TIME WHEN INVESTORS ARE FLOCKING to index funds, we see signs that active management still has a future. Over the past 12 months, many of the funds in the Kiplinger 25 posted healthy gains. We can't claim victory yet—only a handful of our U.S. stock fund picks beat Standard & Poor's 500-stock index over that stretch—but the trend is moving in the right direction. // A shift in market dynamics may allow stock pickers to shine. In recent years, the gap between the best-performing stocks and the worst ones has narrowed, with the difference between the returns of stocks within the S&P 500 and the return of the index itself falling to historic lows. It became "difficult to differentiate

the stock market's winners from the losers," says Liz Ann Sonders, chief strategist at Charles Schwab. Now, Sonders says, that gap is widening and the relative performance of stocks in the large-capitalization benchmark is starting to diverge, giving managers a better chance to beat the index. "Winds are shifting in favor of active strategies," she says.

Over the long haul, buying good low-fee funds run by seasoned stock pickers who have their own money invested alongside yours will serve you well. And you don't have to choose between active and passive management. In fact, a blended portfolio of active and index funds has generally outpaced strategies that focus solely on one or the other (see "Index Everything? Not So Fast," March). For more on how to mix the two styles, see the box on page 54. Use the portfolios on page 55 as a starting point.

This year, we're making only two changes to the Kip 25 roster. To learn more about the newcomers, see the box on the facing page. For details on how the Kip 25 funds fared over the past year, see the box below. And for returns and other key data for all 25 funds, see the table on page 57. To find out why the 23 other funds on our list deserve a place in your portfolio, read on. (Returns are through February 28, unless otherwise noted.)

Update

How Our Funds Fared

It was a great year for stocks, a ho-hum one for bonds. Over the past 12 months, Standard & Poor's 500-stock index returned 25.0%. Small-company stocks, measured by the Russell 2000 index, soared 36.1%. The MSCI EAFE index, which tracks foreign stocks in developed countries, staged a comeback, returning 15.8%. The MSCI Emerging Markets index fared even better, netting 29.5%. But the Bloomberg Barclays US Aggregate Bond index (known as the Agg) delivered a paltry 1.4% (returns are through February 28).

As for the Kiplinger 25, it was a mixed bag. As a group, the 12 diversified U.S. stock funds on our list in the May 2016 issue returned an average of 26.0% (we replaced two funds during the course of the year after they closed to new investors). That's a big improvement over a year ago, when our stock funds lost an average of 9.0% for the 12-month period that ended in February 2016. But the average results don't tell the whole story. Even though all of our diversified U.S. stock fund picks posted double-digit gains, only five beat the S&P 500 over the past year.

Our foreign stock funds tell a similar story. FMI International nipped the MSCI EAFE index over the past 12 months, but Fidelity International Growth lagged the benchmark. Baron Emerging Markets delivered a 21.6% gain, but it lagged its bogey by 7.9 percentage points.

We had mixed results on the fixed-income side, with three bond fund choices beating their respective benchmarks. Fidelity New Markets Income, which invests in emerging-markets bonds, and Pimco Income, a multisector bond fund, trounced their respective indexes by wide margins. But DoubleLine Total Return Bond trailed the Agg by a smidgen. And Vanguard High-Yield Corporate lagged the junk bond index by 7.3 percentage points. That's largely because the fund tends to own better-quality high-yield bonds, and over the past year the junkier the bond, the more it generally returned.

Finally, our portfolios posted respectable returns over the past year. The aggressive portfolio gained 17.4%; the moderate package, 14.4%; and our conservative model, 11.1%.

LARGE-COMPANY U.S. STOCK FUNDS

DODGE & COX STOCK

The focus: Bargain-priced large-company stocks.
The process: The eight managers who run this fund like to buy stocks that are out of favor and are willing to wait for a turnaround: A bet the managers made on Hewlett-Packard more than a decade ago paid off in a big way after HP split into two entities in late 2015.
The track record: The longest-tenured stock fund in the Kip 25, D&C is often out of sync with the market. But its long-term record is solid, and the fund clocked the market over the past year.

FIDELITY NEW MILLENNIUM

The focus: Fast-growing firms that will benefit from technological changes and demographic trends, among other things.
The process: John Roth can invest in firms of all sizes (the fund has 53% of its assets in large caps; the rest is in small and midsize firms). He is more sensitive to a stock's valuation than most growth managers.
The track record: A contrarian bet on energy stocks in late 2014 and 2015 has finally paid off. Since Roth took the helm in mid 2006, New Millennium has returned an annualized 8.8%, beating the S&P 500 by an average of 0.6 percentage point per year.

MAIRS & POWER GROWTH

The focus: Firms based in the Upper Midwest, where the fund company

is based. The managers believe proximity gives them an edge.
The process: Mark Henneman and Andrew Adams like companies with durable competitive advantages. And they tend to be long-term holders. Toro, a Bloomington, Minn., landscaping-equipment firm, has been in the fund since 1993. Over the past year, the stock soared 53%.
The track record: The fund lagged over the past year, but its long-term record is superb.

T. ROWE PRICE BLUE CHIP GROWTH
The focus: Fast-growing companies with good long-term prospects.
The process: Manager Larry Puglia invests in 125 to 140 large and midsize firms with above-average, sustainable earnings growth, strong free cash flow (cash profits after capital outlays) and executives who reinvest in the company wisely.
The track record: The ride can be bumpy—the fund crushed the S&P 500 in 2015, lagged badly last year and soared nearly 9% in the first two months of 2017.

T. ROWE PRICE DIVIDEND GROWTH
The focus: Large firms with the capacity to raise dividends in the future.
The process: Manager Tom Huber seeks sturdy companies that dominate their businesses. JPMorgan Chase, Microsoft and UnitedHealth Group are top holdings. The fund yields 2.5%.
The track record: Since Huber took over in March 2000, Dividend Growth has earned 7.0% annualized, destroying the S&P 500 by an average of 2.2 percentage points per year.

T. ROWE PRICE VALUE
The focus: Large-cap and mid-cap stocks trading at discounted prices.
The process: When a high-quality company hits a bump—say, a controversy that drags the stock down—you can bet that manager Mark Finn will look at it closely. If he can identify a catalyst for a turnaround and if the business trades at a discount to Finn's assessment of its true value, he buys. Finn added to his position in Wells Fargo last year after news broke about its questionable sales practices.
The track record: Since Finn took over at the start of 2010, the fund has returned 13.2% annualized, lagging the S&P 500 slightly but handily beating the average large-cap value fund.

VANGUARD EQUITY-INCOME
The focus: Large companies with above-average dividend yields.
The process: Two shops run this fund. Wellington Management's Michael Reckmeyer, who controls two-thirds of the fund's assets, picks 60 to 70 firms that can sustain their dividend and raise it over time. Vanguard's quantitative equity team holds about 100 stocks that have four key growth characteristics, including consistent earnings growth and a healthy balance sheet. A final test homes in on

Two Stock Funds

Why We Like the Newcomers

Less is more, as architect Ludwig Mies van der Rohe famously said. In that vein, we're replacing only two funds in the Kiplinger 25 this year. That compares with three or four in a typical year and is much less than the seven funds we swapped out a year ago.

PRIMECAP ODYSSEY GROWTH (SYMBOL POGRX) replaces Akre Focus (AKREX). We admire lead manager Chuck Akre, but his fund's high annual fee of 1.34% has always bothered us. Odyssey Growth charges a below-average 0.66% per year. On top of that, it has an outstanding record. The fund invests in midsize and large companies that are expanding at above-average rates and trade at favorable share prices. Over the past decade, Odyssey Growth lagged Standard & Poor's 500-stock index in just three calendar years (and one could argue that 2007 was a draw).

The fund has five managers: Theo Kolokotrones, Joel Fried, Alfred Mordecai, M. Mohsin Ansari and James Marchetti. Each has a chunk of his own money invested in the portfolio, and each one manages his own piece of the fund's assets. They all look for a catalyst—the introduction of a new product, a restructuring or the arrival of new executives, for example—that they think will push a stock higher over the next three to five years. Health care and technology dominate the fund: Biotech firm Seattle Genetics, Eli Lilly and American Airlines are its top three holdings. Over the past year, the fund beat 98% of its peers (funds that invest in large, growing companies) and the S&P 500, with a 29.6% gain.

T. ROWE PRICE INTERNATIONAL DISCOVERY (PRIDX) replaces Matthews Asian Growth & Income (MACSX). Asia remains promising, but we think a more diversified approach may better suit the Kiplinger 25 and our readers. So how about investing in a fund that bets on small firms around the world? Enter International Discovery, which holds about 250 small and midsize companies in developed nations (80% of assets) and emerging countries.

Some may wonder why we're adding yet another Price fund. But Justin Thomson, the fund's longtime, London-based manager, brings an independent presence to the lineup. With the help of analysts located in Japan, Hong Kong and Europe, he looks for fast-growing firms with market values of $500 million to $5 billion at the time of purchase. "The trick is to buy early in their lifecycles, before they're recognized by the rest of the market," says Thomson. That usually means they're relatively inexpensive, too.

Thomson often holds stocks for long periods. He bought Chinese internet firm Tencent about 10 years ago when its market value was $2 billion. He sold in 2016 when its market value topped $130 billion. Over the past five years, International Discovery returned 9.9% annualized, compared with 5.5% a year for an MSCI index that tracks small- and mid-cap foreign stocks. The fund charges a below-average annual fee of 1.20%.

share prices relative to various measures of value. The fund yields 2.8%.
The track record: Since mid 2007, when the current management arrangement was put in place, Equity-Income has edged the S&P 500 with an annualized return of 8.3%.

SMALL AND MIDSIZE U.S. STOCK FUNDS

HOMESTEAD SMALL-COMPANY STOCK

The focus: Off-the-radar, small-cap stocks in the U.S. that the fund can hold for long periods.
The process: Mark Ashton and Prabha Carpenter travel to far-flung corners of the country to find companies that generate a lot of cash and are run by shareholder-friendly executives.
The track record: The one-year return is disappointing, but over the past decade Homestead handily beat the Russell 2000 index, which tracks small-cap stocks.

