
Free Financial Tools
Wealth Management
We're built for times like these. We're personal CAPITAL
From day one, we built our technology to empower you to work with us remotely. Thanks to our innovative Dashboard, you and your advisor both see virtually the same information in real–time, and work together to make informed decisions. Some call this "Telefinance," but for us it's simply how we've always worked.
Download on the App Store
GET IT ON Google Play
FREE FINANCIAL TOOLS AVAILABLE ON WEB & MOBILE
Get started with our free tools or talk to an advisor today at:
personalcapital.com/kip
Advisory services are offered for a fee and provided by Personal Capital Advisors Corporation, a wholly owned subsidiary of Personal Capital Corporation. Personal Capital Advisors Corporation is a registered investment advisor with the Securities and Exchange Commission ("SEC"). SEC registration does not imply a certain level of skill or training. Keep in mind that investing involves risk. Past performance is not a guarantee of future return, nor is it necessarily indicative of future performance. The value of your investment will fluctuate over time, and you may gain or lose money. All charts, figures, and graphs depicted are for illustrative purposes only and do not represent an actual client experience. The actor portrayed in this advertisement is not an actual client of Personal Capital Advisors Corporation. For more information, visit www.personalcapital.com/blog/personal-capital-news/personal-capital-named-top-wealth-managers/.
© 2020 Personal Capital Corporation. All rights reserved.

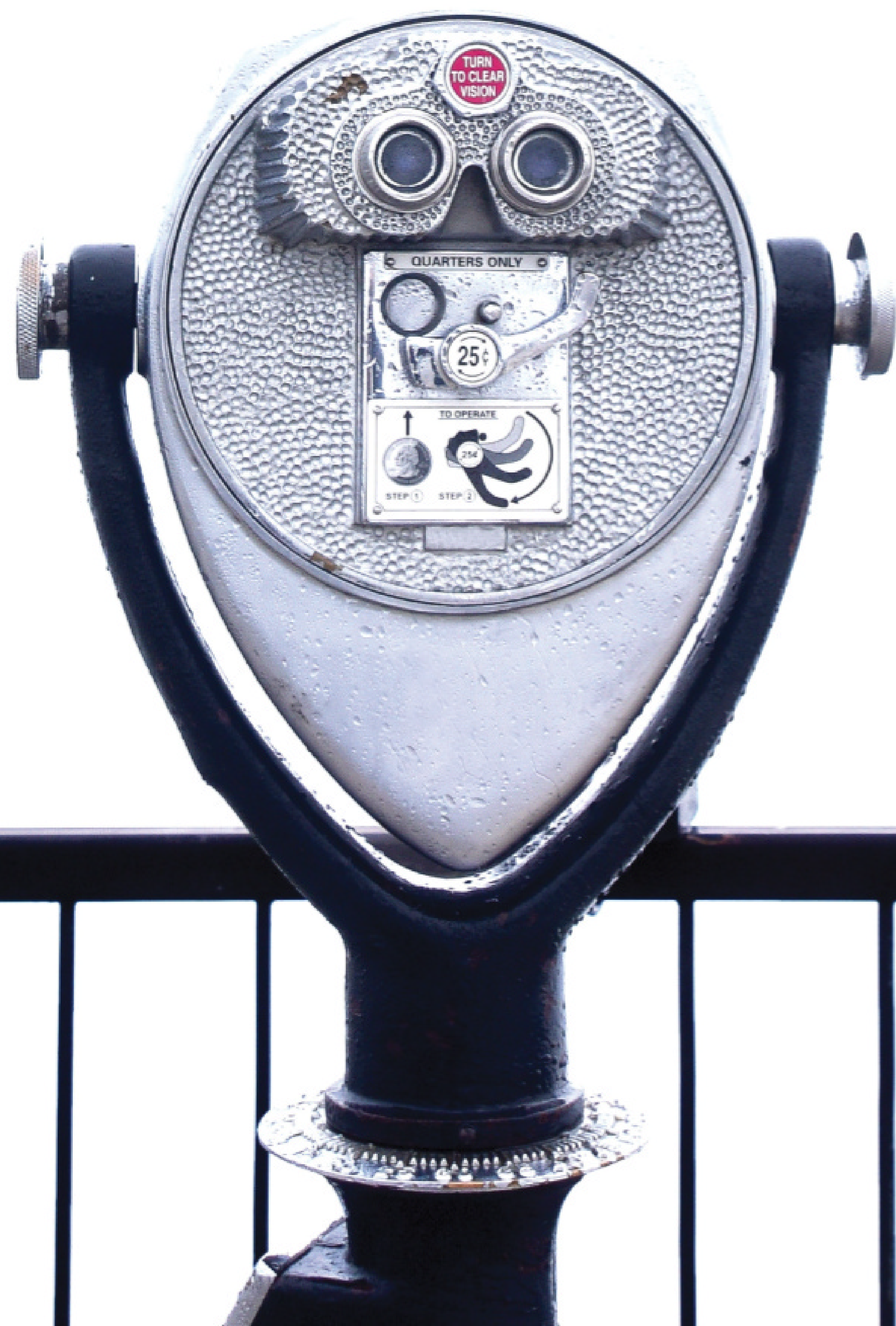
MIDYEAR OUTLOOK ISSUE

Kiplinger's
PERSONAL FINANCE

WHERE TO INVEST NOW

Our view of the best opportunities in stocks and bonds. p 18

PLUS: Dividends that won't let you down. p 24



JULY 2020

CONTENTS

KIPLINGER'S PERSONAL FINANCE
FOUNDED 1947

VOL. 74 NO. 7

ON THE COVER: THOMAS SHANAHAN/GETTY IMAGES; DAVIDE BONAZZI

AHEAD

9 **TOPIC A** A view of life after the pandemic . . . Stimulus spending is needed, but long-term debt is a problem . . . Retirees get a break on RMDs.

16 **BRIEFING** No raise for retirees in 2021?

COVER STORY
INVESTING

18 **WHERE TO PUT YOUR MONEY NOW** With the market finding its way through tricky territory, investors will have to strike a careful balance between offensive and defensive moves. We look at the best opportunities in stocks and bonds and what's ahead for dividends.
PLUS: Don't forsake foreign stocks.

28 **HOW OPTIONS CAN HELP YOUR PORT-FOLIO** Used properly, options can protect your holdings in a market downturn or generate extra cash. This guide will help you get started.

31 **INCOME INVESTING** Pockets of opportunity in bonds, by JEFFREY R. KOSNETT.

32 **STREET SMART** Why you need a wish list, by JAMES K. GLASSMAN.

35 **MORE ABOUT INVESTING** ETF spotlight (35). Mutual fund spotlight (36). Kip 25 update (37).

MONEY

38 **Rx FOR YOUR HEALTH INSURANCE** Millions of Americans have lost their health coverage along with their jobs. Here's how to choose the best Plan B for you.

45 **MONEY SMART KIDS** Lessons for kids from the crisis, by JANET BODNAR.

46 **FIND A FINANCIAL PLANNER YOU TRUST** Even with new rules requiring some planners to

CONTENTS CONTINUED

put your best interests first, you need to take extra steps to ensure that the one you hire will live up to those expectations.

49 **CREDIT/YIELDS** When savings bonds make sense.

50 **HOW TO GET YOUR MONEY BACK** A refund for a postponed concert, delayed wedding or canceled trip isn't necessarily automatic.

RETIREMENT

52 **GREAT JOBS FOR RETIREES** We recommend places to look and the best ways to apply your skills and experience, whether you'd like a part-time job or you want to start a brand-new career.

58 **RETHINKING RETIREMENT** A pandemic wasn't in my plans.

FUNDAMENTALS

60 **PRACTICAL PORTFOLIO** Stocks: Advance or retreat?

62 **MILLENNIAL MONEY** Survival tips for our second recession, by RIVAN STINSON.

63 **BASICS** Get these health care forms now.

REWARDS

64 **DEALS, DEALS, DEALS** Everyone loves getting a bargain, and we found some great ones on investments, tech, home-office must-haves, exercise equipment for a home gym, food delivery and more. **PLUS:** Enticing deals on used cars.

IN EVERY ISSUE

6 **FROM THE EDITOR** Why I'm optimistic.

7 **READER FEEDBACK** Car insurance tips.

72 **TAKEAWAY** Great (low-touch) financial gifts.


RETIREES WHO HAVE FOUND THEIR CALLING. PAGE 52

COLIN MILLER


SMALLER.
FASTER.
STRONGER.
Meet the all new SimpliSafe.
It's smaller, faster, stronger than ever.
Engineered with a single focus: to protect.
With sensors so small they're practically invisible.
Designed to disappear into your home
And blanket it with protection.
More than easy to use—downright delightful.
All at prices that are fair and honest.
It's home security. Done right.
"Best overall home security system of 2020"
U.S. NEWS & WORLD REPORT
MARCH 2020
"...SimpliSafe belongs at the top of your list..."
CNET EDITORS' CHOICE
3/28/18
"A seamless system"
PCMAG EDITORS' CHOICE
4/2/18
SimpliSafe
Get SimpliSafe's exclusive offer
at SimpliSafe.com/kip
SimpliSafe™

GET MORE ADVICE FROM KIPLINGER

COVID-19? RECESSION?

YOU HAVE QUESTIONS.

KIPLINGER HAS ANSWERS.

Get the latest updates and analysis of the economic and financial impact of the coronavirus pandemic, along with practical advice and guidance on prudent ways to navigate the current market turmoil.

Limited-time complimentary access for *Kiplinger's* readers. Visit:
kiplinger.com/go/answers

Kiplinger

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 420308, Palm Coast, FL 32142-0308, or e-mail us (kiplingerspersonalfinance@emailcustomerservice.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 420308, Palm Coast, FL 32142-0308 and instruct us to exclude your name.

Kiplinger.com

MORE STIMULUS

We're tracking the next federal stimulus package. Check out five provisions (including another check) with the best odds of becoming law.

kiplinger.com/links/morestimulus

MONTHLY DIVIDENDS

These 11 stocks and funds pay out reliable dividends every month to provide income on the same schedule as your regular bills.

kiplinger.com/links/everymonth

BEING AN EXECUTOR

Whether you're planning ahead for your own heirs or have been asked to serve as executor for someone else, it pays to understand what the role requires.

kiplinger.com/links/executor

Kiplinger Today

Profit from the best of Kiplinger delivered to your e-mail inbox every weekday.

Sign up for our Kiplinger Today e-newsletter at **kiplinger.com/links/ktoday.**

FACEBOOK: KiplingerPersonalFinance
TWITTER: @Kiplinger

ISTOCKPHOTO.COM


Newest Fleet of Ships


Delight in the Vibrant New Orleans Culture


Discover the Civil War History of Vicksburg


Explore the Majestic Oak Alley Plantation

FROM THE EDITOR

Mark Solheim

Why I'm Optimistic

Americans are fundamentally optimistic. No matter how bleak it seems, we believe that things will get better. That belief inspired Willard Kiplinger when he founded our company a century ago—in the wake of World War I and the Spanish flu pandemic, which claimed between 50 million and 100 million lives worldwide. Another legacy of the irrepressible Kip was the quote he chose to display for many years on the contents page of this magazine, by the quintessential American philosopher, Ralph Waldo Emerson: "This time, like all times, is a very good one if you but know what to do with it."

Silver linings. So in the sanguine spirit of Kiplinger (and America), I've been looking for silver linings behind COVID's dark clouds and the economic turbulence. Here's one: Consumer prices fell 0.8% in April, the biggest decline since the Great Recession. The consumer price index is running at a barely perceptible 0.3% year over year.

If you are still working or have a steady source of retirement income, chances are your household balance sheet is showing more black ink. Gasoline prices are down 32% from a year ago, and clothing, car insurance, airline tickets and hotel rooms have all seen price drops. In our house, we are spending hundreds of dollars less each month than we did pre-pandemic. Gym memberships have been suspended, we are cooking at home most of the time rather than dropping a bundle on restaurants, and we're spending zilch on travel. In the past two months, we have spent $50 on gasoline (premium!) instead of our usual $50 a week. No haircuts, no lattes in the morning on my way to work, no impulse purchases at the mall.

Notably, the cost of food prepared at home, particularly meat and eggs, is on the rise because of supply-chain disruptions and strong demand. The cost of health care and health insurance are also going up. (If you or someone you know lost a job and health insurance along with it, see the article on page 38.) And low inflation isn't all good. The Federal Reserve targets a minimum level of 2% inflation to help ensure economic growth, so the low CPI number is another sign of an ailing economy. Plus, Social Security cost-of-living adjustments will be low, or even nonexistent, for 2021 (see "Briefing," on page 16).

IF WE LOOK AHEAD AND SEE STRAIGHT—AND FOCUS ON WHAT'S GOOD FOR ALL OF US—WE WILL EMERGE FROM THE DARKEST HOURS EVEN STRONGER.

What to do. Less spending may be a silver lining for households, but it's what you do with the savings that's really important. Bolstering your emergency fund is a good idea, because you never know for sure when your rainy day could turn into a deluge. Interest rates on savings are low—but with mortgage rates also low, you may be able to offset that to some extent by refinancing.

If you have extra cash, COVID-inspired market volatility is an opportunity to grab bargain-priced shares of exchange-traded funds, mutual funds or stocks on your watch list. Our cover story, starting on page 18, offers our forecast for the markets (expect lots of volatility, with stocks showing little progress by the end of the year) and a road map for your investing strategy.

Finally, I'm hoping that those of you still feeling flush will share with those who are less fortunate (see page 71 for a link to coronavirus-related charities), as well as support local businesses however you can right now. One of the admirable attributes of Americans is a willingness to pull together and help others, especially in our own communities.