PARNASSUS MID CAP

The focus: Midsize firms that pass environmental, social and governance screens. The fund won't invest in companies that sell tobacco, liquor or weapons, among other things.
The process: Matt Gershuny and Lori Keith favor businesses that offer a product or service that's in demand or companies that dominate their industry. The managers must conclude that a company's intrinsic value—their estimate of its true worth—can increase, on average, by at least high-single-digit percentages annually over the next three years.
The track record: Over the past three years, Parnassus has beaten the typical mid-cap fund by an average of 3.6 percentage points per year.

T. ROWE PRICE QM U.S. SMALL-CAP GROWTH EQUITY

The focus: High-quality, highly profitable companies with stocks that trade at discounted prices.
The process: The *QM* stands for *quantitative management,* which means that computer models guide the stock picking. The strategy pinpoints small, growing companies that have consistent earnings, strong balance sheets and shares that trade at favorable prices in relation to cash flow.
The track record: Since Sudhir Nanda became manager in 2006, the fund has outpaced its peers and its benchmark, the Russell 2000 Growth index.

T. ROWE PRICE SMALL CAP VALUE

The focus: Cheap, unloved or undiscovered small-company stocks.
The process: Manager David Wagner favors firms run by managers who are shareholder-oriented. The fund is big, with $9.5 billion in assets. But Wagner manages to skew small: Holdings in the 300-stock portfolio have an average market value of $1.8 billion, which is less than the $2.9 billion average of the typical small-company fund.
The track record: After a rough 2014 and 2015, the fund has been on a roll lately.

FOREIGN STOCK FUNDS

BARON EMERGING MARKETS

The focus: Midsize to large companies in developing countries.
The process: Michael Kass focuses on companies with above-average growth and competitive advantages. China, India, Taiwan and Brazil are the fund's biggest stakes, by country.
The track record: Since Kass took over in early 2011, the fund has gained 3.1% annualized, compared with a 0.9% loss for the MSCI Emerging Markets index.

FIDELITY INTERNATIONAL GROWTH

The focus: Fast-growing companies, mostly in developed countries.
The process: The ideal firm, says manager Jed Weiss, is a tough competitor that can maintain or even raise prices when the economy turns against it. Weiss likes to buy when stocks are cheap. He's currently bargain-hunting in Turkey, at a time when most managers are staying away.
The track record: Since Weiss launched the fund in 2007, it has returned a *blah* 2.3% annualized. Still, that compares favorably with the 0.3% loss in the EAFE Growth index, which tracks fast-growing firms in developed markets.

FMI INTERNATIONAL

The focus: A small portfolio (currently 35 stocks) invested in developed foreign markets.
The process: As a rule, the fund's nine managers protect their foreign holdings from the effects of currency swings. They like high-quality large and mid caps with solid growth and shares that trade at attractive prices. One of its top holdings, U.K. industrial firm Smiths Group, jumped 53% over the past 12 months.
The track record: It has been a rousing five-year stretch for FMI, which beat 99% of large-cap developed-markets funds over that period.

Active and Index

MIX IT UP

In recent years, money has been rushing out of actively managed stock funds and finding its way into index funds, especially those that mimic Standard & Poor's 500-stock index. But passive investment strategies don't always win. In fact, there is a cycle, a "to and fro," in the relative performance of actively managed funds and index funds, says Scott Opsal, director of research at the Leuthold Group. In view of this constant shifting, it may be smart to own a combination of index funds and low-fee, actively managed funds. "Each style will have its day in the sun, so balance your exposure between both," says Opsal.

When you assemble your portfolio, start with two or three stock-index funds, then complement them with actively managed funds from the Kiplinger 25 (see "Index Everything? Not So Fast," March). Mutual fund investors should consider **FIDELITY TOTAL MARKET INDEX** (FSTMX) for U.S. stocks. For foreign stocks, use **VANGUARD TOTAL INTERNATIONAL STOCK INDEX** (VGTSX) and **FIDELITY EMERGING MARKETS INDEX** (FPEMX).

SPECIALIZED/ GO-ANYWHERE FUNDS

VANGUARD HEALTH CARE

The focus: Companies that can cash in on the long-term growth in health care spending and medical innovation.
The process: Manager Jean Hynes looks for newcomers that are at the forefront of innovative drug-development techniques and older firms that have adapted quickly to new technologies.
The track record: Although the fund posted a double-digit gain over the past year, it's hard to sugarcoat disappointing results. Hurt by too big a stake in drug stocks, Vanguard Health Care trailed the average health fund by 6.4 percentage points.

VANGUARD WELLINGTON

The focus: Income and growth generated by a balanced portfolio that keeps 60% to 70% of its assets in stocks and the rest in high-quality bonds.
The process: Wellington Management runs this fund. Ed Bousa, who has picked stocks for the fund since 2003, focuses on dividend payers. A trio of fixed-income managers fill the bond side of the portfolio with investment-grade debt. The fund, which yields 2.4%, is available to new investors only if purchased directly from Vanguard.
The track record: A fund with one-third of its assets in bonds will never keep

PUTTING THE KIPLINGER 25 TO WORK

Reach Your Goals With These Plans

We don't expect anyone to use every fund in the Kiplinger 25 to build a portfolio. And we encourage you to combine the actively managed funds on our list with solid, low-cost index funds (see the box on page 54). These three portfolios, each containing seven funds, are designed to serve as a starting point. Ratchet down the stock allocation a bit if you have a low tolerance for risk or if you're feeling nervous about the market these days, or kick it up if you're feeling frisky and can withstand a large amount of short-term volatility.

For Retirement

TIME HORIZON: 11 years or more
STRATEGY: The most-aggressive portfolio, this package has 85% in stocks and 15% in bonds.

Aggressive Portfolio

Mutual fund	% of portfolio
Primecap Odyssey Growth	20%
Vanguard Equity-Income	20
Parnassus Mid Cap	15
Pimco Income D	15
T. Rowe Price Small-Cap Value	15
FMI International	10
T. Rowe Price International Discovery	5

For College

TIME HORIZON: Six to 10 years
STRATEGY: This portfolio, which is designed for medium-term goals, has 65% in stocks and 35% in bonds.

Moderate Portfolio

Mutual fund	% of portfolio
Vanguard Equity-Income	20%
FMI International	15
Homestead Small-Company Stock	15
Met West Total Return Bond M	15
Pimco Income D	15
Primecap Odyssey Growth	15
Vanguard High-Yield Corporate	5

For Income

TIME HORIZON: Five years or less
STRATEGY: Designed for conservative investors, this package holds 70% of its assets in bond funds. It yields 3.3%.

Conservative Portfolio

Mutual fund	% of portfolio
DoubleLine Total Return Bond N	20%
Pimco Income D	20
T. Rowe Price Dividend Growth	15
Vanguard Equity-Income	15
Fidelity New Markets Income	10
Vanguard High-Yield Corporate	10
Vanguard Short-Term Inv Grade	10

up with pure stock funds in a powerful bull market. Since 2006, when Bousa and lead bond picker John Keogh were first paired, Wellington has returned 7.7% annualized, outpacing 96% of similar funds.

BOND FUNDS

DOUBLELINE TOTAL RETURN BOND

The focus: An intermediate-term bond fund that mostly holds mortgage-backed securities.
The process: Jeffrey Gundlach and Philip Barach balance government-guaranteed mortgage-backed securities with non-agency mortgage-backed securities. The former carry virtually no credit risk but will fall in value as interest rates rise. The latter come with more credit risk but relatively little interest-rate risk. The fund's average duration, a measure of interest-rate sensitivity, is 4.1 years, implying that if rates were to rise by one percentage point, the fund would lose roughly 4% of its value. The fund yields 3.4%.
The track record: Total Return trailed the Bloomberg Barclays US Aggregate Bond index by a whisker over the past year. Since its inception in 2010, the fund has topped the Agg by almost three percentage points per year.

FIDELITY INTERMEDIATE MUNICIPAL INCOME

The focus: Bonds that pay tax-free interest income.
The process: Lead manager Mark Sommer and two comanagers search for value in muni sectors with stable finances, such as issuers of general obligation debt and health care revenue bonds. The only tax-free fund in the Kip 25, Intermediate Muni yields 1.9%, which is equivalent to 3.4% for someone in the highest federal tax bracket.
The track record: Donald Trump's election and its implications for higher inflation and lower income-tax rates led to a sell-off in muni bonds late last year. The Fidelity fund essentially matched its group over the past year.

FIDELITY NEW MARKETS INCOME

The focus: Bonds issued by governments and firms in developing nations.
The process: Longtime manager John Carlson currently holds 80% of the fund's assets in dollar-denominated debt, mostly in government bonds (about half of assets) but with a healthy slug in predominantly state-owned energy companies. With a yield of 5.9%, New Markets is the highest-paying fund in the Kip 25.
The track record: Our best-performing bond fund over the past year, New Markets beat 93% of its peers.

METROPOLITAN WEST TOTAL RETURN BOND

The focus: Medium-maturity, investment-grade bonds.
The process: With $78.1 billion in assets, this is the nation's biggest actively run bond fund. Its four managers have more than half of the fund's assets invested in fortress-strength bonds: Treasuries and mortgage bonds and bundles of student loans backed by the government. Another 20% is invested in investment-grade corporate bonds. The rest is in a mix of asset-backed securities not backed by Uncle Sam. The fund yields 1.9% and has an average duration of 5.6 years.
The track record: Met West squeaked past the Agg over the past year. Over the past five years, it beat 90% of taxable medium-maturity bond funds.

PIMCO INCOME D

The focus: Steady income generated by a variety of bond types.
The process: Dan Ivascyn and Alfred Murata divide the go-anywhere fund into two parts: One invests in high-yielding bonds, such as non-agency mortgage-backed securities and emerging-markets debt, that should perform well in a strong economy; the other holds high-quality debt, including Treasuries, that should rally in a weak economy. The fund yields 3.5%.
The track record: Income's double-digit one-year gain was notable. Even more impressive: In its nine full calendar years of existence, the fund has landed in the top 20% of multi-sector bond funds seven times.