We have a long climb ahead of us, and our lives are likely to change permanently after the threat from the pandemic is past. But especially as we celebrate July 4 and the 244th birthday of our nation, if we look ahead and see straight—and focus on what's good for all of us—we will emerge from the darkest hours even stronger. ■

Mark Solheim

MARK SOLHEIM, EDITOR
MARK_SOLHEIM@KIPLINGER.COM
TWITTER: @MARKSOLHEIM

POON WATCHARA-AMPHAIWAN

Car Insurance Tips

I know it says "Fundamentals" at the top of the page, so it's going to be a beginner article, but not a word was mentioned about one of the fundamentals of an auto policy: uninsured and underinsured motorist coverage ("Reshop Your Auto Insurance," May). At least half of all traffic accidents and personal injury claims stem from hit-and-run drivers and uninsured, underinsured and excluded drivers. That should have been at the top of your list, with limits of at least $100,000/$300,000 for injuries to one person in an accident/injuries to all people in an accident. There should have been a nod to medical-payments coverage as well, especially for people with little or no health insurance. (Oh, and don't get me started on these driving monitors—but that's a story for another time.)

SAM EAGLE
HUNTINGTON BEACH, CALIF.

You omitted one of the most important issues regarding car insurance: claim service. A company can afford to offer low-cost policies and shirk its responsibility to those insured. My insurer may charge a bit more than rival companies, but its claim reporting, claim servicing and payments to victims are among the best in the business. There is an old saying: "You get what you pay for."

WENDELL COCKRELL
BEAVERTON, ORE..

For those of us unfamiliar with insurance lingo, can you provide more information about the "dec page"?

JIM KLINE
MORAGA, CALIF.

EDITOR'S NOTE: The policy declarations (or "dec") page is an industry standardized document that lists a plan's protections and coverage limits. You should get one when you sign up for a policy, and the company will send periodic updates. You won't get a dec page when you reshop your insurance and receive rate quotes (as we stated in the article). But by providing the dec page of your policy to other insurance companies, you should be able to see whether they can beat your current rate while offering the same terms.

Building wealth. Kudos on "11 Solid Ways to Build Wealth" (May). It was informative and practical. It was neither too basic nor too complicated. I would highly recommend it as a must-read for all ages. Keep up the good work as you educate our population regarding the importance of saving.

WILLIAM FARRELL
ORLAND PARK, ILL.

You neglected one of the most important tools that I used to enable my recent retirement at age 55: dividend reinvestment plans (DRIPs). The stocks and funds in my investment portfolio were usually selected for their solid, often above-average dividend yield, and for their history of steadily increasing that dividend. My online broker's system allowed me to automate the reinvestment of all of my portfolio's dividend payments, thereby increasing next month's/quarter's dividend by a small amount. Rinse and repeat for many years, and the compounding effect of the DRIP (in conjunction with healthy market growth since 2009) steadily increased my portfolio with only occasional maintenance or adjustment. Now, the majority of my monthly retirement income comes from those dividends, meaning that I am not selling off the equities themselves to generate income.

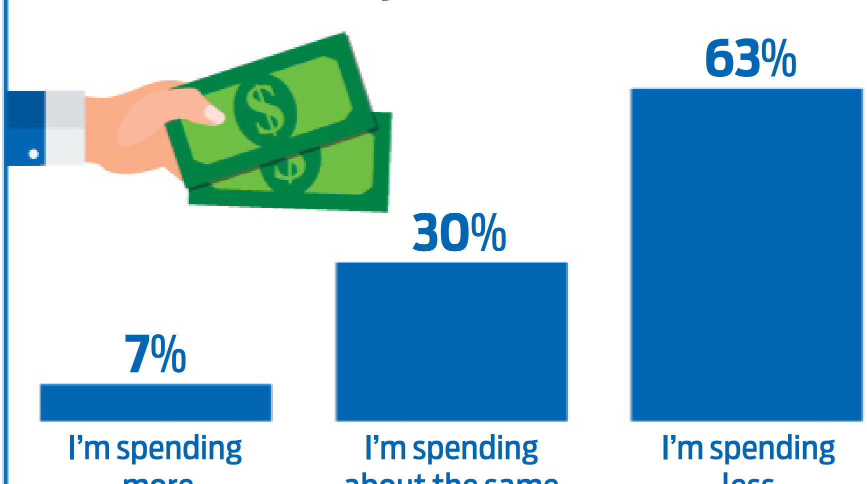
S.K.
COLLEGEVILLE, PA.

Medicare mail. Like you, I was inundated with mail regarding Medicare ("Rethinking Retirement," May). But rather than reading any of the literature, I just tossed it all and called my good friend of 45 years, Tony, who has been in the insurance business his whole adult career. Fast forward five years. I am 70 now, and I have referred numerous friends turning 65 to Tony. Last summer he asked, "Why don't you just get your license and sign up your friends under my agency?" So that's what I did. My advice to you is this: Instead of calling an 800 number, find someone you know in the health insurance business and let him enroll you in Medicare. Your agent becomes your advocate, and when things go wrong (and they do), he will help you.

LOU HIERS
ALPHARETTA, GA

READER POLL

Since the stay-at-home directives began, has your household spending increased, decreased or stayed about the same?



For dozens of discounts and ways to save money, see page 64.

CONTACT US

Reader Feedback may be edited for clarity and space, and initials will be used on request only if you include your name. Send to Kiplinger's Personal Finance, 1100 13th St., N.W., Suite 1000, Washington, DC 20005, or e-mail to feedback@kiplinger.com. Please include your name, address and daytime telephone number.

Kiplinger's
PERSONAL FINANCE

EDITORIAL

EDITOR **Mark K. Solheim**
EXECUTIVE EDITOR **Anne Kates Smith**
MANAGING EDITOR **Frederic Fane Wolfer**
SENIOR EDITORS **Sandra Block, Jeffrey R. Kosnett**
EDITOR AT LARGE **Janet Bodnar**
SENIOR ASSOCIATE EDITOR **Nellie S. Huang**
ASSOCIATE EDITOR **Ryan Ermey**
CONTRIBUTING EDITORS **Lisa Gerstner, James K. Glassman**
STAFF WRITER **Emma Patch**

ART

DESIGN DIRECTOR **Stacie A. Harrison**
ASSISTANT ART DIRECTOR **Natalie F. Kress**

SALES

PUBLISHER **Paul Vizza** (202-887-6558; Paul_Vizza@kiplinger.com)
ASSOCIATE PUBLISHER **Stevie Lee** (Stevie_Lee@kiplinger.com)
REGIONAL ACCOUNT DIRECTOR **Maggie Kinsky** (Maggie_Kinsky@kiplinger.com)
DIRECT RESPONSE **Anthony Smyth** (914-409-4202; anthony@smythmedia.com)

ADVERTISING OPERATIONS

HEAD OF REVENUE OPERATIONS, NORTH AMERICA **Andy Price** (Andy_Price@kiplinger.com)
DIGITAL CAMPAIGN OPERATIONS MANAGER **Andrea Crino** (Andrea_Crino@kiplinger.com)

KIPLINGER.COM

GENERAL MANAGER **Robert Long**
SENIOR INVESTING EDITOR **Kyle Woodley** SENIOR TAX EDITOR **Rocky Mengle**
SENIOR ONLINE EDITOR **David Muhlbaum**
ONLINE EDITORS **Lisa Kiplinger, Robert Niedt, Rivan V. Stinson, Andrea Browne Taylor**
CONTRIBUTING WRITER **Dan Burrows**
DIGITAL PRODUCT AND DESIGN MANAGER **Jenny Cohan**
AUDIENCE ENGAGEMENT MANAGER **Ben Demers**
WEB OPERATIONS MANAGER **Wade Currie**
SENIOR WEB DEVELOPER **David Kuchler** WEB DEVELOPER **Bob Henry**

CIRCULATION

SENIOR CIRCULATION MANAGER **Roseann Ciccarello**
DIRECTOR, COMMERCIAL ART **Lori Smedley**

CUSTOM CONTENT

CUSTOM CONTENT DIRECTOR **Barbara Baker Clark**
SENIOR EDITOR **Eileen Ambrose**
PROJECT MANAGER **Michelle Menner**

THE KIPLINGER WASHINGTON EDITORS INC.

1100 13th St., N.W., Suite 1000, Washington, DC 20005 (202-887-6400)
W.M. Kiplinger (1891–1967), Founder
Austin H. Kiplinger (1918–2015), Former Chairman and Editor
Knight A. Kiplinger, Editor Emeritus
CHIEF EXECUTIVE OFFICER **Denise M. Elliott**
SENIOR VICE PRESIDENT AND CHIEF CONTENT OFFICER **Sarah Stevens**
VICE PRESIDENT, MARKETING **Christopher Moffa**
VICE PRESIDENT, FINANCE **Amy Vay**

CUSTOMER SERVICE

Visit kiplinger.com/customer-service
Or call 800-544-0155

PRINTED IN USA

KIPLINGER'S PERSONAL FINANCE (ISSN 1528-9729) is published monthly by THE KIPLINGER WASHINGTON EDITORS INC. Editorial and Executive Offices: 1100 13th St., N.W., Suite 1000, 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 kiplingerspersonalfinance@emailcustomerservice.com. POSTMASTER: Send change of address to: Kiplinger's Personal Finance, P.O. Box 420308, Palm Coast, FL 32142-0308. GST# 123395253. Volume 74, Issue 6. Copyright © 2020 by the Kiplinger Washington Editors Inc. 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.

The Kiplinger Washington Editors, Inc., is part of the Dennis Publishing Ltd Group.
31-32 Alfred Place, London, WC1E 7DP, United Kingdom

Dennis

AHEAD

TOPIC A

A VIEW OF LIFE AFTER THE PANDEMIC

Among the forecasts: The work-from-home trend will last, and we'll welcome more robots. **BY SANDRA BLOCK**

REMEMBER WHEN YOUR HOME was the place you went to relax after a long day at work? Now, that idea seems as quaint as June Cleaver's habit of donning pearls and high heels to vacuum before Ward returned from the office. Since the COVID-19 pandemic has forced millions of people to hunker down, homes have become the place where we work, exercise, educate our children, enjoy (virtual) happy hour and catch a movie. And that trend is likely to linger long after the pandemic is under control, according to a forecast by Euromonitor International, a global market research firm.

Euromonitor International released its forecast of the most significant trends for 2020 at the beginning of the year but felt compelled to update it after COVID-19 upended the way we live and work. Some of the trends in the firm's original forecast have accelerated, particularly the development of what Euromonitor calls the "multifunctional home." While many young professionals were already moving away from traditional workplace culture, the pandemic forced millions of others to turn their homes into remote offices. The shift is expected to linger long after it's safe to leave the house, says Alison Angus, head of lifestyles at Euromonitor.

Managers that resisted telework have discovered that employees are not, in fact, watching *Law and Order* reruns when they should be working, and many employees have discovered that they don't miss going into an office every day. A Gallup survey conducted in April found that three out of five workers who have been working from home during the pandemic would like to continue working remotely even after public health restrictions are lifted.

The shift to teleworking for large numbers of workers has far-reaching implications for everything from coffee shops to retail sales. For a remote workforce, every day is casual Friday, which could lead to more demand for comfortable clothes and a decline in sales of suits and dresses. If employers decide they don't need as much office space, office rents could decline, depressing earnings of commercial real estate firms. Even after they reopen, restaurants that rely on traffic from office workers could also see a decline in business, Angus says.

Friendly robots. In a moment captured on a widely shared video earlier this year, a man in Cyprus enlisted a drone to walk his dog. While most of us are expected to continue walking our pets ourselves for the foreseeable future, consumers are increasingly turning to robots, drones and other remote technologies to provide "contactless delivery" of products and services, Euromonitor says. "The pandemic could propel robots into the mainstream, moving them from novelty to essential," Angus says. Consumers have also increased their use of smart speakers, voice control and other technologies that reduce the need to touch potentially contaminated surfaces.

59%

of workers would prefer to work remotely as much as possible after the pandemic.

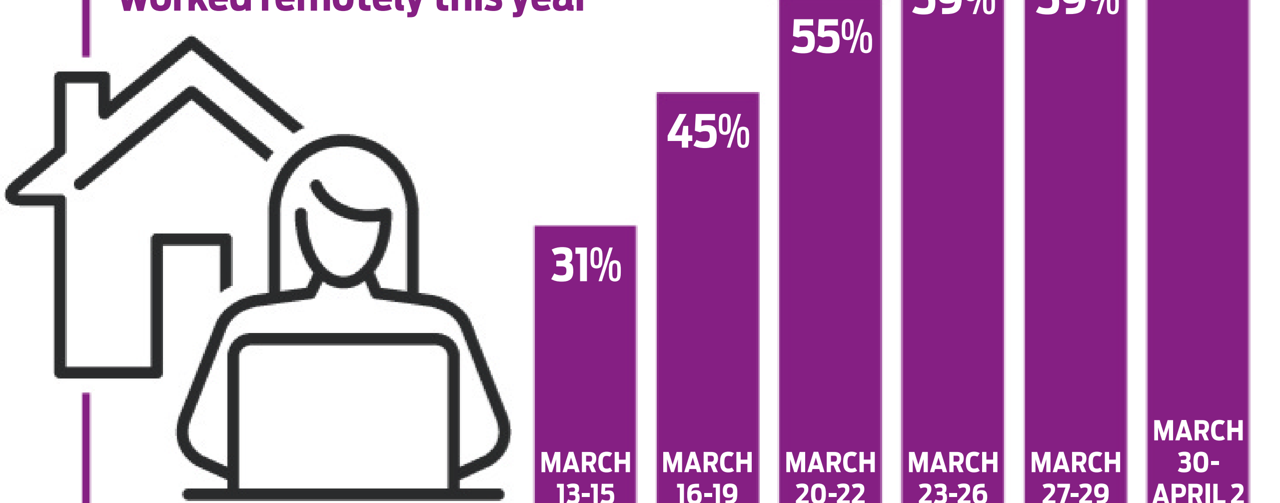
Privacy concerns put aside. While the pandemic expedited some trends, it stalled others, including concerns about privacy. Before the pandemic, consumers were increasingly skeptical of the way their personal data was used and demanded more transparency from technology companies.

Now, they're much more willing to give up personal information if they believe it will protect them and their families from the coronavirus. A survey by the Pew Research Center found that 52% of Americans believe it would be acceptable for the government to use individuals' cell-phone data to track the spread of COVID-19. Still, tech companies shouldn't become complacent. Euromonitor predicts that once the pandemic crisis has passed, consumers will continue to demand more information about how their data is packaged and sold. And the Pew study shows there are limits on the amount of privacy Americans are willing to relinquish. Nearly two-thirds said it would not be acceptable for the government to use cell-phone data to determine whether they were complying with social distancing guidelines.

Buying local. Finally, the pandemic has compelled consumers to reexamine their shopping habits, Euromonitor found. Consumers want to know the origin of products, and they're more comfortable buying things that haven't traveled far.

Social values are playing a role in shopping choices, too. "We're looking out for each other," Angus says. "And because we have this more caring or collective attitude, we want our local businesses to survive."

Percentage of U.S. workers who have worked remotely this year



SOURCE: Gallup Panel 2020

INTERVIEW

STIMULUS SPENDING IS NEEDED, BUT LONG-TERM DEBT IS A PROBLEM

Heavy borrowing before the crisis will make the recovery even tougher.

Maya MacGuineas is president of the Committee for a Responsible Federal Budget, a nonpartisan, nonprofit organization.

The federal government will borrow a record $3 trillion in the second quarter to combat the COVID-19 pandemic and resulting economic downturn. Are you concerned about these unprecedented levels of federal debt? This is a time when borrowing is what we should be doing. We need to borrow to fight the pandemic in ways that will help the economy become more resilient and recover more quickly. The concern I have is that we entered this crisis with a large debt already because we borrowed through the economic expansion. Having such high debt is going to make the recovery process more difficult.

Despite high levels of debt before the pandemic, unemployment was at record lows and the economy was strong. Does that suggest debt isn't that much of a problem? The economy can do very well with a lot of debt for the short run but not the long run. We had an economic boom, but it was financed by tax cuts and spending increases that weren't offset to reduce future deficits, which would translate into lower growth in the long term.

What do you think of the stimulus packages enacted so far? Do we need additional stimulus measures? I commend Congress for coming together and quickly passing the first round. Was it perfect? Of course not. You could never put that much money into the economy and get it exactly right. As we consider future measures, though, it's important to think about areas where the hardships are the deepest or spending will lead to the biggest return in turning the economy back around. Rushing an additional round of stimulus is a mistake, but I don't think we're done because the states will really be hurting because of the lack of revenue.

But haven't some states made some fiscally unwise choices? It's a legitimate point that aid to states should in no way bail them out of the irresponsible pension policies many of them have had, and I'm interested in policies that would tie aid to reforms in pensions and other areas. But it's indisputable that in many cases the states will have significantly lower revenue, and if we don't find a way to temporarily fill that gap, it will lead to further job losses and slow the economic recovery.

The 2020 Social Security Trustees Report issued in April projects that the Social Security trust fund will be insolvent in 15 years—and if that happens, retirees would have to take a 21% cut in benefits. Will the pandemic and resulting recession exacerbate that situation? The report doesn't incorporate changes in the economy because of the pandemic, so the picture is going to be worse. There are options that have been available for decades and we have been dragging our feet. We will need to look at everything from raising payroll taxes to fixing the way we calculate cost-of-living increases to ensure Social Security is there, particularly for people who depend on it the most.

SANDRA BLOCK

POON WATCHARA-AMPHAIWAN

SCAMWATCH

ANOTHER EPIDEMIC TO WORRY ABOUT: IDENTITY THEFT

Fraud losses grew in 2019 and are likely to increase in 2020.

IDENTITY THIEVES ARE INCREASINGLY using stolen information to hijack their victims' accounts, a costly type of fraud that's expected to increase as the COVID-19 pandemic forces more Americans to work and shop online.

The number of victims of account takeovers, in which a criminal takes control of an existing online account, rose more than 20% last year, according to a report by Javelin Strategy & Research, a financial advisory firm. While the number of victims of ID theft declined in 2019, total losses rose because account-takeover fraud is more profitable for perpetrators. Javelin also predicts an increase in phishing attacks and "card not present" fraud, in which stolen credit card data is used to make purchases online, by phone or through the mail.

A target-rich environment. Fears of the pandemic and confusion about stimulus checks sent to millions of Americans have created new opportunities for scammers. Fraudsters are bombarding Americans with e-mails and phone calls that use the uncertainty surrounding COVID-19 to persuade them to divulge personal information and download malware.

The Federal Trade Commission says it received four times as many complaints about identity fraud in the first few weeks of April than it had received in the previous three months combined.

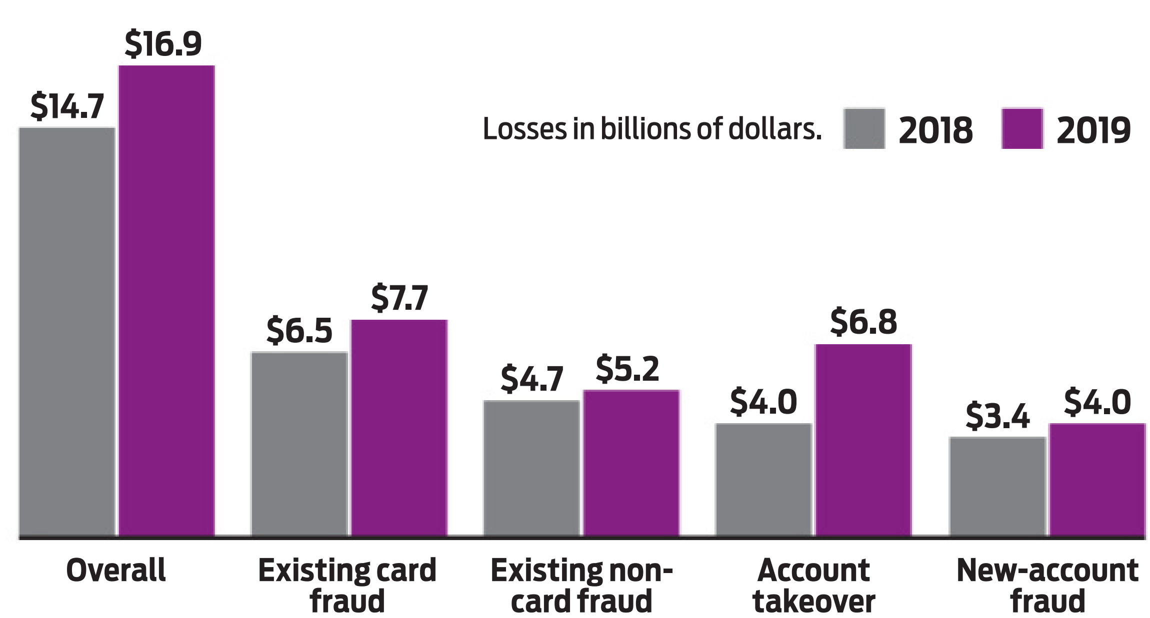
There are steps you can take to protect yourself from account takeovers and other scams. Biometrics, which use fingerprints and facial recognition, are a more effective way to protect smartphones and other devices than passwords. Using digital wallets, such as Apple Pay or Google Pay, to make online purchases is also a good idea, because the merchant doesn't get your credit card information, Javelin says. Even if the merchant is hit by a data breach, your credit card information should be secure.

You should periodically check your bank statements online to detect signs of fraud. The sooner you catch ID thieves, the less damage they can do. If you think you've been a victim of identity fraud, put a freeze on your credit reports with the three credit bureaus. That won't prevent someone from taking over an existing account, but it will stop crooks from opening new accounts in your name.

EMMA PATCH

Hostile Takeovers

Among all types of ID theft, losses from hijacked online accounts increased the most.



SOURCE: Javelin

FAQ

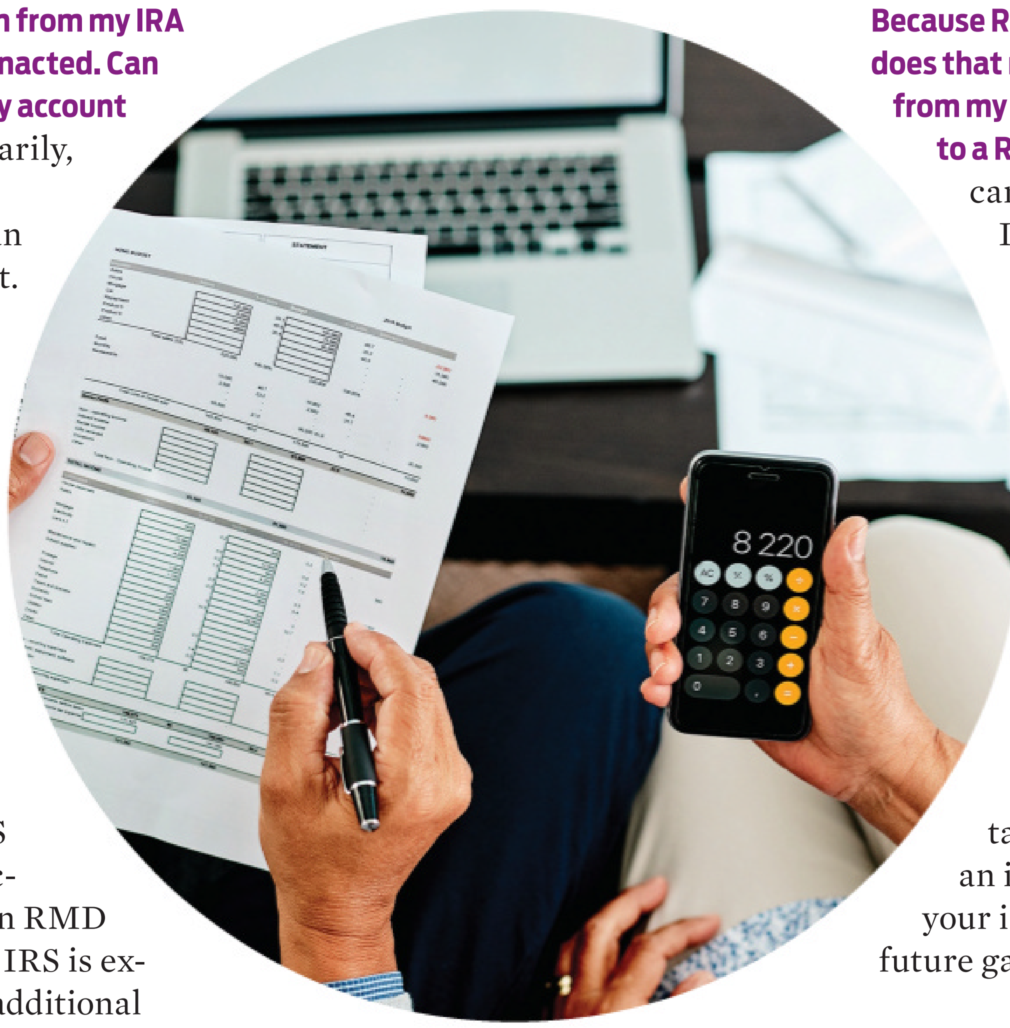
RETIREES GET A BREAK ON IRA DISTRIBUTIONS

THE CORONAVIRUS STIMULUS PACKAGE, known as the CARES Act, allows retirees who are 72 or older to skip required minimum distributions from IRAs and other tax-deferred accounts for 2020. Here are answers to questions about the waiver.

I took a required distribution from my IRA before the CARES Act was enacted. Can I put the money back into my account to avoid the tax bill? Ordinarily, you have 60 days to roll money withdrawn from an IRA back into the account. The IRS has extended the rollover deadline until July 15 for account holders who took an RMD between February 1 and May 15.

The option isn't available if you rolled over money from one IRA to another in the past 365 days, because the IRS only permits one rollover per year. The IRS guidance also excludes account owners who took an RMD in January. However, the IRS is expected to come out with additional guidance, and it may allow people who took distributions in January to put that money back, too, says Ed Slott, founder of IRAHelp.com.

Even if that doesn't happen, there may be a workaround. The CARES Act allows IRA owners who were affected by the coronavirus pandemic to take a distribution of up to $100,000; if they repay the money within three years, the distribution won't be taxed. If you can demonstrate that you needed the money to manage a coronavirus-related hardship, such as illness or unemployment, you may be able to put it back and avoid the tax bill.



I turned 70½ in 2019 and delayed my first RMD until April 1. Does the waiver apply to that distribution? Yes. The SECURE Act, signed into law at the end of 2019, increased the age at which retirees are required to take RMDs from 70½ to 72 starting in 2020. People who turned 70½ in 2019 were originally required to take their first distribution by April 1, but because of the waiver, you can put it off until 2021.

Does the waiver apply to inherited IRAs? Yes. The SECURE Act technically eliminated RMDs for non-spouse beneficiaries of inherited IRAs, mandating instead that they must drain the account within 10 years after the original owner's death. If you inherit an IRA this year, the waiver won't affect that deadline. But if you inherited an IRA before 2020, you're still subject to the old rules, which allow you to take RMDs based on your life expectancy. In that case, you can skip your distribution this year. If you've already taken a distribution from an inherited IRA, however, you can't roll it back into the account.

Because RMDs are waived this year, does that mean I can withdraw money from my IRA and convert it directly to a Roth? Yes. Ordinarily, you can't convert money in your IRA to a Roth until after you've taken your RMD. That could trigger a bigger tax bill and potentially push you into a higher tax bracket. But with the RMD requirement waived this year, you can convert any amount of money to a Roth. You will still pay taxes based on the value of your IRA at the time of the conversion. If your portfolio has taken a beating, this could be an ideal time to convert. Once your investments are in a Roth, future gains will be tax-free.