VANGUARD HIGH-YIELD CORPORATE

The focus: Junk bonds (debt rated double-B or lower).
The process: Manager Michael Hong, who works for Wellington Management, tilts toward higher-quality junk and likes to buy and hold. Hong favors firms with stable free cash flow and strong balance sheets. "It's all about avoiding losers," he says. The fund yields 4.7%.
The track record: This fund often lags in strong markets, as was the case over the past year. But it shines when junk bonds are under pressure. Over the past 10 years, High-Yield Corporate landed in the top third of its group.

VANGUARD SHORT-TERM INVESTMENT-GRADE

The focus: A diversified blend of mostly short-maturity, high-quality bonds.
The process: Manager Gregory Nassour doesn't have much wiggle room to adjust maturities, so most of his tweaks involve the mix of bond types. These days, corporate bonds make up 62% of the fund's assets. The fund yields 1.9% and has a duration of 2.6 years.
The track record: Over the past year, Short-Term nearly doubled the returns of the Agg index. Over the past five years, it outperformed 84% of taxable, high-quality short-term bond funds. ■

Key Stats and More

EVERYTHING YOU NEED TO KNOW ABOUT THE KIP 25

Although your eyes are likely to land first on the performance figures, don't underestimate the importance of fees. No one can guarantee future results, but fees are one thing you can control. Only two of our picks—both foreign stock funds—charge more than 1% a year.

U.S. Stock Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Yield	Expense ratio	Biggest holdings
Dodge & Cox Stock	DODGX	38.1%	10.1%	15.9%	6.4%	1.2%	0.52%	Bank of America, Wells Fargo, Capital One
Fidelity New Millennium	FMILX	28.6	6.0	12.4	8.8	1.1	0.54	Bank of America, Williams Cos., Cisco Systems
Homestead Small-Company Stock	HSCSX	27.5	6.6	12.6	10.0	0.3	0.86	Dycom, Knight Transportation, Applied Industrial Technologies
Mairs & Power Growth	MPGFX	20.9	8.0	13.8	8.5	1.4	0.66	U.S. Bancorp, Ecolab, St. Jude Medical
Parnassus Mid Cap	PARMX	24.4	10.2	13.2	9.1	0.4	0.99	Motorola Solutions, Iron Mountain, Fiserv
T. Rowe Price Blue Chip Growth	TRBCX	22.6	8.8	14.6	9.4	0.1	0.75	Amazon.com, Alphabet, Facebook
T. Rowe Price Dividend Growth	PRDGX	21.5	10.2	13.5	7.9	2.5	0.64	JPMorgan Chase, Microsoft, UnitedHealth Group
T. Rowe Price QM US Sm-Cap Growth Eq	PRDSX	27.7	7.6	13.6	10.6	0.0	0.81	Burlington Stores, Vail Resorts, Toro
T. Rowe Price Small-Cap Value	PRSVX	36.8	7.5	12.4	7.9	0.9	0.80	Home Bancshares, Western Alliance Bancorp, East West Bancorp
T. Rowe Price Value	TRVLX	23.7	8.6	14.3	7.3	1.6	0.82	JPMorgan Chase, Tyson Foods, Philip Morris International
NEW▶ Primecap Odyssey Growth	POGRX	29.6	9.8	16.0	9.5	0.5	0.66	Seattle Genetics, Eli Lilly, American Airlines Group
Vanguard Equity-Income	VEIPX	23.5	10.4	13.5	7.9	2.8	0.26	Microsoft, JPMorgan Chase, Wells Fargo

Foreign Stock Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Yield	Expense ratio	Biggest holdings
Baron Emerging Markets	BEXFX	21.6%	0.6%	4.8%	—	0.1%	1.45%	Alibaba Group, Samsung Electronics, Tencent Holdings
Fidelity International Growth	FIGFX	11.3	1.2	6.2	—	0.1	0.98	Nestlé, Anheuser-Busch InBev, Roche Holdings
FMI International	FMIJX	16.4	7.0	11.0	—	2.9	0.94	Accenture, Schlumberger, Adecco
NEW▶ T. Rowe Price International Discovery	PRIDX	16.9	4.5	9.9	5.4%	0.7	1.20	MercadoLibre, Axiare Patrimonio Socim, Nippon Seiki

Specialized/Go-Anywhere Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Yield	Expense ratio	Biggest holdings
Vanguard Health Care	VGHCX	12.3%	9.3%	18.1%	11.1%	1.1%	0.36%	Allergan, Bristol-Myers Squibb, UnitedHealth Group
Vanguard Wellington‡	VWELX	18.6	7.6	10.0	7.3	2.4	0.26	Microsoft, JPMorgan Chase, Chevron

Bond Funds	Symbol	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Yield	Expense ratio	Avg. credit quality	Avg. duration (years)	Biggest sector weighting
DoubleLine Total Return Bond N	DLTNX	1.1%	2.8%	3.4%	—	3.4%	0.72%	A	4.1	Mortgage-backed securities (51%)
Fidelity Intermediate Municipal Income	FLTMX	–0.1	2.4	2.3	3.6%	1.9	0.36	A	5.0	General obligation municipals (41%)
Fidelity New Markets Income	FNMIX	18.7	7.0	5.7	7.6	5.9	0.86	B	5.9	Foreign government bonds (57%)
Metropolitan West Total Return Bond M	MWTRX	1.5	2.3	3.5	5.6	1.9	0.67	AA	5.6	Mortgage-backed securities (37%)
Pimco Income D	PONDX	10.8	5.6	8.1	—	3.5	0.79	BBB+	3.6	U.S. government bonds (58%)
Vanguard High-Yield Corporate	VWEHX	14.5	4.6	6.0	6.3	4.7	0.23	B	4.4	Corporate bonds (97%)
Vanguard Short-Term Investment-Grade	VFSTX	2.7	1.8	2.0	3.2	1.9	0.20	A	2.6	Corporate bonds (62%)

Indexes	Annualized total return 1 yr.	3 yrs.	5 yrs.	10 yrs.	Yield	Biggest holdings
S&P 500-STOCK INDEX	**25.0%**	**10.6%**	**14.0%**	**7.6%**	**2.0%**	Apple, Alphabet, Microsoft
RUSSELL 2000 INDEX*	**36.1**	**6.9**	**12.9**	**7.2**	**1.4**	Advanced Micro Devices, Microsemi, Bank of Ozarks
MSCI EAFE INDEX†	**15.8**	**–0.6**	**5.2**	**1.0**	**3.1**	Nestlé, Novartis, Roche Holdings
MSCI EMERGING MARKETS INDEX	**29.5**	**1.4**	**–0.4**	**2.9**	**2.5**	Samsung Electronics, Tencent Holdings, Taiwan Semiconductor
BLOOMBERG BARCLAYS AGGREGATE BOND INDEX#	**1.4**	**2.6**	**2.2**	**4.3**	**2.6**	U.S. Treasuries, Fannie Maes, Ginnie Maes

Through February 28. ‡Open to new investors if purchased directly through Vanguard. *Small-company U.S. stocks. †Foreign stocks. #High-grade U.S. bonds. —Fund not in existence for the entire period. SOURCES: Bloomberg, FTSE Russell, Fund companies, Kiplinger research, Morningstar, MSCI.

STOCKS

7 Great All-American Stocks

These companies do most of their business at home and stand to benefit from the Trump administration's initiatives. BY TOM PETRUNO

SINCE PRESIDENT DONALD TRUMP'S surprise victory in November, Wall Street has been scrambling to identify businesses that have the most to gain under the new administration. The stock market's broad advance to record highs suggests that investors saw winners almost everywhere they looked. But as Trump's "America First" themes translate into actual policies, it should become clearer which companies could be the biggest beneficiaries.

We went hunting for potential America First stocks, using several criteria. To start, we wanted companies that derive the vast majority of their sales domestically and stand to do well if Trump makes good on his promise to sharply boost U.S. economic growth.

Then we looked for businesses that would benefit from specific Trump themes—for example, ramping up job creation and stoking wage growth, which could spur consumer spending; increasing outlays for infrastructure projects; and promoting U.S. exports. Other considerations included Trump's pledge to cut corporate tax rates and his vow to eliminate what he considers excessive business regulation.

We came up with seven companies that we think qualify as great America First investment ideas. Three major caveats: First, there's no guarantee that Trump's policies will emerge as promised. Second, even if they do, there's no assurance that they will work as touted—unintended consequences could turn some likely business winners into stunned losers. Third, record-high stock prices may already reflect much of any bump in the profitability of America First companies.

That said, here are our seven picks (share prices are as of February 28; for more data, see the table on page 60).

1 BANK OF AMERICA (SYMBOL BAC, $25) BofA may actually be the closest thing to "America's bank." With $2.2 trillion in assets, it is second in size only to JPMorgan Chase (JPM). But unlike its biggest rivals, BofA is mostly a homebody: 88% of its revenue comes from U.S. operations, including credit cards, small-business loans and its Merrill Lynch brokerage subsidiary.

BofA nearly collapsed during the 2008–09 financial crisis, but it was saved by the government's massive bank-bailout program (the company has repaid Uncle Sam). BofA remade itself by jettisoning bad mortgages, slashing costs and refocusing on its basic businesses. Customers stuck with it: BofA's deposits have surged to $1.26 trillion, from $805 billion in 2007.

Now earnings are rebounding at a healthy pace. Profits rose by 14% in 2016, and analysts on average expect a 16% gain in 2017. Key to the outlook is the assumption that the Federal Reserve will continue to slowly raise short-term interest rates, allowing BofA (and other banks) to boost earnings by hiking the rates it charges for loans faster than the rates it pays on deposits. Given its dependence on the U.S. economy, the bank could also gain from any Trump policies that speed growth and lessen financial regulation. Brokerage Keefe, Bruyette & Woods says that overall, Bank of America has "the best earnings trajectory of its peers."