With the RMD waived, does it still make sense to make a qualified charitable distribution this year? Once you reach 70½, you're allowed to contribute up to $100,000 directly from your IRA to charity, and the contribution counts toward your RMD. That's not an issue this year, but a qualified charitable distribution offers other benefits, says Mari Adam, a certified financial planner in Boca Raton, Fla. A QCD will reduce the size of your IRA, which means that future RMDs will be smaller, and your tax bill will be smaller, too.

SANDRA BLOCK

ISTOCKPHOTO.COM (2)

RETIREMENT

YOUR 401(K) MAY GET DINGED

THE PANDEMIC, WHICH HAS CHANGED THE way millions of people work, is also starting to change the way they save—and not in a good way.

Some 12% of employers have suspended matching contributions to their 401(k) plans, and an additional 23% were planning to cut their match or were considering it, according to a survey conducted in late April by Willis Towers Watson, a human-resources consulting firm. A separate survey by the Plan Sponsor Council of America found that nearly 22% of companies with 1,000 or more employees are suspending or reducing matching contributions to 401(k) plans. Companies in hard-hit industries, such as retail and travel, were more likely to suspend contributions to employees' retirement plans.

How quickly matches are restored will depend on how fast the economy recovers, but many companies hope the suspension will last only a few months, says Robyn Credico, defined-contribution practice leader for Willis Towers Watson. "I think there's a lot of belief that by the last quarter of this year or early next year, things will improve," she says.

Although a company match provides a great incentive to contribute, don't use the loss of your match as an excuse to stop saving, Credico says. Instead, if you can afford it, try to contribute a little more to make up the difference. With or without a match, she says, "your retirement needs aren't going to change."

SANDRA BLOCK

CALENDAR
07/2020

WEDNESDAY, JULY 1
Did you receive a refund for college expenses because your child's school was closed due to the coronavirus? If you used a withdrawal from your 529 plan to pay those expenses, you have until July 15 (or 60 days after the refund was issued, whichever is later) to put the money back into the plan. Start the process now to make sure you meet the deadline and avoid a tax bill.

▲ WEDNESDAY, JULY 15
Tax Day, for real this time. In response to the pandemic, the IRS extended the traditional April 15 deadline to file and pay your federal taxes. You can still request an extension until October 15, but that will only give you more time to file, not more time to pay.

THURSDAY, JULY 16
The year is halfway over (you're forgiven if it feels like longer). The midpoint of the year has traditionally been a good time to see if your portfolio needs rebalancing, and given the extreme volatility we've experienced this year, that checkup is more important than ever. For a look at where the markets are headed in the year's second half, see "Where to Put Your Money Now," on page 18.

SATURDAY, JULY 25
If you bought tickets through Ticketmaster for a weekend summer concert that was canceled or postponed because of the coronavirus, there's a good chance you're eligible for a refund or credit. For more information on how to get refunds on everything from airline tickets to postponed weddings, turn to page 50.

DEAL OF THE MONTH
Stocking up on holiday decorations now could save you big bucks in December. Look for discounts of up to 75% on holiday lights and artificial Christmas trees at big-box stores such as Home Depot, according to DealNews.com.

ISTOCKPHOTO.COM (2)

BRIEFING

INFORMATION ABOUT THE MARKETS AND YOUR MONEY

NO RAISE FOR RETIREES IN 2021?

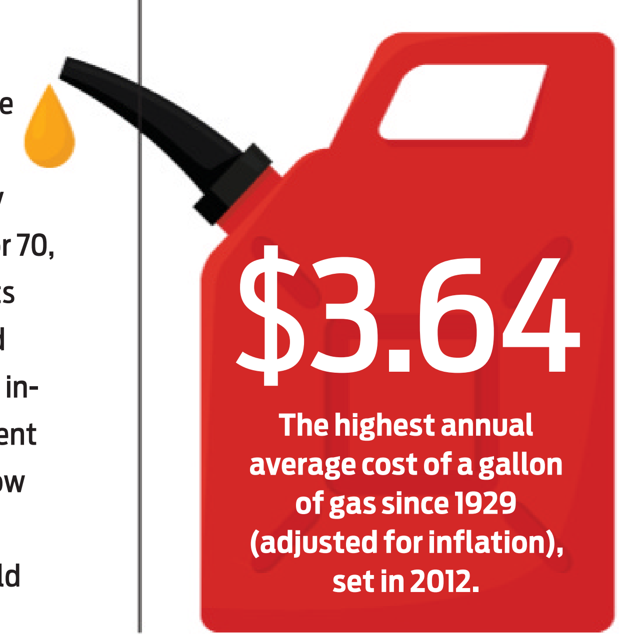
The COVID-19 pandemic has caused prices of goods and services to plummet, which is good news for most household budgets but worrisome for retirees who receive Social Security benefits. Kiplinger is forecasting that the 2021 Social Security cost-of-living adjustment will be below 1%. The Center for Retirement Research at Boston College says seniors may not get any cost of living increase in 2021, only the fourth time that has happened since automatic cost-of-living adjustments were introduced in 1975. The 2021 COLA will be based on the increase in the consumer price index (CPI-W) from the third quarter of 2019 through the third quarter of 2020. The COLA for 2020 was 1.6%.

Meanwhile, the 2020 Social Security Trustees' Report, issued in April, projects that the Old-Age and Survivors Insurance (OASI) Trust Fund, which pays retirement and survivors benefits, will be able to pay scheduled benefits until 2034, the same as last year's report. That's when the fund's reserves will become depleted and recipients could see a 21% cut in benefits. The 2021 Trustees' Report is likely to show an even more dire forecast, because it will reflect data available after the pandemic's severe blow to the economy (see "Ahead," on page 9).

Congress keeps kicking the can down the road but is likely to take action to shore up the system closer to the time the trust fund runs out of money. Proposals to fix Social Security include raising the full retirement age to 69 or 70, or gradually increasing the payroll tax from its current 6.2%. Bills have also been introduced in Congress to raise the cap on the amount of income subject to the payroll tax from the current $128,400. Other proposals call for revising how COLAs are calculated so that annual benefit increases will be smaller—a change that would affect current and future beneficiaries.

GAS ON SALE

Weak demand for oil has led to a steep drop in what you pay at the pump, but prices are perking up again for summer. In mid May the average price of a gallon of regular gasoline nationwide was $1.88, according to the U.S. Energy Information Administration. That was up about 11 cents from its late-April low. Why? Even though world oil demand is down amid the pandemic, refineries are also slashing their production of gas and other fuels. Now, as drivers start to venture out onto the roads in more states, they can expect to see prices at the pump heading north again. Even so, for the 2020 summer driving season, the EIA forecasts prices will average less than $2 per gallon, down from an average of $2.72 per gallon last summer.



THE WAGE GAP PERSISTS INTO RETIREMENT

Men and women contribute to their 401(k) at similar rates—7.9% and 7.5% of income, respectively. But combined with the wage gap—a woman, on average, earns about 80 cents for every dollar a man makes—the difference can compound and leave women with far less retirement income.

After 40 years in which a man and woman earned the average salary for their gender, the man would end up with a 401(k) balance that could generate a $2,200-a-month lifetime payout, but the woman would get only $1,500 a month, according to data compiled by Human Interest, a 401(k) provider for small and midsize businesses. "Just like savings can compound, the wage gap can compound, too, by the time a woman reaches retirement," says Jeff Schneble, CEO of Human Interest.

Married people tend to be better savers than singles. And married women save more in their 401(k)—an average of 9.0%, compared with 8.2% for men.

CREDIT FREEZE

Banks are pulling back on their risk exposure by cutting credit card limits or canceling cards altogether, says Ted Rossman, industry analyst at CreditCards.com. As a benchmark, consider that during the Great Recession, the October 2008 Fed Senior Loan Officer Survey found 20% of card companies cut credit lines for customers with good credit scores and 60% reduced lines for subprime cardholders.

Unused cards are prime candidates for cancellation, so if you haven't made a purchase on a card in a while, buy something small and pay it off right away, says Rossman. Keeping cards open helps your credit score because it aids your credit utilization ratio—the credit you're using divided by your credit limit. Your credit limit could be cut or your card canceled if you get close to your credit limit. If you're having trouble making payments, let your card issuer know. It will probably work with you on a payment plan (see "Millennial Money," on page 62).

During the Great Recession, banks also froze home-equity lines of credit as home prices plummeted. So far, home prices haven't shown signs of distress, but Wells Fargo and Chase are among large banks pausing HELOC applications.

88

That's the percentage of Americans who say the COVID-19 pandemic has put stress on their personal finances, according to a survey by the National Endowment for Financial Education. Among the most common sources of stress: inadequate savings (41%), job security (39%), and paying the rent or mortgage (28%).

HUGE BACKLOGS AT THE IRS

The Internal Revenue Service is struggling with staff shortages as the agency tries to return to work while ensuring the safety of its employees amid COVID-19. Workers are attempting to get through an enormous stack of mail, respond to taxpayers and answer questions on its hotline, reports the *Washington Post.*

Years of budget cuts, outdated paper-based systems and a slow transition to telework have compounded the problems. If you filed a paper or amended return or had a return flagged for identity theft, expect a long wait before you receive a response.

From *The Kiplinger Letter*

LONG DELAYS FOR AIRLINE RECOVERY

A full rebound could take years as consumers' reluctance to fly lingers. Delta's CEO predicts the industry could take three years to recover. Airbus's top executive says it could take five. International travel will plummet this year, perhaps as much as two-thirds for the first three quarters of this year, compared with earlier forecasts. Air travel to Europe and the Asia-Pacific region will be hardest hit. And even after a rebound, COVID-19 will lead to changes: Touchless lavatories and fold-out trays. More facial recognition. Health screening, such as temperature checks or even virus blood tests. Cost-cutting that eliminates Wi-Fi, movies and in-flight dining. And, of course, no more magazines.

ISTOCKPHOTO.COM (3)

INVESTING

Where to Put Your Money Now

The market is finding its way in a changed landscape. Our advice: Tilt toward stocks rather than bonds and cash, and favor U.S. over international holdings.

BY ANNE KATES SMITH

ILLUSTRATIONS BY JOHN W. TOMAC

The road map has changed a lot since our last investing outlook, in the January issue. As we hunkered down at home, COVID-19 brought the financial markets and our economy to a crashing halt. The longest bull market in history came to an end, and a bear market emerged in record time, with companies' prospects for the future largely determined by the impact of the coronavirus and their financial wherewithal to withstand it. // What may have surprised most was how resilient the market has been, given the grave economic situation. By mid May, more than 38 million people had lost their jobs. April retail sales and industrial production recorded the steepest monthly drops on record. Restaurants, retailers and movie theaters have filed for bankruptcy, and dozens of companies have suspended or cut their dividends as they husband resources in an attempt to survive (For more on dividends, see the story on page 24.) Oil prices collapsed on fears that global demand would stagnate before recovering some. "We're looking at an extremely deep recession, deeper than 2008 to 2009, the worst since the Great Depression," says IHS Markit chief economist Nariman Behravesh. "No question, this downturn is horrific."

But the stock market reminded investors that it always looks ahead—in this case, beyond the economic chasm to a post-COVID recovery. After falling 34% from its February peak through March 23, Standard & Poor's 500-stock index pivoted to an unprecedented 30%-plus rebound. But some market experts worry that the rally has gotten ahead of itself. Investors, understandably, are wondering if the second half of 2020 will be off to the races or back to the depths. We think the U.S. market will tread a middle ground between the two.

In our January outlook, we said it was reasonable to expect the S&P 500 to reach a level somewhere between 3200 and 3300 at some point in 2020. The broad-market index reached 3386 on February 19, and we don't think it will hit that level again this year. More likely is a year-end finish for the S&P 500 of 2900 to 3000. The midpoint of that range is close to where the market traded in May, and it works out to an 8.7% price decline for the calendar year. Our projection also leaves the Dow Jones industrial average close to its mid-May point at year-end—say, in the neighborhood of 24,400. This forecast includes the expectation of a market correction following the explosive spring rally that could take the S&P 500 down to 2650 or perhaps lower. (Prices and returns are through May 15, when the S&P 500 closed at 2864.)

In other words, we're looking at a volatile market that may make little progress as measured by the indexes—but that shouldn't dissuade you from positioning your portfolio for gains in a post-pandemic future. "Just because the market may not go anywhere for the next six, 12 or 18 months doesn't mean there aren't really good investment opportunities," says David Giroux, head of investment strategy at investment firm T. Rowe Price.

Investors can prosper as we emerge from the downturn by finessing a fine line between defensive plays—but not too defensive—and stocks and sectors that are more sensitive to the economy—but not too sensitive. Your best bet is to maintain a high bar for quality holdings, without paying the sky-high stock prices commanded by companies with the very best balance sheets. And take advantage of emerging post-pandemic investment themes.

AN ECONOMIC ALPHABET

This is a market more challenging than most investors are used to, especially given how murky the usual crystal balls are. Economists debate, with little agreement, whether the recovery will take the shape of a *V* (dramatic bounce back), *U* (prolonged bottom as the economy gradually reopens), *W* (up and then back down, possibly after another wave of the virus, or *L* (stuck at low levels as safety concerns limit activity). Or a math symbol: "We agree with the square root sign," says Behravesh, "an uptick that fades away."

Following a first-quarter decline in gross domestic product of just under 5% annualized, Behravesh sees a drop of close to 37% in the second quarter before things pick up in the second half, for a full-year decline in economic growth of 6.4%. Unemployment, recently running at a 14.7% rate, is likely to top out in the third or fourth quarter at 17% or higher, says Behravesh. "This all assumes that the pandemic peaks sometime in July or August and a gradual opening up of the economy continues. If this virus comes back, even this bleak picture is not bleak enough," he says.

Given the epidemiological and economic uncertainties, many companies have withdrawn the guideposts they usually furnish about how their businesses are faring. That makes estimating corporate earnings—the engine that drives stock prices—particularly precarious. "We're operating somewhat blindly," says Phil Orlando, chief stock strategist at investment firm Federated Hermes. The level of earnings might be tough to pinpoint, but the direction is unquestionably down. Wall Street analysts project earnings for companies in the S&P 500 overall to be 22.6% lower than 2019 earnings, according to research firm Refinitiv, with profits plunging the most for energy firms, companies that make or sell nonessential consumer goods (including restaurants, retailers and entertainment firms), and industrials (see the chart at left). It could take until the second half of next year or until even 2022 to get back to 2019 earnings levels.