2 CINTAS (CTAS, $118) Should the job market get the kind of boost Trump has promised, Cintas could be a major beneficiary. It's the largest provider of uniforms for businesses,

RETAILER HOME DEPOT SHOULD BENEFIT IF PRESIDENT TRUMP'S POLICIES BOOST JOB GROWTH AND WAGES.

with 25% of the U.S. market in industries such as hotels, casinos, foodservice firms and manufacturers. Cintas's market share will grow to 31% when it completes a $2.2 billion deal to buy rival G&K Services (GK) this year. About 90% of Cintas's business is domestic. Even in the sluggish economy of the past seven years, the firm shone. Analysts expect sales in the fiscal year that ends this May to reach $5.2 billion (excluding G&K's revenues), up from $3.5 billion in fiscal 2010. They see earnings of $4.60 per share in the current year, compared with $1.40 in 2010.

Besides its main business of renting (and cleaning) uniforms, Cintas has added other fee-producing services, such as providing first-aid supplies to clients on its routes. Brokerage Robert W. Baird says the purchase of G&K will give Cintas "unprecedented scale" as well as cost-saving opportunities, and Baird expects annual percentage earnings growth in the "high teens" through 2020. Cintas also boasts a strong balance sheet and has raised its dividend for 33 straight years. It did so even during the 2007–09 recession, despite a temporary profit slump.

3 HERSHEY (HSY, $108) If Trump's centerpiece idea is to strengthen U.S. manufacturing, Hershey could be the litmus test. The company's chocolate is as American as a brand can be, holding 46% of the U.S. market. And Hershey still does a huge portion of its production in its namesake Pennsylvania town, where Milton Hershey set up shop in the early 1900s. In 2016, the firm racked up $7.4 billion in sales, 83% in the U.S. and Canada. Its brands extend well beyond chocolate, including Bubble Yum, Good & Plenty, Jolly Rancher and Twizzlers.

COURTESY HOME DEPOT

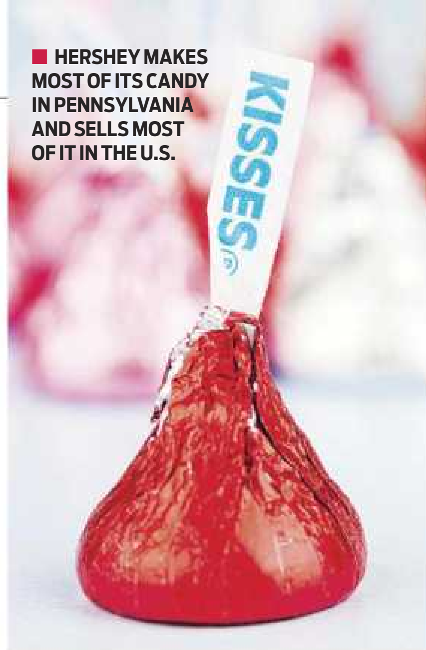
Food rival Mondelez International (MDLZ) highlighted the value of Hershey's pantry last summer by offering to buy the company for $107 per share, or $23 billion. The bid was rejected by the philanthropy that Milton Hershey set up to hold 80% of the voting power of the company's stock. Hershey could argue that it does very well alone: The company gets high marks for generating strong shareholder returns over the past 10 years. And new CEO Michelle Buck took over on March 1 with a promise to cut at least $100 million in costs in each of the next three years to further bolster profits. The cuts could also free up cash for new-product development and growth overseas. Any Trump lift to the economy could be extra sauce on the sundae for Hershey.

4 HOME DEPOT (HD, $145) The retailer's earnings and stock price have had phenomenal runs as the U.S. housing market has recovered from the plunge that began in 2006. And the nation's largest home-improvement retailer remains in great shape to benefit if Trump's policies boost domestic job growth and wages, providing Americans with more to spend on their abodes. About 90% of the firm's $95 billion in annual sales are made in the U.S., with the rest in Canada and Mexico. To its credit, Home Depot's leadership ended a foray into China in 2012, after Chinese consumers rejected the do-it-yourself improvement concept.

Since then, Home Depot has focused heavily on improving efficiency in its U.S. operations, helping to drive profits to record levels. The company earned $6.45 per share in the fiscal year that ended January 31, up 18% from the previous year. Wall Street expects profits to rise by 12% in the year that ends next January. Even if higher mortgage rates slow home construction somewhat, Home Depot derives 65% of sales from home-maintenance spending, compared with 35% from new building, according to research firm Morningstar. Also, aging housing stock coupled with aging baby boomers should provide a "solid demographic driver" of home-improvement sales long term, CFRA Research says.

5 **MARTIN MARIETTA** (MLM, $216) This could be the ultimate Trump stock. The company is the second-largest U.S. producer of "aggregates"—the cement, asphalt, sand and other raw materials used in construction. Nearly all of Martin Marietta's 2016 net sales of $3.6 billion were made in the U.S. The firm has been riding high for the past four years as demand from infrastructure projects has surged. Earnings per share reached $6.63 in 2016, up from $1.83 in 2012. The stock has doubled since February 2016.

The question now is whether growth can remain stellar far enough into the future to justify a higher share price. The controversial U.S.–Mexico border wall would be one source of demand. But bulls are also betting that Trump is serious about funding a huge new program to fix roads, bridges, airports and other infrastructure. That could mean a long growth streak for Martin Marietta. One project already under way: Congress in 2015 funded a jump in highway construction through 2020. If Trump and Congress agree on much more of the same, Martin Marietta should win big. The company last



■ HERSHEY MAKES MOST OF ITS CANDY IN PENNSYLVANIA AND SELLS MOST OF IT IN THE U.S.

year raised its dividend for the first time since 2008 and pledged a "return to consistent dividend growth."

6 **MASCO CORP.** (MAS, $34) Like Home Depot, Masco is a bet that Trump will find a way to get more money into the pockets of American consumers. Masco is a major producer of home-improvement and building products, so it should benefit from policies that underpin economic growth and lift incomes. Masco's Behr house-paint line is the number-one brand for do-it-yourselfers, with 28% of the market. The company is also a leader in plumbing products, under the Delta, Peerless, Hansgrohe and other brand names; cabinetry (KraftMaid, Merillat); and windows (Milgard). Some 79% of sales are domestic.

A big part of Masco's appeal lies in a corporate overhaul undertaken in 2014, says Morningstar. New leadership has built a "stronger and more consistent" business by cutting costs, focusing on the company's most profitable lines and expanding sales of Behr paint to professional painters, Morningstar says. Excluding one-time items, profits surged by 27% in 2016, to $1.51 per share, as sales rose 3%, to $7.4 billion. Analysts expect earnings to rise 23% in 2017 and 12% in 2018, further strengthening the firm's already-solid balance sheet.

7 **RAYTHEON** (RTN, $154) Trump's America First plan has two pieces that are bullish for defense contractor Raytheon: a pledge to pump up U.S. military outlays and a promise to boost U.S. exports. Raytheon faced four years of slowly declining revenue from 2011 through 2014 amid Pentagon cutbacks. But a turnaround began in 2015, and Trump and Congress are expected to feed the recovery by increasing defense spending, including for such Raytheon specialties as missiles, electronics, radar and cybersecurity. With foreign business accounting for 30% of its sales, Raytheon isn't as pure of an America First play as the other companies on this list. But brokerage RBC Capital says that the company should benefit from continued "intense demand" from foreign governments for its missiles and anti-missile systems.

In 2016, Raytheon's earnings rose 10.2%, to $7.44 per share, as sales edged up 3.5%, to $24.1 billion. Analysts expect flat earnings in 2017, but they see profits rising to a record $8.30 per share in 2018, due in part to Raytheon's order backlog of nearly $37 billion. What's more, RBC notes, Raytheon has a long history of rewarding shareholders with dividend increases and stock buybacks, which should continue thanks to the company's healthy finances. ■

America First

HOME IN ON THESE STAY-AT-HOME STOCKS

Only one of our choices trades for less than the overall stock market's price-earnings ratio of 17. But none of the stocks carry outrageously high P/Es, and all pay dividends.

Company	Symbol	Share price	Market value (billions)	Revenue (billions)*	% of revenue from U.S.	Price-earnings ratio†	Dividend yield
Bank of America	BAC	$25	$246.7	$91.5	88%	14	1.2%
Cintas	CTAS	118	12.4	5.1	90	26	0.9
Hershey	HSY	108	16.5	7.4	83	23	2.3
Home Depot	HD	145	176.5	94.6	90	20	2.5
Martin Marietta	MLM	216	13.6	3.6	99	26	0.8
Masco Corp.	MAS	34	10.8	7.4	79	18	1.2
Raytheon	RTN	154	45.2	24.1	69	21	1.9

Through February 28. *Based on revenue for the past 12 months. †Based on estimated earnings for the next four quarters.
SOURCES: Yahoo, Zacks Investment Research.

ISTOCKPHOTO.COM

KATHY KRISTOF | Practical Investing

Can This Fallen Biotech Be Revived?

When I picked up 150 shares of **GILEAD SCIENCES (SYMBOL GILD)** a little over a year ago, investors were slamming the stock because of concerns about increased competition in the hepatitis-drug market and a decline in the number of patients needing such medications. I figured that the stock was cheap, already reflected all of the bad news and was due for a recovery. I couldn't have been more wrong.

I wasn't alone. Bullish analysts had drastically underestimated the depth and speed of the sales slump, and Gilead continued to fall steadily after I invested. It closed at $70 on February 28, down 22% from my purchase price of $90.81 and off a whopping 43% from the record high of $123, set in June 2015.

Because I was getting ready to do my taxes, I started to think that I should dump the stock and claim the loss next year when I file my 2017 return. But just as I was about to sign in to my brokerage account, my phone rang. Then the dogs started pleading to be walked. I began contemplating a new dance class my gym was offering. When it comes to my investments, procrastination may be what I do best.

And that might be a good thing. A few days later, Gilead's stock had bounced off its recent low, and I was having second thoughts about selling. My decision hinged on the answers to two questions: At the current price, would I invest in Gilead today? And if I did sell, what would I do with the proceeds?

If Gilead fails to come up with new blockbusters, sales and profits could fall even further. But at today's share price, I'd still be tempted to buy.

The hepatitis problem. To answer the first question, let's take a look at Gilead's business. The biotechnology giant makes drugs to treat hepatitis, HIV, cancer and other illnesses. Two drugs that treat hepatitis C—Sovaldi and Harvoni—have accounted for the bulk of Gilead's revenues in recent years. But sales of those drugs plunged in 2016, and Gilead said in February that the decline is likely to accelerate in 2017. Why? The drugs actually cure hepatitis C with relatively few side effects. That helps explain Gilead's explosive sales growth in the first few years following the introduction of Sovaldi in 2013 and Harvoni a year later.

But what's good for patients has not been good for shareholders. There aren't enough new hepatitis sufferers to take the place of those who've been cured. The reason? Hepatitis C is a virus that was typically spread in hospitals through blood transfusions and organ transplants and often went undetected for decades. Blood banks started screening for this silent killer, as well as for HIV, in the 1990s, dramatically cutting the chance of contracting the diseases via medical procedures. Thus, although more than 3 million people are believed to have hepatitis C, fewer new cases are being reported. As a result, Gilead's sales, which topped $32 billion in 2015 ($19 billion from Harvoni and Sovaldi), sank to $30 billion in 2016 and could fall to $22 billion this year.

But I'm not giving up. Based on Gilead's own forecasts, I reckon that, at worst, the firm will earn $5.90 a share in 2017, down from $9.94 in 2016. At today's price, the shares trade at just 12 times that figure (compared with a price-earnings ratio of 18 for the overall stock market). Earnings easily support the $2.08 per share annual dividend, which gives the stock a generous 3.0% yield. Gilead also has a strong balance sheet, with $32 billion in cash and securities that officials say is earmarked for acquisitions. If Gilead fails to come up with new blockbusters—either by buying them or by creating them in its own labs—sales and profits could fall further in 2018. But the stock is so cheap, I'd still be tempted to buy.

As for the second question—what to do with the proceeds if I sell Gilead—I already have $51,000 sitting in cash in the Practical Portfolio because I'm having trouble finding well-priced stocks. Until I find something better, I'm holding on to my battered Gilead shares. ■

KATHY KRISTOF IS A CONTRIBUTING EDITOR TO *KIPLINGER'S PERSONAL FINANCE* AND AUTHOR OF THE BOOK *INVESTING 101*. YOU CAN SEE HER PORTFOLIO AT KIPLINGER.COM/LINKS/PRACTICALPORTFOLIO.

LISE METZGER

JEFFREY R. KOSNETT | Income Investing

What I'm Telling Worried Readers

This column and *Kiplinger's Investing for Income,* the monthly newsletter over which I preside, attract many comments and queries. This month I will address questions from readers, many of whom are skittish about the ascension of Donald Trump to the presidency and the stock market's ebullient early reaction to the new administration.

Sometimes I'm asked about a specific stock or fund, but lately I've been getting more inquiries about big-picture matters. How to handle the threat of escalating interest rates is a common topic. Another is whether it's time to back off from utility stocks, real estate investment trusts, master limited partnerships and other popular antidotes to low savings yields. Then come questions that boil down to whether Trump's penchant for confrontation will destabilize markets.

Even big-picture questions are often couched in practical terms. One worried reader wondered if he should stop reinvesting the tens of thousands of dollars' worth of dividends he collects every year into more shares and use the payouts to build a ladder of certificates of deposit. (My answer: Go ahead. That's a clever way to trim your stock allocation without selling shares and creating a tax liability.) Another reader asked if he ought to leave $120,000 he'll need in six months in a checking account or chase a higher return. (My reply: Put the cash in an insured online savings account. With so little time before you need the money, you can't afford big losses should your quest for a higher return misfire.) Here are my thoughts on a few other issues to consider as Trump's agenda takes shape.

First, interest rates. Kiplinger's official forecast calls for the yield on 10-year Treasury bonds, recently 2.4%, to reach 3.0% by year-end. I think there's a good chance that the yield on the benchmark bond won't climb that high. The rise in yields that started last summer got an extra charge after Election Day as investors concluded that an all-Republican government would deliver tax cuts and a massive infrastructure spending program that would goose growth…and inflation. I wouldn't count on legislation emerging quickly or on a spending program being as large as some expect it to be.

Watch for a return to the same kinds of high-yielding stocks that excelled in 2015 and 2016, such as AT&T.

Fed restraint. As for short-term rates, the Fed has said it expects to hike them three times in 2017. Even if it does, I don't expect long-term rates to rise sharply. So hang on to your bonds, Ginnie Mae funds and real estate investment trusts that own mortgages.

Turning to stocks, the same expectations that resulted in higher bond yields have also pushed up share prices since Election Day. Shares of firms involved in construction and heavy industry, such as Cummins (symbol CMI) and U.S. Steel (X), have been especially strong. The hope is that they will capitalize on Trump-sponsored mega-projects, such as massive highway and airport upgrades.

However, investor euphoria may collide with the real possibility that a deficit-constrained Congress may not appropriate gazillions for transportation and other projects. I'd watch for a rotation back to the same kinds of high-yielding stocks that excelled in 2015 and 2016. I continue to favor **AT&T (T, $42)**, which yields 4.7%. I'd also stay with property-owning REITs. Real estate companies are growth stocks that offer a potent hedge against inflation. A good way to own REITs is with **SCHWAB U.S. REIT (SCHH, $42)**, which yields 3.4% (see "The Kiplinger ETF 20 Update," March; prices and yields are as of February 28).

Financial markets have remained remarkably cool in the face of a seemingly endless stream of controversial actions from the new president. Investors are clearly less worried than headline writers. How long investors can remain so complacent is a mystery to me. But even in normal times it's impossible to time the markets, so there's no point in trying. Keep hugging those interest and dividend payments. ■

JEFF KOSNETT IS A SENIOR EDITOR AT *KIPLINGER'S PERSONAL FINANCE*.

LISE METZGER

FUND SPOTLIGHT

Not Your Average Utility Fund

This fund's veteran manager also invests in cable stocks and energy partnerships.

MAURA SHAUGHNESSY HAS SEEN PLENTY of ups and downs during her quarter-century tenure at the helm of **MFS UTILITIES**. Now, after a few years of so-so results, her fund is again among the leaders in its group.

Shaughnessy invests mostly in bargain-priced electricity, natural gas and water utilities, holding a mix of high-yielding stocks and stocks that pay less but, she expects, will deliver robust share-price gains. She also holds firms that tend to be underrepresented in utilities funds. MFS has nearly 20% of its assets in energy stocks—mostly master limited partnerships—and 15% in cable-TV operators, such as Comcast, and telecommunications companies.

Shaughnessy is far more willing than her rivals to go abroad. At last word, her fund had 30% of its assets in foreign stocks, compared with 11% for the average utility fund. That has hurt MFS's performance because U.S. stocks have done far better than foreign issues in recent years. But as a result, Shaughnessy says, she has never seen foreign utilities so cheap relative to their U.S. counterparts.

MFS Utilities has rewarded patient investors. It has been the top-performing utilities fund over the past 25 years, with a 10.9% annualized return. The fund's Class A shares, which yield 2.8%, normally levy a 5.75% sales charge, but you can buy them without a load at several online brokers. **RYAN ERMEY**

UTILITIES STOCK FUNDS Ranked by one-year returns

Rank/Name*	Symbol	Annualized total return through Feb. 28: 1 yr.	3 yrs.	5 yrs.	Yield	Max. sales charge	Exp. ratio	Toll-free number
1. Hennessy Gas Utility Inv	GASFX	21.2%	7.3%	11.7%	2.2%	none	1.01%	800-966-4354
2. ICON Utilities A	ICTVX	19.7	11.9	12.0	1.6	5.75%	1.75	800-764-0442
3. MFS Utilities A	MMUFX	19.5	3.1	8.1	2.8	5.75	0.99	800-225-2606
4. Prudential Jennison Utility A	PRUAX	19.0	6.8	12.1	2.3	5.50	0.85	800-225-1852
5. Fidelity Telecom and Utilities@	FIUIX	18.5	8.5	12.0	2.5	none	0.74	800-343-3548
6. Fidelity Select Utilities@	FSUTX	18.2	8.0	11.9	2.2	0.75r	0.78	800-343-3548
7. Gabelli Utilities AAA	GABUX	18.1	6.0	8.6	1.0	2.00r	1.39	800-422-3554
8. Fidelity Advisor Utilities A	FUGAX	17.6	7.6	11.6	1.8	5.75	1.12	800-343-3548
9. Rydex Utilities Inv	RYUIX	17.5	10.3	10.9	2.2	none	1.35	800-820-0888
10. Franklin Utilities A	FKUTX	17.3	10.9	12.0	2.6	4.25	0.73	800-632-2301
CATEGORY AVERAGE		16.6%	6.6%	9.7%				