Dashed Expectations

A FREEFALL IN 2020 EARNINGS

Last July, analysts expected S&P 500 firms overall to increase earnings by nearly 12%, with every sector in the black.

Sector	July 2019 growth estimate	Current growth estimate
Communication svcs	12.5%	−15.5%
Consumer discretionary	12.2	−52.2
Consumer staples	6.8	−3.9
Energy	29.1	−111.2
Financials	8.4	−36.5
Health care	9.5	−0.8
Industrials	12.7	−50.0
Materials	13.7	−20.2
Real estate	6.1	−7.8
Technology	13.3	−0.7
Utilities	5.9	1.7
S&P 500-STOCK INDEX	**11.5%**	**−22.6%**

AS OF MAY 15. SOURCES: I/B/E/S, REFINITIV.

Hamstrung by falling revenues and shrinking profits, more than 50 stocks have suspended or reduced their dividends. Goldman Sachs forecasts that payouts will fall by more than 20% this year (others predict less). Corporate spending to maintain or upgrade buildings, equipment and the like will drop by 27%, Goldman predicts.

STRONG UNDERPINNINGS

Dire circumstances notwithstanding, the market has some strong underpinnings in the form of massive monetary and fiscal stimulus. "The Federal Reserve, with Congress's help, stopped the bear market squarely in its tracks," says Jim Stack, president of market research firm InvesTech Research. The Fed cut short-term interest rates to 0%, although Fed governors insist negative rates are not in the cards. Central Bankers and the federal government have injected more than $5 trillion combined into the financial markets and the economy so far, says Stack, and trillions more could be coming. "At the same time, the economic challenges remain formidable," he says.

Experts also wonder if we'll pay for spending now with an uptick in inflation later. Shifting political winds toward populism, nationalism and deglobalization are also likely inflationary, says stock strategist Mike Wilson at Morgan Stanley, and together with deficit spending and expected weakness in the dollar "are creating the most convincing case for a return of inflation we've seen in some time," he says. For now, the deflationary effects of a recession—and longer term, the ongoing technological revolution and aging demographics—will temper the risk of spiraling price hikes. Kiplinger expects an inflation rate of just 0.3% at the end of 2020, far below last year's 2.3% rate.

What once was the market's biggest wild card, the U.S. presidential election, has taken a backseat to the pandemic. "If new infections grind lower, we put this brutally ugly second quarter behind us and show growth in the third quarter with people working and the stock market back up, that's good for Trump's reelection," says Federated's Orlando. "If there's an unexpected second wave, another shutdown and recession runs into next year, we're looking at President Biden." Orlando will be watching the stock market's performance in the three months leading up to the election. If the market is up, the incumbent tends to win; if it's down, the opposition is usually victorious. Going back to 1928, the indicator is 87% accurate.

Regardless of the election outcome, some hot-button issues have cooled considerably, given the economic situation, says stock strategist Jeffrey Buchbinder at LPL Financial. "I see no appetite for increasing the corporate tax rate," he says. Similarly, we won't see tariff increases in the deepest recession we've seen since the 1930s."

WHERE TO INVEST

Tilt toward stocks rather than bonds and cash, and toward U.S. instead of international holdings—although in a diversified portfolio you'll own all these assets, and your personal situation will dictate to what extent. Fixed-income investors will have to learn to live with low rates, with the Fed unlikely to raise short-term rates for years and the 10-year Treasury yield, recently 0.64%, inching toward 1% by year-end. "Maybe my 2-year-old will see 3% on a Treasury yield in his lifetime," quips chief strategist Brian Nick at investment firm Nuveen. You'll find better opportunities outside the Treasury market—in U.S. agency-backed mortgage securities, for example, high-quality corporate bonds

Opportunities

Five Stocks to Buy Now

American Electric Power (symbol AEP, $78). Operating in 11 states, this electric utility mixes defense of a 3.6% yield with some sensitivity to an economic rebound, says T. Rowe Price portfolio manager David Giroux. Look for long-term annual earnings growth in the mid-single-digit percentages.

Becton Dickinson (BDX, $258). The health care equipment maker has a pipeline of products to battle COVID, says BofA Securities, including a test that will confirm an active infection in 15 minutes. Becton is ramping up to produce syringes for a COVID vaccine.

Costco Wholesale (COST, $299). Competitive advantages go beyond pandemic-related stockpiling, says Morningstar. Membership renewal rates are nearly 90% and have held steady through the financial crisis and the rise of e-commerce.

Peloton Interactive (PTON, $48). Peloton has yet to post a profit. But it has first-mover advantage in the interactive fitness market, allowing it to achieve critical mass and cultivate a loyal following. Brand awareness grew with free-trial marketing amid the pandemic, says investment research firm CFRA.

Southwest Airlines (LUV, $24). People will fly again, and this low-cost airline has the financial resources to survive until they do, says Artisan Partners portfolio manager Dan O'Keefe. The domestic-only carrier is in the best position to take market share from struggling competitors.

COURTESY PELOTON

Q&A WITH JIM PAULSEN

A Mix of Offense, Defense and Tech

Jim Paulsen is chief investment strategist at the Leuthold Group, an investment research and money management firm.

TAKE SOME RISK, SAYS JIM PAULSEN.

COURTESY THE LEUTHOLD GROUP

KIPLINGER: What do you see for the second half of 2020?
PAULSEN: I don't know what the virus will do, and that makes it tough to forecast—but we have to make a judgment, and it does little good to say it's so uncertain. It's always uncertain. The overriding thing that keeps me on the bullish side is that there's so much fear—not only the normal fear you have in a recession, the fear of losing your job or life savings, but also the fear of losing your life or the lives of loved ones. That's fear on steroids. High levels of fear mean it's almost always a good time to lean toward investment assets. The corollary is that if you know you're in a recession, it's always a good time to buy stocks.

Why is that? Everyone's worst nightmare is baked into stocks. A lot of stocks are way underpriced, and defensive areas are way overvalued. The price of gold is at a 50-year high relative to other commodities, cash pays zero, 10-year Treasuries yield just 0.64%, and the prices of defensive stock sectors—utilities, consumer staples, low-volatility stocks—are as high as they've been in 30 years. If you're going to be defensive, you have to pay a lot for the privilege; when there's a recovery, there's a lot of risk in owning those defensive stocks. In a balanced portfolio, you should be tilting away from bonds and cash toward stocks in general—and within stocks, away from the S&P 500 and toward an array that includes cyclical stocks (those sensitive to the economy), plus small-company stocks, international stocks and more-volatile stocks. In other words, not the things you buy to sleep well at night.

What supports that risk-taking? The impact of fear in this market has brought massive monetary, fiscal and interest-rate help for the economy, but it helps stocks as well. Officials get scared just like we all do, and the amount of stimulus has been off the charts. The combination of underpriced risk assets and the tremendous policy support usually begets better times—it's a powerful combination. A year from now, the stock market will be a fair amount higher than today. Are new highs unrealistic by next summer? I don't think so.

What should my portfolio look like now? Number one, you need to be diversified. You shouldn't sell out of defensive sectors, bonds or cash—I'm talking about *tilting* toward riskier assets. I'd also own the popular new-era tech stocks. They've been the darlings of the last bull market and the darlings of the bear market. Their growth rates are affected by the economic cycle, like an industrial company would be, but there's growth there regardless, based on new products that nobody has and everybody needs. That makes them attractive when the economy slows. Their valuations are higher, but I'm going to give them the benefit of the doubt. An index we use is iShares S&P 500 Growth ETF (symbol IVW). It includes tech and communication companies but also consumer discretionary and health care companies with similar characteristics of biting edge, new-era product offerings. I'd be underweight in fixed income, but I still want some, to stay diversified. Then, next year, I might back off those broader-market plays—the cyclicals, small caps and internationals—to some degree.

Why back off? Because the economy will come back down to the below-average, sustainable growth that we had over the past decade. My best guess on the economy is that we'll get a *V*-shaped recovery in the second half, but it may only last for a couple of quarters. There's nothing uncommon about taking a long time to regain full strength in the economy. Parts of it won't be coming back even in 2021—airlines, cruise lines, big events. Even if there's a vaccine, it might take a while. In nearly every recession, it takes several years to get all parts of the economy back. In the 1980s, it was energy and farming; in the '90s, it took almost the entire decade to get commercial real estate back. After 2000, we didn't see tech IPOs for a number of years, and we haven't gotten housing and banking back to where it was before 2008. But that didn't stop the bull markets in the '80s, '90s, early 2000s or 2009.

or pockets of the municipal market. (For more, see "Income Investing," on page 31.)

Investors will have to depend more on stocks for income but will also have to dodge dividend land mines this year as companies cut payouts. Focus on stocks with the financial wherewithal to keep payouts growing with actively managed **VANGUARD DIVIDEND GROWTH (SYMBOL VDIGX)** or with **VANGUARD DIVIDEND APPRECIATION (VIG, $111)**, an exchange-traded fund that tracks an index of consistent payers.

Foreign markets have been a tease for years. "International stocks are cheaper than U.S. stocks, but I've been saying that for a long time," says David Kelly, chief global strategist at JP Morgan Asset Management. Still, Kelly says he is "optimistic" about East Asian markets, and although he's less so about European markets in the short term, "they could have a better outcome than the U.S. in the COVID-19 struggle. In the end, the U.S. will have paid a bigger price for this disease than other regions," Kelly says. Don't expect much from foreign markets this year—but it would be a mistake to count them out. (For where to invest overseas, see page 26.)

Within the U.S. stock market, look for a balance of risk and reward, says Giroux at T. Rowe Price. He says he'd avoid expensive, safe-haven stocks that have benefited the most during the pandemic—think consumer staples stocks in particular, but also the highest-quality stocks with the most pristine balance sheets. "I don't see much value in those names today," he says. Nor would he bet on a bounce by the companies most hurt by the coronavirus, such as airlines or cruise operators. "Their business model is probably permanently impaired. They'll take on a lot of debt in the downturn and emerge as far less attractive businesses, and there are questions, honestly, about whether they'll make it to the other side."

Giroux is instead focusing on a middle group of stocks, still well off their 52-week highs, that could pay off for patient investors when the economy recovers. These stocks might take longer to play out but have strong-enough balance sheets and sufficient liquidity to see them through. Stocks that he likes include industrial machinery manufacturer **FORTIVE (FTV, $55)**, **GENERAL ELECTRIC (GE, $5)**, **HILTON WORLDWIDE (HLT, $69)**, chipmaker **MAXIM INTEGRATED PRODUCTS (MXIM, $52)** and global payments giant **VISA (V, $183)**.

Health care and technology shares are not uber-defensive, but they are still less likely to underperform if the economy fails to launch. "This makes sense as a middle strategy," says Nuveen's Nick. **FIDELITY SELECT HEALTH CARE (FSPHX)**, a member of the Kiplinger 25, the list of our favorite no-load funds, holds 85 stocks and will give you a good selection. ETF investors can consider **INVESCO S&P 500 EQUAL WEIGHT HEALTH CARE (RYH, $213)**, one of the Kiplinger ETF 20. As for tech, "we're not shy about liking the big names," says Nick. One way to get exposure is through **INVESCO QQQ TRUST (QQQ, $223)**, an ETF that owns the stocks of the Nasdaq 100 index.

Finally, look ahead—as you can bet the market will—to themes that will surface post-pandemic. Among the trends UBS Wealth Management foresees is increasing use of telemedicine for accessing routine medical care. And as governments seek to diversify global supply chains and bring them closer to home, firms that specialize in warehouse or factory automation and robotics will thrive. Stocks that fit the theme: **TELADOC (TDOC, $184)** and **ROCKWELL AUTOMATION (ROK, $198)**.

YOU CAN CONTACT THE AUTHOR AT ANNE_SMITH@KIPLINGER.COM.

A Dicey Year for Dividends

You can still find safe and rising payouts if you know where to look.

BY RYAN ERMEY

Whether you're a retiree or a brand-new, long-term investor in the stock market, dividends matter. From the beginning of 1930 through 2019, the compound growth of reinvested dividends accounted for 42% of the total return of Standard & Poor's 500-stock index, according to Hartford Funds. For those investors who do live on the income generated from their portfolios, a major shake-up among corporate payouts, which tend to increase steadily during the market's more placid times, means a major loss of income at a time when it's hard to come by elsewhere. At last check, 10-year Treasuries yielded 0.64%.

When the COVID-19 shutdown brought revenues in some industries to an abrupt halt, many firms had little choice but to retain money they otherwise would have paid out. So far this year, 53 firms in the S&P 500 have suspended or cut their dividends.

The industries that have seen the most cuts are the ones directly affected by local stay-at-home orders. Hotel chains Marriott and Hilton, cruise line Carnival, retailers Nordstrom and Macy's, automakers Ford and General Motors, and restaurant operator Darden are among firms that have cut or suspended dividends. Stocks in major airlines have suspended dividends as a stipulation of their $50 billion government aid package. Energy

companies, such as Apache Corp. and Occidental Petroleum, have trimmed payouts amid plummeting oil prices and fuel demand.

How low can they go? BofA Securities strategist Savita Subramanian expects a 10% drop in S&P 500 dividend payouts this year. That's a more bullish outlook than some strategists forecast, and such a drop would be a far cry from the 23% trim in dividends during the 2008–09 financial crisis. It's reasonable for investors to expect a dividend yield of 1.8% to 1.9% on the S&P 500 this year, a slight decrease from the current yield of 2.0%.

Investors looking for safe and rising dividend payouts are likely to find them among technology and health care firms, as well as those that make essential consumer goods that people continue to buy amid the pandemic, says Tom Huber, manager of T. Rowe Price Dividend Growth fund, a member of the Kiplinger 25, the roster of our favorite no-load funds. Even in those promising sectors, you should look under the hood to assess the sustainability of a stock's payout.

Companies with the safest dividends will have ample cash and little to no debt. Look for firms with a history of steady earnings growth that generate lots of free cash flow (cash profits left after spending to maintain and expand the business) and sport low payout ratios (dividends as a percentage of earnings). The average S&P 500 firm currently distributes 44% of earnings via dividends—lower than the historical average of 57% (though what is considered in the range of normal varies by sector). A firm's payout as a proportion of free cash flow indicates whether a dividend is "covered." Distributing more than 50% to 70% of free cash flow in dividends should raise an eyebrow, Huber says.

Of the following companies, some provide a modest yield but have prospects for dividend growth; others deliver high current income. All of their payouts look safe. Stocks are ordered from the lowest to highest yield; prices and other data are through May 15.

MICROSOFT (symbol MSFT, price $183, yield 1.1%). The tech giant should continue to enjoy robust growth in its cloud-based business (including, among other things, its cloud platform Azure, subscription-based versions of Office and online gaming service Xbox Live), which analysts at investment firm CFRA estimate now accounts for more than half of the firm's revenues. The firm has a "spectacular balance sheet and free cash flow," says T. Rowe

Price's Huber. Over the past five years, Microsoft has boosted its dividend by an average of 10.5% per year.

UNITED HEALTHCARE (UNH, $291, 1.5%) has hiked its payout by an average of 24% per year over the past decade, and it affirmed its payout in March. The insurer has taken a cautious approach to the coronavirus outbreak, boosting cash reserves from $14 billion at the end of 2019 to $24 billion at the end of March. Wall Street analysts expect the firm to increase earnings by nearly 8% in 2020.

NEXTERA ENERGY (NEE, $232, 2.4%) is a conservative dividend payer among utilities providers in the S&P 500, which yield 3.6% on average. But the firm's payout is reliable and grows reliably. NextEra has enjoyed steady demand from its regulated-utility customers amid the pandemic, and for this year execs haven't modified earning expectations—which, if realized, would see the firm boost profits by 6% to 8%. NextEra is also a leading developer and generator of renewable energy, which should boost earnings over the long term. NextEra recently reaffirmed its commitment to dividend growth, vowing 10% bumps per year through 2022.

J.M. SMUCKER (SJM, $115, 3.1%). J.M. Smucker produces a portfolio of pantry staples, including Folgers and Café Bustelo coffee, and pet foods and treats, such as Meow Mix and Milk-Bone. Columbia Dividend Opportunity fund comanager Dave King views Smucker as a beneficiary of home quarantines, now that fewer of the undercaffeinated are venturing out to coffee shops. The firm expects a boost in both earnings and free cash flow for the quarter that ended in April due to higher product demand. The dividend represents 41% of the earnings expected by Wall Street analysts for the fiscal year that ends in April 2021.

YOU CAN CONTACT THE AUTHOR AT RYAN_ERMEY@KIPLINGER.COM.

Look Out Below

How to Spot Dividends at Risk

Many companies in hard-hit industries, such as travel, lodging, dining, energy and brick-and-mortar retail, have slashed or suspended their payouts. Real estate investment trusts (particularly those that lease space to restaurants and stores) and financial firms may come under pressure as well, says Will Hunter, of the investment firm Neuberger Berman.

Be most wary of heavily indebted firms with deteriorating earnings. They may have to tap money earmarked for dividends to meet short-term obligations. A sky-high yield can tip you off to a vulnerable dividend, says Brian Bollinger, of Simply Safe Dividends, a dividend research firm. "Investors may be tempted to reach for high yields, but if you're investing in firms with high yields, high debt and high payout ratios, you could be picking up pennies in front of a steamroller," he says. With that in mind, we note three stocks that look risky.

Dow Inc.'s chemical business is sensitive to swings in energy prices, which are at historic lows. Dow's global supply chain has been severely disrupted. The firm is highly indebted, and analysts expect earnings of $1.32 per share in 2020—well short of the $2.80 per share the company would pay in dividends this year without a cut. The stock's 8.3% yield is a red flag.

Wells Fargo's 8.7% yield suggests investors are factoring a possible dividend cut into the stock price, says BofA Securities analyst Erika Najarian. Analysts estimate that Wells will earn 79 cents per share in 2020, short of its current $2.04 annual payout. Najarian sees the bank struggling to earn its 2021 payout and says it will be tough for Wells to maintain the current dividend.

Ventas, a senior-housing REIT, hasn't cut its payout in a 20-year history. But a prolonged recession and lingering pandemic fears could exacerbate declining occupancy rates and rising move-outs, crimping profits and pressuring the dividend. The yield is an eyebrow-raising 11%.

A Delicate Balance

Diversified investors should not give up on foreign markets.

BY NELLIE S. HUANG

Investing in foreign stocks may not be as precarious as walking a tightrope, but lately, it hasn't been a cakewalk, either. For more than a decade, international shares have trailed U.S. stocks. Then came the pandemic sell-off. From peak to trough, the MSCI EAFE and the MSCI Emerging Markets indexes nose-dived 34% each, level with the drop in Standard & Poor's 500-stock index.

Most markets have rallied since then, but U.S. stocks still lead the way, thanks in part to a slew of aggressive monetary and fiscal policies. Good news about the coronavirus battle has buoyed stocks, too. (Returns are through May 15, unless otherwise noted.)

A bias toward U.S. stocks over foreign shares makes sense near term. "We have more confidence and visibility around the trajectory of the recovery here in the U.S.," says Katie Nixon, chief investment officer of Northern Trust's wealth management group. But that doesn't mean you should bail on foreign stocks for the long haul. International shares are 43% of the world's market, and they deserve a place in your portfolio.

Stay diversified. Foreign markets won't always lag. They

have led U.S. stocks for extended stretches before, including between 2003 and 2007. "There are clear cycles where international stocks do better," says Sebastien Page, head of global multi-asset allocation at T. Rowe Price, "and it will happen again."

Other factors bode well for foreign stocks, too. Shares are cheap relative to historical valuations, for starters. According to Northern Trust data through April, foreign stocks currently trade at roughly 14 times expected earnings for the year ahead, a 20% discount to their long-term average multiple. U.S. shares, by contrast, trade at a 20% premium to their historical average.

Nixon expects a 10% gain in foreign stocks compared with an 8% climb in U.S. shares over the next 12 months. The same forces that are driving U.S. stocks upward today—aggressive monetary and fiscal policy, improvement on the health care front and a resumption of economic growth—will also fuel recoveries in the rest of the world, she says.

Add a dose of foreign stocks to your portfolio with **VANGUARD TOTAL INTERNATIONAL STOCK ETF** (SYMBOL VXUS, PRICE $44, EXPENSE RATIO 0.08%). The fund holds shares in emerging and developed countries. Over the past five years, the ETF has beaten the MSCI ACWI ex USA index, albeit with a 1.1% annualized loss per year. The mutual fund share class, **VANGUARD TOTAL INTERNATIONAL STOCK MARKET INDEX** (VTIAX, 0.11%), requires $3,000 to open an account.

FIDELITY INTERNATIONAL GROWTH (FIGFX, 0.99%) is one of our favorite actively managed foreign-stock funds. Manager Jed Weiss looks for foreign companies that have been able to raise or hold prices steady for their goods or services even during tough times. Over the past 12 months, the fund has returned 3.1%, which beats the EAFE by more than 15 percentage points.

We also like **VANGUARD INTERNATIONAL GROWTH** (VWIGX, 0.43%). Two firms, Baillie Gifford and Schroders, run the fund for Vanguard. The managers focus on growing, high-quality companies in developed and emerging-market countries. Nearly one-fourth of the fund's assets are invested in emerging markets. Over the past year, the fund's 8.4% return beat 96% of its competition.

Place some tactical bets. Some countries are primed for a recovery. Life is creeping back to normal in China and in some of its neighbors, including Hong Kong and Taiwan. These countries, particularly China, have been active in implementing policies to help prop up businesses and financial markets. "The combination of a strong public health system and strong policies in China gives the stock market resilience to the downside and acceleration to the upside," says BlackRock strategist Mike Pyle.

Two funds we like: **MATTHEWS ASIA INNOVATORS** (MATFX, 1.19%) and **T. ROWE PRICE ASIA OPPORTUNITIES** (TRAOX, 1.15%). The Matthews fund holds nearly 70% of its assets in China and focuses on Asian companies that are setting trends in their industries. Chinese internet giant Alibaba Group Holding is a top position. T. Rowe's Asia Opportunities scours the region to find high-quality large and midsize companies trading at reasonable prices. China, India and Hong Kong are its biggest country allocations. For a straight shot of China, consider **MATTHEWS CHINA** (MCHFX, 1.09%). Just buckle up for a rocky ride.

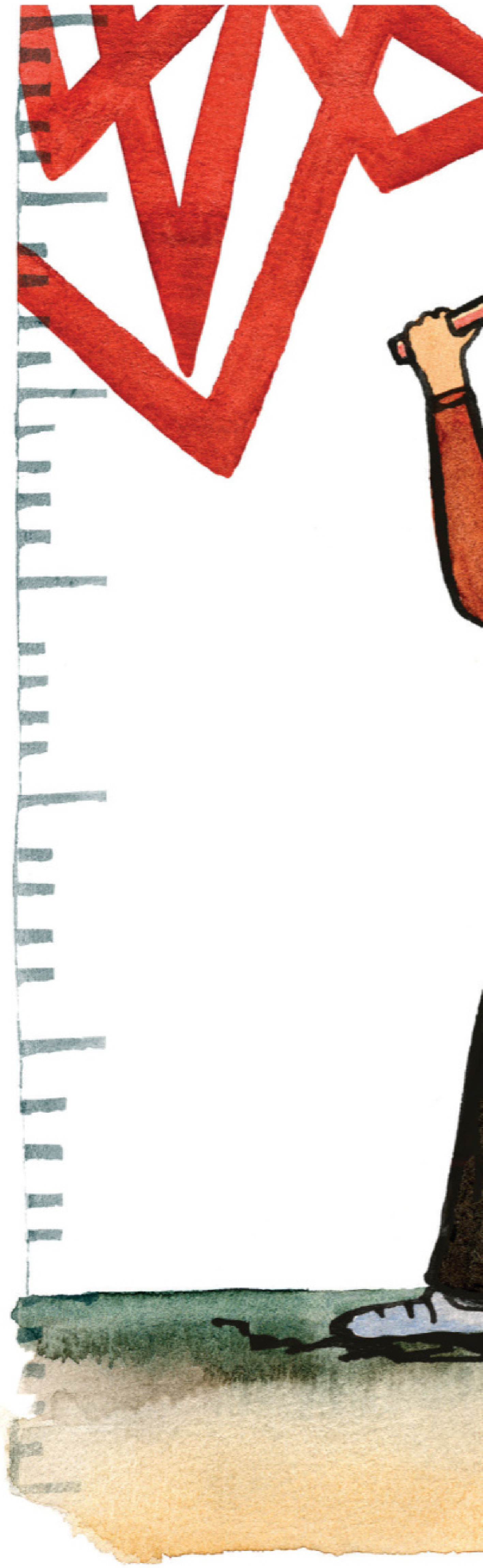
Parts of Europe have begun to open up shop, too. Thanks to "diligence" in handling the health crisis and the region's social safety net policies, says Brian Nick, Nuveen's chief investment strategist, some European economies could get back to normal quicker than the rest of the world. At **T. ROWE PRICE EUROPEAN STOCK** (PRESX, 0.97%), longtime manager Dean Tenerelli invests in firms with good management, strong franchises and healthy cash flows. The fund's 10-year annualized return beat 86% of all Europe-focused funds. ■

YOU CAN CONTACT THE AUTHOR AT NELLIE_HUANG@KIPLINGER.COM.

STRATEGIES

How Options Can Help Your Portfolio

Although the terminology may take some getting used to, options are just another investing tool for generating income or protecting you from a market sell-off. BY MICHAEL SHULMAN



FOR SOME PEOPLE, OPTIONS TRADING conjures either fantasies of instant riches or nightmares of losing everything. But those are the visions of market-timing speculators, not long-term investors. For most investors with a long-term view, trading options is a way to protect individual stocks or an entire portfolio from a downturn. Moreover, used conservatively, options can generate cash in amounts that far exceed the average dividend. This guide is meant to walk you through some of the basics.

First, the nuts and bolts: An option is a contract that gives its holder the right either to buy shares at a fixed price (a *call* option) or to sell shares at a fixed price (a *put* option). The price at which you can either buy or sell the underlying shares is the *strike price,* and the price of the contract itself is the *premium*. You'll pay the premium if you purchase an option, or you'll pocket the premium if you sell a contract to someone else. An option contract represents 100 shares of the underlying stock, and the contract expires on a fixed date; the holder may exercise an option on or before that date. Listed premiums are multiplied by 100. For example, if the premium is listed at 50 cents, it means the cost of buying that contract is $50.

The first hurdle newbies face is understanding the options chain, a matrix of information about available contracts that you can find on most brokers' sites or trading platforms. The vast majority of brokers make it simple to read the matrix and do not confuse you with the actual symbols used by the exchanges. Most large-company stocks, such as Apple (symbol AAPL), Disney (DIS), Gilead Sciences (GILD) or JPMorgan (JPM), are good candidates for options trading; they're said to have liquid option chains. Many smaller companies, such as Square (SQ), have option chains that are also easy to trade.

While many thousands of stocks have options with one expiration date per month—the third Friday—roughly 500 stocks have options that expire every Friday.

These chains have many numbers on one screen, so at first glance they may look confusing. But they are, in fact, very orderly. You'll find expiration dates for the options either running along the top of this grid or in a drop-down box. Available strike prices are typically found in the center column of the table. Most brokers align information for a specific strike price the same way: puts to the right, calls to the left. The *bid* is what someone is willing to pay for the option, and the *ask* is what the seller wants to receive (similar to when you are buying or selling a stock).