20 LARGEST STOCK MUTUAL FUNDS Ranked by size

Rank/Name*	Symbol	Assets† (billions)	Annualized total return through Feb. 28: 1 yr.	3 yrs.	5 yrs.	Max. sales charge	Toll-free number
1. Vanguard Total Stock Market Idx Inv	VTSMX	$465.7	26.1%	9.7%	13.7%	none	800-635-1511
2. Vanguard Total Intl Stock Idx Inv	VGTSX	244.5	19.6	0.2	4.0	none	800-635-1511
3. Vanguard 500 Index Inv	VFINX	243.2	24.8	10.5	13.9	none	800-635-1511
4. American Growth Fund of America A	AGTHX	155.2	26.8	9.0	14.0	5.75%	800-421-0180
5. American EuroPacific Growth A	AEPGX	127.8	16.6	0.4	5.5	5.75	800-421-0180
6. Fidelity 500 Index Inv	FUSEX	116.6	24.9	10.5	13.9	none	800-343-3548
7. Fidelity Contrafund	FCNTX	107.4	20.2	8.2	13.0	none	800-343-3548
8. American Balanced A	ABALX	106.7	15.8	7.5	10.3	5.75	800-421-0180
9. American Income Fund of America A	AMECX	105.2	17.2	6.3	9.2	5.75	800-421-0180
10. American Capital Income Builder A	CAIBX	102.4	12.5	4.3	7.1	5.75	800-421-0180
11. Vanguard Wellington‡	VWELX	98.6	18.6	7.6	10.0	none	800-635-1511
12. American Washington Mutual A	AWSHX	90.0	23.9	9.4	13.1	5.75	800-421-0180
13. American Capital World Gro & Inc A	CWGIX	85.4	20.0	3.9	9.1	5.75	800-421-0180
14. American Fundamental Invs A	ANCFX	84.4	26.4	10.1	13.6	5.75	800-421-0180
15. American Invstmt Co of America A	AIVSX	84.1	25.0	9.4	13.4	5.75	800-421-0180
16. Franklin Income A	FKINX	83.2	23.4	3.6	7.3	4.25	800-632-2301
17. Vanguard Mid Cap Index Inv	VIMSX	64.6	25.9	8.4	13.2	none	800-635-1511
18. Dodge & Cox Stock@	DODGX	63.4	38.1	10.1	15.9	none	800-621-3979
19. American New Perspective A	ANWPX	63.3	19.0	5.3	10.2	5.75	800-421-0180
20. Vanguard Small Cap Index Inv	NAESX	56.8	31.8	7.3	13.3	none	800-635-1511
S&P 500-STOCK INDEX			25.0%	10.6%	14.0%		
MSCI EAFE INDEX			15.8%	−0.6%	5.2%		

*Unless otherwise indicated, funds come in multiple share classes; we list the share class that is best suited for individual investors. @Single share class. †For all share classes combined. ‡Open to new investors if purchased directly through Vanguard. rMaximum redemption fee. MSCI EAFE index consists of developed foreign stock markets. SOURCES: Morningstar Inc., Vanguard.

Kiplinger.com

RETURNS FOR THOUSANDS OF FUNDS ONLINE

Use our Mutual Fund Finder to get the latest data and see the top performers over one-, three- and five-year periods. Research a specific fund, or compare multiple funds based on style, performance and cost. And view details including volatility rank and turnover rate. To use this tool, go to kiplinger.com/tools/fundfinder.

EXPLANATION OF TERMS

Return means total return and 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.

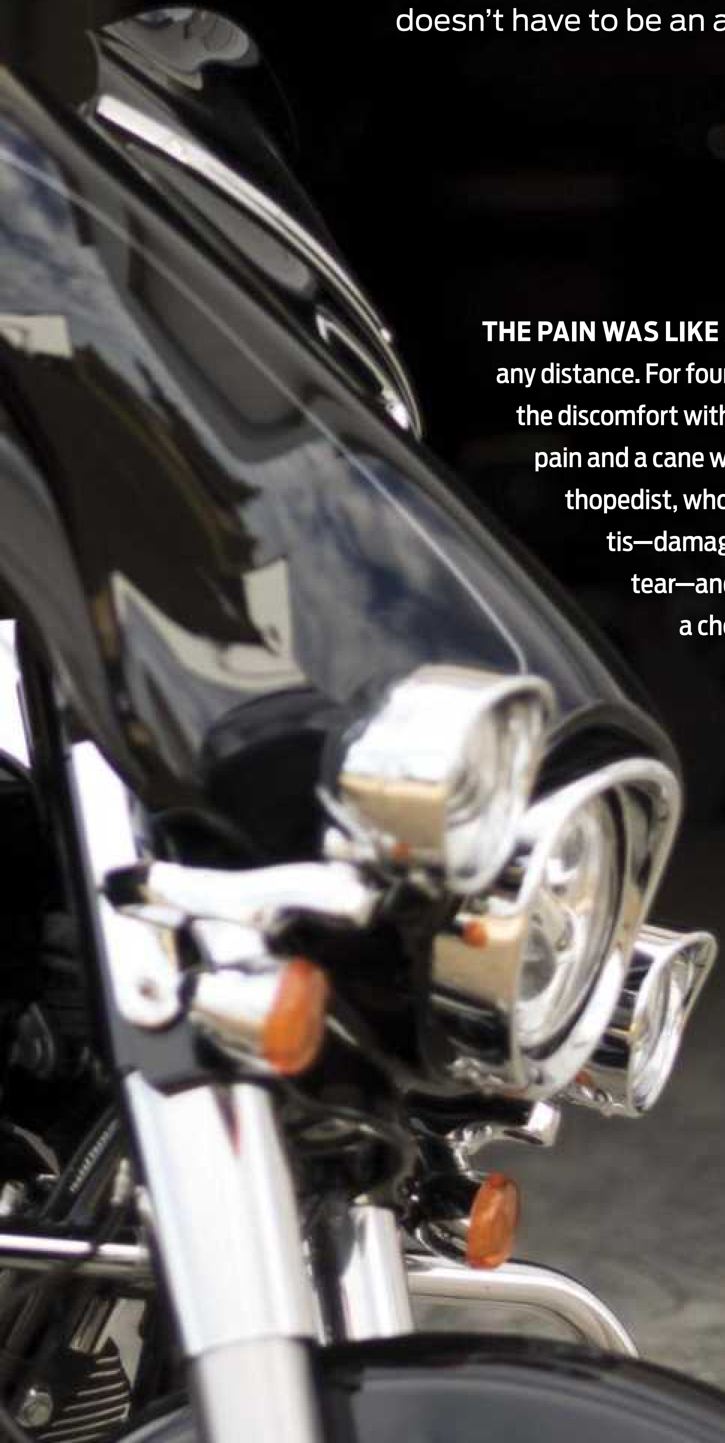
Boon

Dorry Felton Wallof is ready to hit the road after hip surgery last November.

ners Go Bionic

Surgery to replace a hip or knee can change your life—and it doesn't have to be an arduous process. **BY PATRICIA MERTZ ESSWEIN**

PHOTOGRAPH BY CHAD HOLDER



THE PAIN WAS LIKE A "HEADACHE" IN HER HIP WHENEVER SHE WALKED any distance. For four years, Dorry Felton Wallof of Cannon Falls, Minn., treated the discomfort with ibuprofen and carried on. By the summer of 2016, intense pain and a cane were her constant companions. // Wallof, 62, visited her orthopedist, who ordered an x-ray and concluded that she had osteoarthritis—damage to the joint and inflammation often caused by wear and tear—and needed hip replacement. She asked her doctor if she had a choice. "He said, 'Not unless you want to keep living like this,' and I said, 'No, I want my life back.' " // Wallof underwent surgery in early November at a local hospital affiliated with the Mayo Clinic system and "never looked back," she says. Her recovery was quick and uneventful. By January, she and her husband, Jeff, had returned to riding their snowmobiles (gingerly, on her part), and by spring, she was raring to hit the road on her Harley-Davidson.

HOW THE SURGERY WORKS

Joint replacement—known as arthroplasty—is one of the most common operations in the U.S. and the most common among patients covered by Medicare. About a million such surgeries are performed annually, and the number will rise significantly as boomers grow older and live longer. Increasing numbers of younger people need the surgery, too, because of obesity and injuries from athletic activity.

Arthroplasty was introduced in the 1960s, and the basic strategy remains the same: An orthopedic surgeon removes damaged bone and cartilage from the joint and installs prosthetic components made of metal, ceramic and plastic to create a smooth-running, durable joint.

Knee replacement involves resurfacing the knee's components: the lower end of the thigh bone (the femur), the upper end of the shinbone (the tibia), and the kneecap (the patella). In a normal joint, the ends of these bones are covered with cartilage to protect them and allow them to move smoothly. In an arthritic joint, the cartilage is damaged or worn away. During the operation, the surgeon cuts away the damaged cartilage and bone at the ends of the long bones, positions and secures the metal implants, and in some cases cuts and resurfaces the back of the kneecap with plastic. A plastic spacer is inserted between the metal components to create a smooth gliding surface.

Partial knee replacement is a slightly less extensive surgery than a total overhaul, with a slightly faster recovery. It may be appropriate if arthritic damage is limited to just one of the three compartments of the knee (inside, outside or front), but that's relatively uncommon. By the time most people experience pain in one part of the knee, they have damage to the other parts, too.

In a hip replacement, the surgeon removes the damaged head of the thigh bone and replaces it with a metal stem inserted into the hollow center of the bone. The surgeon either cements or "press fits" the stem into the bone and attaches a metal or ceramic ball to the stem. He cuts away the damaged cartilage surface of the hip socket and replaces it with a metal socket, which may be secured to the pelvis with cement or screws. Finally, he inserts a plastic, ceramic or metal spacer between the ball and the socket to create a smooth gliding surface.

HIGH-TECH AND A BIT OF HYPE

Joint replacement is not just a boon to hurting baby boomers; it is also a lucrative business. Surgeons and hospitals often compete for patients by touting a particular product, technique or surgical strategy.

For instance, some surgeons repeat manufacturers' claims that the replacement they use produces the "best knee for an athlete" or "best knee for a woman." In fact, all hip and knee implants have become more durable and anatomically accurate than they used to be and function more naturally thanks to innovations in design and materials, including a wear-resistant plastic that all manufacturers use. These implants come in all sizes and can be mixed and matched to create an exact fit for any patient, says Dr. Mark Pagnano, professor and chairman of the department of orthopedic surgery at the Mayo Clinic, in Rochester, Minn.

"Minimally invasive" surgery, which generally means a smaller incision with less disruption of surrounding soft tissues, is also widely advertised. Although it's true that many hip and knee replacements can be done with a smaller incision than, say, 20 years ago, there are several techniques touted as minimally invasive, and the term has no universally agreed-upon definition. Ask surgeons what they mean by *minimally invasive* and whether you're a good candidate for the approach.

Many surgeons vigorously advocate for one of two ways to access the hip in surgery: *posterior* (from the back of the hip) or *anterior* (from the front). A recent study conducted by the Mayo Clinic found that both approaches provided excellent postoperative recovery with a low complication rate, although the patients who had direct anterior surgery had a slightly faster recovery. The risk of dislocating the hip following surgery is low in both groups (less than 1%), but contrary to some claims, the anterior approach doesn't eliminate that possibility, according to recent data from the Michigan Arthroplasty Registry.