As with stocks, the daily volume is listed for every option. In the column labeled "Open Interest," you'll find the number of contracts currently open. The greater the open interest, the narrower the difference between the bid and the ask, making the option easier to trade.

Once you get past the argot and absorb a few new terms (we have assembled a glossary at right), options trading doesn't look that much different from buying and selling stocks and exchange-traded funds. Options are just another investing tool that could become an integral part of how you generate income or protect yourself from a market sell-off.

Ready to trade? Consider two popular ways to use options to protect your capital and generate cash and income.

SELLING COVERED CALLS

A *covered call* is an option contract that is backed, or covered, by 100 shares of a stock that you own. The person who buys your call has the right to purchase your 100 shares at the strike price at any time, until the option expires. In any given month, selling calls generates income typically ranging from a few bucks to 1% of the value of the shares, or perhaps more. Stocks with call options that expire every week can generate double the cash collected from selling a single monthly option.

The sale of a call with a strike price above the share price is said to be *out of the money* and can generate income in two ways: the cash collected when the call is sold, and the profits made if and when the buyer exercises the contract and buys the shares.

For example, let's say you own stock in Disney, trading at $102.02, and you sell a call with a strike price of $115, expiring in 29 days. You collect a premium of $153 per contract (the $1.53 price of the contract listed in the options chain multiplied by the 100 shares represented by the contract). This is the equivalent of a 1.5% monthly dividend yield. If the buyer exercises the

Glossary

The Language of Options

Assignment: The process of an option contract being exercised by the buyer.

Call: A contract giving the buyer the right to buy 100 shares at a specified price on or before a specified date from the seller. Individual investors should sell only **covered calls** secured by shares of the underlying stock. Selling **naked calls,** or calls not supported by shares that you own, is too risky for most investors. In a rising market you'd be forced to secure the shares at ever-higher prices.

In the money: An in-the-money put (see below) is when the strike price is higher than the share price. An in-the-money call is when the strike price is lower than the share price.

Option chain: The list of option contracts available for a stock.

Out of the money: When the strike price of a call is above, or the strike price of a put is below, the current share price.

Put: A contract giving the buyer the right to sell 100 shares at a specified price, on or before a specified date, to the seller. Individual investors who sell puts should sell only **cash secured puts**, backed by cash or a margin-loan equivalent of the cost of buying the underlying shares. A **naked put** does not have this support and is far too risky to be sold by most investors, because in a market downturn the option seller may have to buy the stock from the put buyer at a substantial loss.

Strike price: The price at which the seller of the option must either buy or sell shares.

Premium: The price of an option contract. A premium is multiplied by 100 to determine the cash value of the contract. A 50-cent premium equals a contract worth $50.

Time value: The part of an option premium representing the value to the buyer of the time remaining until the option's expiration. Time value falls as an option nears expiration, a process called **time decay.**

contract (the process of exercising is known as *assignment*), you'll earn an additional $12.98 per share—the difference between the strike price and the price of the shares when you sold the call. Total profit per share is $14.51, a 14% return.

Sound too good to be true? Sometimes it is, depending on the whim of the market. Let's say Disney stock rises to $120 a share. Then, the call is *in the money,* and the buyer is almost certain to exercise the option. (A call contract is not automatically exercised; it's up to the buyer to do so.) In this case, you'd lose out on $5 per share in profit on the 100 shares you sold to fulfill each contract. Forgone profit is the biggest potential downside of selling calls. And despite the trend toward commission-free trading, many brokers continue to charge assignment fees that range from $0 to $20 for each contract (the large brokers typically charge between zero and $4.95).

If you're interested in covered calls but don't want to execute the trading yourself, you could try buying a covered call ETF. These ETFs typically buy shares and immediately sell calls against them, limiting capital gains but increasing yields. At present there are 18 such ETFs. None is very large. The biggest, Global X Nasdaq 100 Covered Call (QYLD, $20), employs covered calls on stocks in the Nasdaq 100 index. It has less than $900 million in assets but has a yield of more than 12%. Such ETFs are a good place to start for someone who is new to calls and wants more income. That said, in volatile markets, calls sold on individual stocks have a greater potential to generate income.

BUYING PROTECTIVE PUTS

You can protect your portfolio in a falling market with put options. When you buy a put, you have the right to sell shares to the option seller at the strike price. If that price is $90, say, and the underlying stock falls to $80, you can realize a $10-per-share profit by buying shares and selling them to the option seller. The strategy lets you hedge your portfolio—it's akin to buying insurance, as the put will go up in value as the price of a stock or the market itself falls.

Investors holding stocks for the long term avoid this multistep process by selling the put itself because it will have risen in price with the decline in the stock price. How much the put rises depends on how much time is left before it expires and how much more volatile the stock has become. Traders betting that the stock will continue to fall over that period will bid up the value of the put; the extra price they are willing to pay for the time until expiration is called, appropriately enough, the *time value.*

Using protective puts has three major limitations. First, there is no such thing as a foolproof hedge. After all, if the market goes up, you'll lose money on the put. Second, it is difficult to manage these puts unless you are an active trader, because puts can vary widely in value from day to day, requiring you to monitor your portfolio closely. Third, puts are expensive.

But fans of put options have an answer to these objections. First: So what if you lose some money when the market goes up? That's the cost of insurance. Plus, puts can throw off huge profits when a stock falls suddenly and dramatically (think crash, not sell-off). In that case, the profit might erase the losses from a downturn in the share price.

Second: Less-active traders can always place a good-until-canceled order with their broker to sell the put at a specified price. Such a trade is automatically executed if the put hits that price as the stock sells off. Third: You can offset the high price of puts with cash from the sale of a call. And in a calm market, when you might find it least desirable to buy a put, puts are relatively cheap. When markets fall sharply, the cost of buying puts increases dramatically. But so does the cash from selling a call.

Investors looking to hedge their stock portfolio overall can buy puts on Standard & Poor's 500-stock index (SPX) or on an ETF tracking the S&P 500, such as SPDR S&P 500 (SPY). ■

MICHAEL SHULMAN IS THE EDITOR OF *OPTIONS INCOME BLUEPRINT,* A TRADING AND COACHING SERVICE. HIS LATEST BOOK IS *OPTIONS: MORE THAN A PRIMER.* FOR QUESTIONS OR COMMENTS ABOUT THIS ARTICLE, PLEASE E-MAIL FEEDBACK@KIPLINGER.COM.

KipTip

Setting Up an Options Account

When you trade options, it's better to use limit orders than market orders. A limit order allows you specify the price at which you want a trade executed; a market order is executed at the next available market price.

But in order to trade options you must first apply to your broker for permission. Options trading rules vary widely from broker to broker—some restrict options trading in retirement accounts, for example. But all brokers adhere to a system of trading levels, each of which requires permission. These permissions vary slightly but are typically based on your trading experience, the size of your account and how frequently you trade.

The levels are built one on the other; each higher level includes the privileges of the levels beneath it. Most brokerage levels correspond roughly to the following:

Level 1: You can sell covered calls.

Level 2: You can sell cash-secured puts and buy calls and puts.

Level 3: You can trade option spreads—trades in which you are buying or selling more than one option at the same time.

Levels 4 and 5: Forget about it. These levels give you the ability to sell naked calls and puts, something an individual investor should never do.

INCOME INVESTING | Jeffrey R. Kosnett

Pockets of Opportunity in Bonds

Bonds survived a brutal financial upheaval, reinforcing my confidence that positive returns will extend through the remainder of this strange year, albeit with massive help from the Federal Reserve. There will be more bad days and shrill headlines, and you can expect a bulge in corporate debt downgrades to junk status in the most-depressed industries and localities. But actual defaults will remain low. And there will be no magical economic boom to send interest rates flying and slash bond returns.

Consequently, your principal will be okay and income reliable. This is in sharp contrast to that hour-by-hour maelstrom of emotion called the stock market. With few exceptions, corporations, states, municipalities and public-service authorities have the cash flow and reserves to meet their interest obligations. The Fed is buying big-city bonds. The U.S. government pays Treasury debt and backstops gazillions of mortgages. And in April, Fed chairman Jerome Powell said he is "not concerned about the financial system collapsing as in 2008," noting that banks are lending, credit is flowing, and sound companies (and even some not-so-sound ones) find ready buyers for new bond issues.

Yes, airlines and firms in the travel-leisure-convention-sports complex are in a bad way. Oil companies are going belly-up, as will some suppliers. Many have junk debt trading for 50 cents or less on the dollar. Energy bonds still rated investment-grade are rickety. So, what to hold and what to avoid for the rest of 2020? Let us go down the list.

Treasuries. As the world's lockbox, Treasury debt sells no matter how big the volume or how low the yield. You'll break even on the principal, but do you want less than 1% forever? You can find risk-free federally insured savings accounts paying 1.5%.

Mortgages. I like funds holding bonds backed by the Government National Mortgage Association because of the full faith and credit guarantee. You are shielded from missed mortgage payments and foreclosures. **FIDELITY GNMA** (SYMBOL FGMNX), **T. ROWE PRICE GNMA** (PRGMX), **PIMCO GNMA** (PAGNX) and **VANGUARD GNMA** (VFIIX) are all good choices. Avoid non-government-backed commercial mortgages, such as in most mortgage real estate investment trusts, even though they've already crashed. Indiscriminate or desperate bottom-fishing is unwise.

Municipals. There are sectors in peril—nursing homes, for one—but general obligations and school, highway and water/sewer bonds are sound and beckon to fresh buyers with excellent taxable-equivalent yields. Use actively managed, low-cost mutual funds, where the pros find numerous opportunities to pick and choose. Kiplinger 25 member **FIDELITY INTERMEDIATE MUNI INCOME** (FLTMX) is fine.

Corporates. At one point in March the index of triple-B-rated bonds was down 10% for the year. It is now just above breakeven, and the losers are crowded into a few sectors. I look for actively managed funds to have a good second half. **VANGUARD INTERMEDIATE-TERM INVESTMENT GRADE** (VFICX) holds nearly 2,000 bonds and shouldn't get tripped up by one rogue sector.

Foreign bonds and emerging markets. Just say no. Nein. Nada.

YOUR PRINCIPAL WILL BE OKAY AND INCOME RELIABLE, IN SHARP CONTRAST TO THAT HOUR-BY-HOUR MAELSTROM OF EMOTION CALLED THE STOCK MARKET.

POON WATCHARA-AMPHAIWAN

Junk bonds and other high-yield credit. The worst is over for business development companies and floating-rate bank-loan funds, but if the economy doesn't regain positive momentum this year, look out below again. That's not what we're expecting, but I'd stick with senior and secured debt with high ratings, from good borrowers you recognize and understand. ■

JEFF KOSNETT IS EDITOR OF *KIPLINGER'S INVESTING FOR INCOME*. REACH HIM AT JEFF_KOSNETT@KIPLINGER.COM.

STREET SMART | James K. Glassman

Why You Need a Wish List

Like every other investor, I felt sick watching the Dow Jones industrial average lose three-eighths of its value in just 40 days in February and March. But I felt a little thrill as well. I had a list. I could buy stocks I loved at a discount. Or, to put it a little differently, I could now become a partner in some of the best businesses in the world at bargain prices.

Incredibly enough, many investors are resistant to bargains. They think of stocks as different from, say, sweaters. Imagine you have had your eye on a sweater in a store window, but it's just too expensive. A few weeks later, it goes on sale at 10% off, but you wait—not enough of a deal. The next week, it's marked down by another 20%, and you buy a gorgeous sweater to enjoy for life.

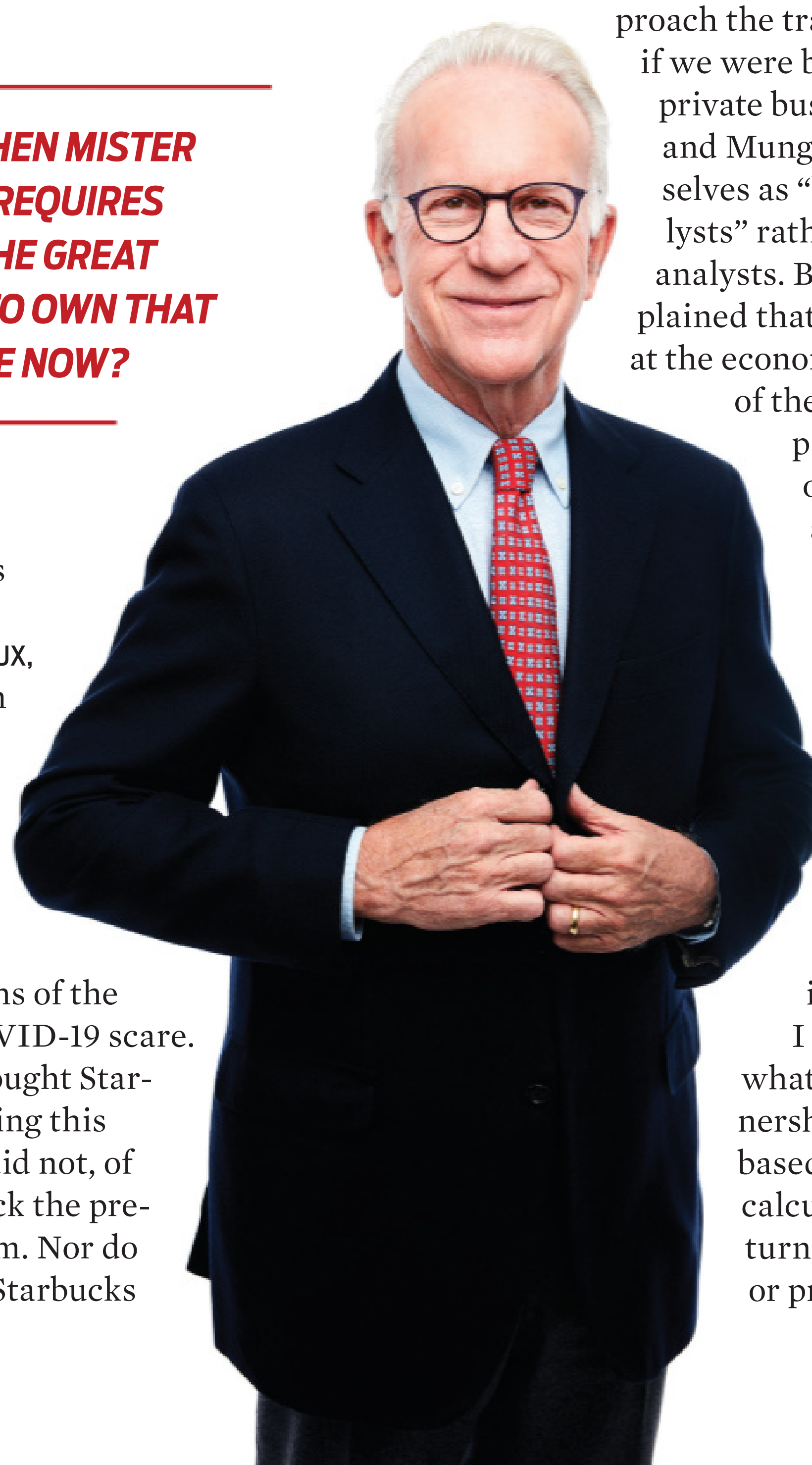
Waiting to buy at a sale price is a natural human endeavor, but stock investors often do the opposite. They buy when prices are rising—as though a store were beckoning you to buy a sweater by shouting, "Now Priced at 20% Extra!" Investors often see higher prices as a validation of a stock's worth: It must be a good company if it keeps costing more to buy a share. Conversely, they think it must be a dog if the price keeps dropping.