What about using three-dimensional printing to custom-make a new joint for you? The technology is in use today, but it doesn't necessarily make implants fit better than they do with other technology, says Pagnano.

ANTICIPATING THE OUTCOME

Surgical protocols have advanced remarkably over the past decade. Now, serious complications occur in fewer than 2% of patients, according to the American Association of Orthopaedic Surgeons. Still, over time joint implants may be damaged and loosen from normal wear and tear, a fracture, or infection (which is always a possibility because the surfaces of the implant provide a place for bacteria to take hold). If the replacement fails, you may experience pain, stiffness, instability or loss of function, and a redo, or revision, may be in order.

How long can you expect a new joint to last? "Joint replacements don't come with an expiration date, where they all suddenly start to fail," says Pagnano. There's about a 0.5% to 1% chance of a problem arising for every year after surgery. So you have a 90% to 95% chance that a joint will still work well after 10 years, an 80% to 85% chance after 20 years and so on. For many elderly patients, the replacement will likely last them the rest of their lives.

HOW TO KNOW WHEN IT'S TIME

Two elements must come together for your surgeon to recommend a total joint replacement. First, an x-ray of the joint (an MRI is rarely required) has to show substantial damage from an underlying disease, such as arthritis, or an injury. Second, the damaged joint has to routinely cause marked pain and limit your activities. Age is never the major factor. Replacement may be the right choice for younger people because it will relieve them of pain or allow them to do more of what they want. And patients in their nineties who are healthy can also undergo the procedure safely.

Everyone has a different tolerance for pain, as well as different expectations for their level of activity. If the pain and limitation you experience are more nuisance than hardship, then you're probably not ready for joint replacement. "Surgery has a very, very good likelihood of making you better and a tiny chance of making you worse. Your symptoms must be sufficient for you to take the chance of getting worse so you can get better," says Dr. Mark I. Froimson, president of the American Association of Hip and Knee Surgeons. "We want patients to say, 'I must do this. I have to do this,' " says Dr. William Jiranek, the association's immediate past president, in Richmond, Va. (For alternative treatments, see the box on page 69.)

If you do qualify for a replacement, keep in mind that the longer you wait and the more inactive you become, the more your muscles will weaken. "You'll have a bigger hill to climb after surgery," says Froimson, of Lavonia, Mich. You can begin rehab exercises *before* surgery to start rebuilding muscles. "Do what you can, but don't suffer," he says.

Christopher Jorgensen of Smithtown, N.Y., had both knees replaced in August 2016. Jorgensen, 52, played basketball and lacrosse beginning in his youth and injured the ligaments in both knees in a motorcycle accident in 1990. Over the years, he developed arthritis in both knees and had multiple arthroscopic procedures, in which the surgeon uses a fiber-optic camera inserted through a small incision to diagnose and repair any damage. Although his doctor recommended that he have his right knee replaced, Jorgensen put it off until he experienced a moment of truth: He was officiating a college lacrosse game and realized that to avoid pain he was walking; he couldn't run to keep up with the action. "That was the moment I said enough is enough," he says.

Jorgensen thoroughly researched prospective surgeons and chose Dr. Steven Haas, chief of knee services at the Hospital for Special Surgery, in New York City. Jorgensen insisted that Haas fix both knees at once to avoid a year-long delay between the two surgeries. Within three months of surgery, he resumed a normal gait. In late February, he successfully officiated his first lacrosse game. And after years of being unable to play basketball one-on-one with his son, he not only has resumed playing but also consistently wins. "He's a new man," says his wife, Lindsey.

FIND THE RIGHT DOCTOR

To start your search for the right surgeon, ask your general practitioner

MY STORY

At Last, I Am Pain-Free

LISE METZGER

I suffered with knee pain for years as the result of an injury in my teens, an active lifestyle, a love of physical labor and a few extra pounds in middle age. In my late forties, arthroscopy cleaned up the torn cartilage in my left knee but failed to provide much relief. I dosed myself with naproxen and used walking sticks periodically. I always loved walking and hiking, but because going even short distances caused pain, I increasingly avoided those activities. By my mid fifties, I limped and, to my horror, became bowlegged as both knees degenerated with osteoarthritis. I imagined that I would need knee replacements *someday*, but I put it off. My parents were aging, my kids were growing, and I was scared.

Then, at Thanksgiving 2013, when I was 57, my right hip just "went." I'd previously suffered aches and the odd twinge, but this was unendurable pain, and it didn't go away. I began walking stiff-legged, like a penguin. An x-ray showed that I had end-stage arthritis in my hip, and the joint was bone on bone. My orthopedist referred me to a hip specialist, who recommended a hip replacement. I scheduled the surgery for after the holidays, booked my sister to help, took my required and very reassuring joint-replacement class, and got my pre-op physical.

My surgery took less than two hours, and I went home after two nights in the hospital. On my first night home, I climbed the stairs and slept in my own bed. My quick recovery so astonished me that, at my six-month post-op visit, I asked my surgeon if he would simultaneously replace (a bilateral replacement) both knees. He agreed because I was relatively young, healthy and clearly motivated. Six months later, my surgeon performed the surgery in just a few hours, and the result was equally astonishing.

Now, I am pain-free. I can do everything I want to do, and I happily take walks and hikes with my husband and children. I feel young. **PATRICIA MERTZ ESSWEIN** for a referral, and visit your insurer's website to search for specialists and hospitals in your network. Look for surgeons who belong to the American Association of Orthopaedic Surgeons (go to www.aaos.org and click on "find an orthopaedist") and the American Association of Hip and Knee Surgeons (go to www.aahks .org and click on "find a doctor"). You can read patient reviews of physicians and find out where they have admitting privileges at www.health grades.com.

You'll be best served by an orthopedic surgeon who took an extra year of postgraduate fellowship training and specializes in joint replacement (see "To Your Health," April). The more joint-replacement experience that a surgeon and hospital have, the less the likelihood of complications. A rule of thumb: The surgeon should perform more than 50 hip replacements or 50 knee replacements annually at a hospital where more than 250 total joint replacements are performed a year. Most high-volume hospitals offer joint-replacement programs with preoperative education for patients, a dedicated nursing unit and protocols designed to help you go home more quickly.

The federal Centers for Medicare and Medicaid Services rates hospitals based on several performance criteria, including rates of complications and readmission following hip and knee replacements (www.medicare.gov/hospitalcompare). You can also search for physicians by name, location, specialty or body part (www.medicare .gov/physiciancompare), but top surgeons who may be a good fit for you won't be listed if they don't accept Medicare patients.

Your insurer will require you to be preauthorized for total joint replacement. Medicare requires your physician to document medical necessity with your medical history, the results of a physical examination and x-rays, as well as the surgeon's clinical judgment that surgery is appropriate.

CONSIDER YOUR COST

If your network doesn't include a doctor who is right for your case—say, you have had previous surgery on the joint, you have multiple medical problems, or you have complex bone deformities that will make the procedure more difficult—it may be worthwhile to go out of network. If that's the case, or if your insurance requires you to pay a large share of the cost, you owe it to yourself to shop for the best price as well as the best surgeon.

The cost of total joint replacement varies in the U.S.—and even within many cities—with prices ranging roughly from $20,000 to $60,000, says Bill Kampine, senior vice president and cofounder of the Healthcare Bluebook. The company collects claims and payment data from health plans and calculates a fair price for procedures. (To see the price in your city, visit www.healthcarebluebook.com and click on "consumers.") Kampine says fees vary little among doctors but greatly among facilities. That can make a big difference in your out-of-pocket cost after any deductible.

One way to shop? The Blue Cross Blue Shield Association has created the Blue Distinction Centers+ designation (www.bcbs.com/blue-distinction-center-finder; search by location) for hospitals that deliver expert specialty care, including hip and knee replacement, and that are at least 20% more cost-effective than non-designated facilities. Call designated hospitals and ask what they charge. If it's close to the fair price, choose a highly rated surgeon who admits there. (For more on finding hospitals that specialize in certain procedures at a competitive price, see "Travel Abroad for Low-Cost Care," Jan.)

Some joint replacements now are performed on an outpatient basis at an ambulatory surgery center. After surgery, you return home the same day or after a single overnight stay. This arrangement may be less expensive and more convenient than in-patient surgery, but it's not for everyone. You

Bad knees sidelined Christopher Jorgensen until he had both replaced.

must be healthy and personally motivated. If your surgeon offers outpatient surgery as an option and you're covered by employer group insurance, check with your insurer to see how coverage for inpatient surgery and outpatient surgery differ. Medicare will require you to have your joint replacement performed as an inpatient procedure, under Part A of your coverage.

ROAD TO RECOVERY

With your new hip or knee, you'll be ready to leave the hospital when you can walk safely with a walker or crutches, you can ascend and descend a few stairs, and your pain is under good control with oral medication. Most patients will do best if they go

POON WATCHARA-AMPHAIWAN

straight home and not to an inpatient rehab or skilled nursing facility. At home, you'll lessen your risk of infection and be encouraged to return to your usual routine sooner.

If your surgery was uncomplicated, you won't need specialized nursing care, but you may need some help with normal daily activities during the first three to 10 days after returning home. Arrange for your spouse, a family member or a friend to help. (If you don't have social support, or you have multiple medical conditions, you may have no choice but to go to rehab or a skilled nursing facility.)

Most total hip replacement patients don't need a formal program of physical therapy after they return home, says Pagnano, although some doctors recommend it. Knee patients may benefit more from therapy because knees can become stiff after surgery, and bending the knee is key to achieving a good range of motion sooner rather than later, says Haas. Most patients don't need more than one session of physical therapy per week for the first four to six weeks after replacement. About 2% of knee-replacement patients will develop scar tissue adhesions on the joint, resulting in stiffness and pain that require more treatment. It's generally safe to walk, hike, ride a bike, swim, dance and play tennis after knee and hip replacement, but avoid running, which pounds the joints, as a routine exercise. ■

KipTip

Coping Until Surgery

If you're not ready for joint replacement, your physician may recommend alternatives. Among the strategies that will noticeably diminish symptoms: avoiding high-impact exercise; taking nonsteroidal anti-inflammatory medications, such as ibuprofen; and losing a moderate amount of weight. Your physician may be able to help you manage joint pain, stiffness and swelling by removing fluid from the joint, injecting a corticosteroid (such as cortisone) into the joint or prescribing supervised physical therapy, which many insurance companies will require you to try before they will authorize replacement surgery for a knee or hip.

Arthroscopy, a procedure usually used to repair cartilage, ligaments or tendons in a joint, works best when it's performed soon after an injury. But it's seldom beneficial if you're suffering from moderate or advanced arthritis of the hip or knee, and it is neither a prerequisite nor a substitute for joint replacement.

FROM THE EXPERTS

Reset Your Internal Clock to Fight Jet Lag

From Harvard Women's Health Watch.

For travelers flying from coast to coast or overseas, recovering from the symptoms of jet lag—fatigue, insomnia, digestive upsets and headaches—can consume a day or two of precious vacation time. According to Dr. Charles A. Czeisler, director of the Division of Sleep Medicine at Harvard Medical School, jet lag is due to a misalignment between the external environment and the internal clock in the brain that drives our daily performance, alertness and ability to sleep.

WHAT IS JET LAG?

An internal master clock—a cluster of 20,000 neurons in our brain—controls our circadian rhythms. In response to light and other cues from the environment, it coordinates the functions of different body systems over a 24-hour period and regulates when we sleep and wake. As the environment changes, our internal clock uses those external cues to gradually reset itself, at an average rate of an hour a day. If you cross several time zones within a matter of hours, there isn't enough time for your internal clock to synchronize your body with the new time zone.

Say you take an 11-hour flight from New York City to Honolulu. Your plane leaves at 6 A.M. and lands at 11 A.M. Honolulu time. You may have gained half a day to spend on the beach, but you may not have the energy to enjoy it. Your body is still on New York time, where it's 5 P.M., so it's beginning the wind-down to bedtime. It will be five or six days before your body is on Honolulu time.

MINIMIZING THE EFFECTS

If your destination is only a zone or two away, you may need to make only minor adjustments, such as eating meals, going to bed and awakening a little earlier or later than usual. If you're crossing several time zones, you may want to try the following:

Gradually switch to the new time. For several days before you leave, move mealtimes and bedtime incrementally closer to the schedule of your destination. Even a partial switch may help.

Stay hydrated. During the flight, drink plenty of fluids, but not caffeine or alcohol. Caffeine and alcohol can dehydrate you, which worsens the symptoms of jet lag. They can also disturb your sleep.

Switch your bedtime as rapidly as possible after arrival. Don't turn in until it is bedtime in the new time zone.

Use the sun to help you readjust. If you need to wake up earlier at your destination, get out in the early morning sun. If you want to rise later than you do at home, wait to go out in the sun until late in the afternoon.

For more information about *Harvard Women's Health Watch,* visit http://health.harvard.edu.

Fasting and Flying

A Quick Fix?

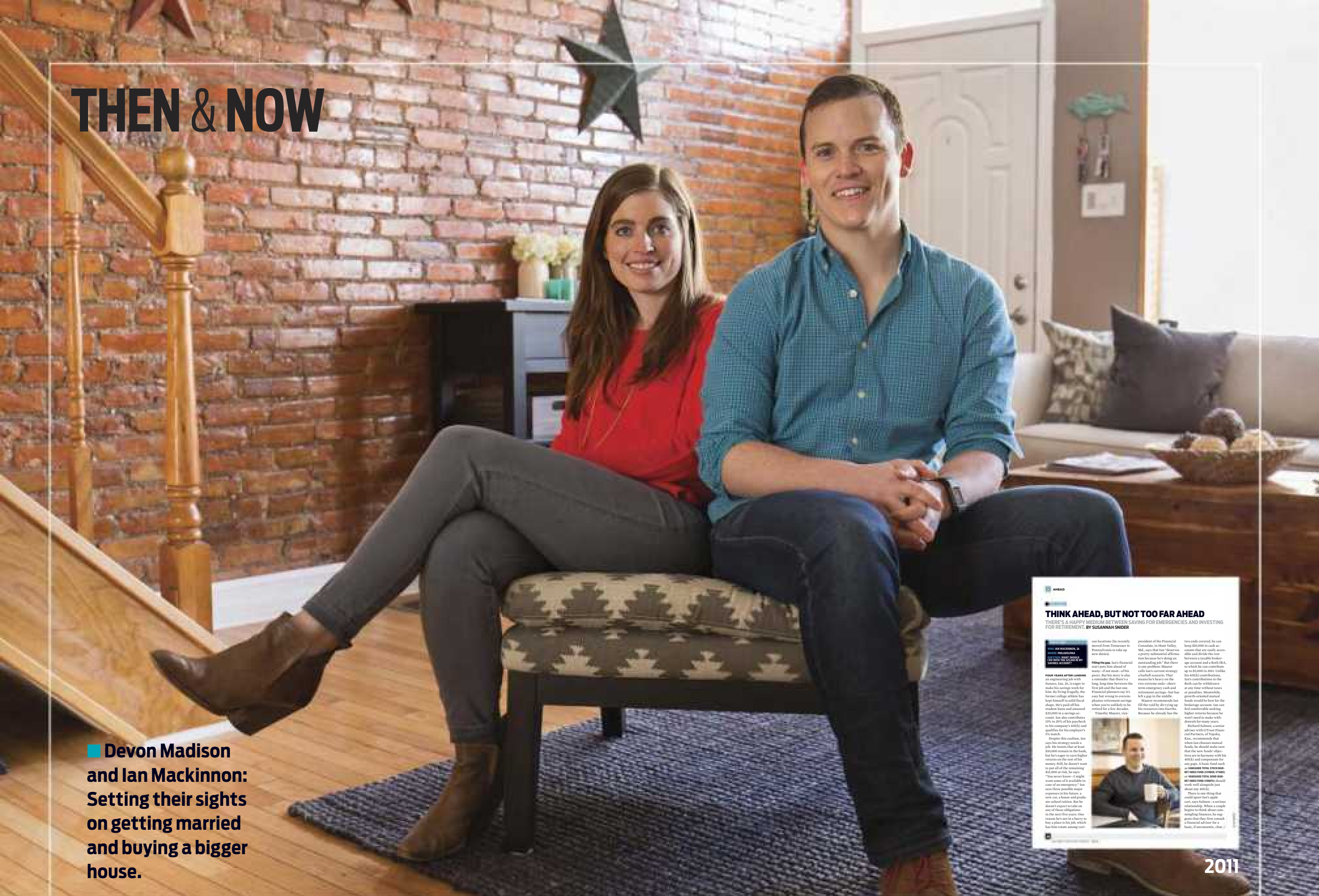
IN 2009, DR. CLIFFORD SAPER AND colleagues at Harvard-affiliated Beth Israel Deaconess Medical Center identified a second "master clock" in mice that can regulate circadian rhythms when food is scarce. In essence, the body's circadian rhythms are suspended to conserve energy.

It has been theorized that humans may have a similar mechanism and that a brief fast may trigger a quick reset of circadian rhythms. Dr. Saper has suggested a 12-hour to 16-hour fast the day before and during travel.

For example, if you were to take a flight from New York City to Honolulu, you would refrain from eating for a couple of hours before takeoff and during the flight, but you would have a good meal as soon as convenient after landing. This technique hasn't been tested in clinical trials, but there are many testimonials in the media to its effectiveness.

Before you try this, check with your doctor to see if it's advisable for you. And you will still need to drink water—not caffeinated beverages, juice or alcohol—during your flight.

ISTOCKPHOTO.COM



Devon Madison and Ian Mackinnon: Setting their sights on getting married and buying a bigger house.

Merging Their Money and Their Goals

THEN: Ian Mackinnon, an engineer for Sunoco, had an unusual problem for a 26-year-old: He had $25,000 in a savings account and wanted advice on how to invest it for a higher return. His financial goals in 2011, when our story appeared: continue saving for retirement in his 401(k), to which he was contributing 15% to 20% of his salary, and at some point buy a car and a house. He was also adamant that he keep some of his savings in cash as an emergency fund. We recommended putting $10,000 in cash accounts, $5,000 in a Roth IRA and the remaining $10,000 in two growth-oriented mutual funds from Vanguard. Our one warning to this millennial supersaver: A serious relationship could "upset his financial applecart." We suggested that he and any significant other consult a financial planner before commingling their finances.

NOW: Six years later, Mackinnon has checked off all three of his goals. The Vanguard funds did well, and over the next few years Mackinnon kicked in another $2,000 to each of them, resulting in a total balance of about $19,000. He used that money, along with another cache of savings he had invested on his own—"The initial $25,000 was just fluff I had sitting in a savings account"—to put a $60,000 down payment on a two-bedroom row house in downtown Philadelphia. He also bought a Volkswagen Jetta, financing the cost over five years; he recently retired the loan.

Mackinnon continues to save in his 401(k), but with a new employer—Edmund Optics, in Barrington, N.J., where he works as an engineer in sales. He contributes 6% of his salary, enough to score the company's 3% match. Because he works partly on commission, he is holding off on contributing more until he has a better handle on his annual earnings.

So what about the significant other? That would be Devon Madison, 27, an assistant principal at a charter school near their Center City home. Madison more than pulls her weight in contributing to the household finances—if anything, Mackinnon says, "I'm afraid I might upset *her* applecart." The couple have yet to consult a financial planner, but together they have set several new financial goals, including buying a bigger house and renting out their current one in a few years.

As for their more immediate goal, Mackinnon and Madison will formally commingle their futures along with their finances this spring, when they tie the knot. **JANE BENNETT CLARK**

INSET PHOTO: COLIN M. LENTON

PHOTOGRAPH BY MICHAEL BRANSCOM