Pretzel logic. That reasoning, however, is twisted. The very same company's shares are offered, from day to day, at very different prices. Often the decisive factor, according to the late Benjamin Graham, the Columbia University polymath who was Warren Buffett's mentor, is the mood of "Mister Market," a guy who is sometimes full of optimism and sometimes horribly gloomy. Unfortunately, purchasing stocks when Mister Market is pessimistic requires discipline. A good trick is to make a wish list, whether on your computer, on paper or just in your head. What are the great companies you really want to own that are just too expensive now? Almost certainly, at some point, they will get cheaper. If they just keep going up, you may feel frustrated, but don't worry. Dozens of great companies are out there. Wait for your price.

PURCHASING STOCKS WHEN MISTER MARKET IS PESSIMISTIC REQUIRES DISCIPLINE. WHAT ARE THE GREAT COMPANIES YOU WANT TO OWN THAT ARE JUST TOO EXPENSIVE NOW?

A good example is **STARBUCKS** (SYMBOL SBUX, $74), which fell from $93 a share to $56 during the first two months of the global COVID-19 scare. When I bought Starbucks during this period, I did not, of course, pick the precise bottom. Nor do I know if Starbucks might again be back in the $50s (or lower) sometime soon. What I do know is that for years I have wanted to own part of this company, with its dominant global franchise, attractive locations and smart management. In addition, it's a company with 4,200 stores in mainland China that have already undergone the cycle of coronavirus suffering and recovery and can educate their U.S. counterparts. (Prices are as of May 15, unless otherwise noted.)

Frame of mind is critical in wish-list investing. In 1987, Buffett wrote that when he and partner Charles Munger consider a stock purchase, "we approach the transaction as if we were buying into a private business." Buffett and Munger see themselves as "business analysts" rather than stock analysts. Buffett explained that they "look at the economic prospects of the business, the people in charge of running it, and the price we must pay. We do not have in mind any time or price for sale. Indeed, we are willing to hold a stock indefinitely."



I determine what I call a partnership price, one based not on strict calculations of return on investment or price-earnings

ratio but simply linked to rough market capitalization (number of shares times price), a figure that I adjust to take into account balance sheets that are heavy with debt or cash. In other words, I make a loose estimate of what the company is worth, mainly by comparing it with other companies. In the case of Starbucks, its market cap was about $100 billion when the stock was riding high early this year; debt and cash were not too significant. With the stock near its low, Starbucks' market cap was $60 billion, or less than half the current market cap of McDonald's (MCD), about one-third that of Netflix (NFLX) and one-fifth that of Procter & Gamble (PG). Rough comparisons like those persuaded me that Starbucks could come off my wish list and into my portfolio.

Wish-list investing is a variation of buying on dips. With that strategy, you typically own shares of a company already and purchase more when the price goes down. And you're guessing it won't fall more. With a wish list, you are not timing the market but making a long-term commitment to a company you love—ready, as Buffett says, "to hold a stock indefinitely."

A wish-list company is one you are *proud* to own. One of those is **SALESFORCE.COM** (CRM, $171), a leader in relationship management software, which helps companies acquire customers and service them via the cloud. Revenues at Salesforce are doubling every three years. Profits are minuscule, but it's the *business* that counts—and the price of partnership, which fell from $193 a share on February 20 to $124 by March 16. I made my commitment. At the same time, I took the opportunity to buy another business I have wanted to own for a long time: **BANK OF AMERICA** (BAC, $21), which lost half its value in little more than a month. I also decided it was time to buy companies in Europe, using the vehicle **ISHARES MSCI EAFE** (EFA, $55), an exchange-traded fund that owns such stocks as Nestlé, Novartis and SAP.

WISH-LIST INVESTING IS A VARIATION OF BUYING ON DIPS. I MADE A COMMITMENT TO SALEFORCE.COM, A LEADER IN RELATIONSHIP MANAGEMENT SOFTWARE.

My fifth purchase during the COVID crash was also European: Paris-based **HERMÈS INTERNATIONAL** (HESAY, $72), the luxury maker and seller of leather goods, dresses, scarves, jewelry and furniture in 310 stores around the world. Hermès has extensive sales in China, and so the stock started its coronavirus decline in mid January, sliding from $80 to $55 in two months. At 31%, that loss looked modest compared with the decline of Starbucks or Bank of America. But family-controlled Hermès is a steady stock, and opportunities to pounce don't come along often. I wrote about Hermès in the February issue of *Kiplinger's*: "Can there possibly be a better business than one in which demand so exceeds supply?" At the time, the stock was trading at $75. I liked it then, but it didn't come off my personal wish list until March.

Similarly, I bought **ONEOK** (OKE, $32), the venerable natural gas pipeline and processing company that I wrote about in the April issue. Since then, the stock fell from $75 to $15, with the double-whammy of COVID and the petroleum-price collapse.

What's still on the wish list? **WYNN RESORTS** (WYNN, $78), the best of the casino companies, also began to fall in mid January because of its holdings in Macau, dependent on gamblers from China. Shares fell by two-thirds in just two months; I just didn't pull the trigger. (You can't buy *all* the sweaters that are on sale.) Nor did I take the occasion to buy **JOHNSON & JOHNSON** (JNJ, $148), one of the best-run health care companies in the world, or **CHEVRON** (CVX, $88), which hit a 10-year low.

Also, I regret that I have not (yet) bought Buffett's **BERKSHIRE HATHAWAY** (BRK-B, $169), a stock which, except during 2008–09, has gone nearly straight up. Berkshire fell about 30% but, unlike Hermès, hasn't gained much of the loss back. The company is sitting on $128 billion in cash. Buffett certainly has his own wish list. Time to take Berkshire off mine and buy shares at last? ■

Fresh Buys

CHECKED OFF MY WISH LIST

Glassman picked up shares in the stocks below when they recently went on sale.

Company	Symbol	Market cap (billions)	Price	52-week high	March low	1-year return
Bank of America	BAC	$186.0	$21	$35	$18	–22.4%
Hermes Intl	HESAY	74.9	72	80	55	7.0
iShares MSCI EAFE	EFA	—	55	70	47	–12.1
Oneok	OKE	13.4	32	75	15	–48.3
Salesforce.com	CRM	154.0	171	193	124	10.5
Starbucks	SBUX	86.6	74	97	56	–2.8

As of May 15. —Not applicable. SOURCES: Yahoo Finance, Morningstar Direct.

JAMES K. GLASSMAN CHAIRS GLASSMAN ADVISORY, A PUBLIC-AFFAIRS CONSULTING FIRM. HE DOES NOT WRITE ABOUT HIS CLIENTS. OF THE STOCKS MENTIONED IN THIS COLUMN HE OWNS BANK OF AMERICA, HERMÈS, ONEOK, SALESFORCE.COM AND STARBUCKS. HIS MOST RECENT BOOK IS *SAFETY NET: THE STRATEGY FOR DE-RISKING YOUR INVESTMENTS IN A TIME OF TURBULENCE.* YOU CAN REACH HIM AT JAMES_GLASSMAN@KIPLINGER.COM.

ETF SPOTLIGHT

A Bet on Online Shopping

This ETF invests in fast-growing internet retailers.

THE PANDEMIC BROUGHT BUSINESS AT many stores to a near-screeching halt. But some online retailers thrived during the quarantine—including Overstock.com, where April sales were up 120% compared with April 2019.

That helps explain why the **AMPLIFY ONLINE RETAIL** exchange-traded fund, which owns shares of Overstock, posted a 25.7% return over the past 12 months. That beat 99% of its peers (funds that focus on consumer-spending stocks). Over the same stretch, the broad market eked out a 2.5% gain. Two of the ETF's best performers, Stamps.com and Shopify, each notched triple-digit percentage gains over the past 12 months.

The fund tracks an index of U.S. and foreign companies that generate at least 70% of annual revenues or $100 billion in annual sales from internet-based retail, travel or services. The 47 stocks that match the ETF's parameters are weighted equally, so the shares of Latin American online auction and e-payment firm Mercado Libre or Peloton Interactive, for instance, get as much play as shares of Chinese e-commerce giant Alibaba Group Holding or Amazon.com, the biggest online retailer in the world. The fund is rebalanced twice a year.

In the U.S., online sales account for 11% of total retail sales; in China, roughly 35%; and in Europe, nearly 10%, on average. "It's still early in the game" for online retail, says Christian Magoon, chief executive of Amplify. Retail e-commerce sales worldwide are expected to increase to $6.5 trillion in 2022 from $3.5 trillion in 2019, according to Statista. **NELLIE S. HUANG**

Nellie_Huang@kiplinger.com

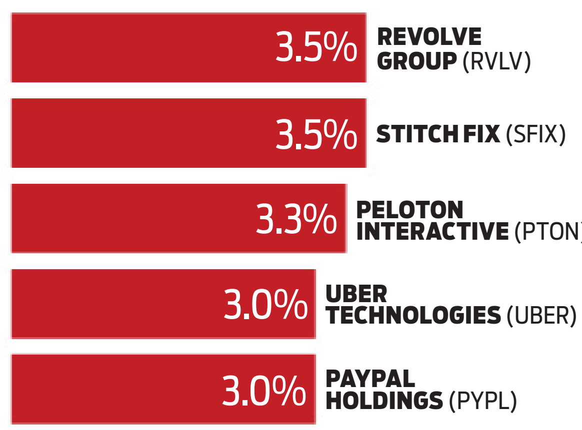
Amplify Online Retail ETF

KEY FACTS

SYMBOL: IBUY
RECENT PRICE: $61
ASSETS: $320 million
START DATE: April 20, 2016
STOCK HOLDINGS: 47
PERCENTAGE U.S. FIRMS: 77%
PERCENTAGE NON-U.S. FIRMS: 23%

PERFORMANCE SINCE INCEPTION

TOP FIVE HOLDINGS
Represent 16% of assets

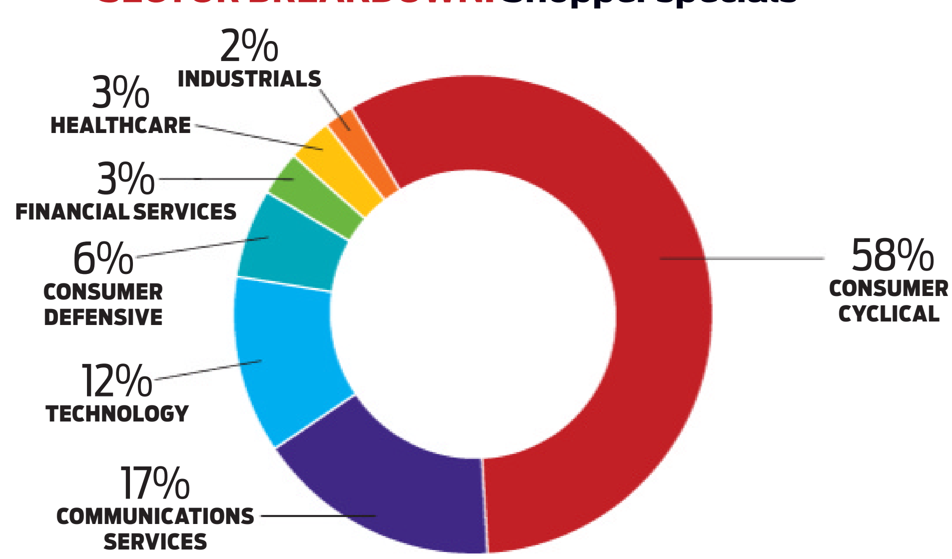


36%

AVERAGE TURNOVER RATIO

IBUY has been less active in buying and selling stocks than the typical consumer discretionary fund, which has an average turnover of 155%.

SECTOR BREAKDOWN: Shopper specials



U.S. Retail ETFs Ranked by assets

Rank/Fund	Symbol	Assets (millions)	Annualized total return* 1 yr.	3 yrs.	5 yrs.	Dividend yield	Expense ratio
1. Amplify Online Retail ETF	IBUY	$320	25.7%	22.1%	—	N/A	0.65%
2. SPDR S&P Retail ETF	XRT	196	–12.2	–2.6	–4.2%	2.51%	0.35
3. ProShares Online Retail ETF	ONLN	115	21.7	—	—	N/A	0.58
4. VanEck Vectors Retail ETF	RTH	95	18.3	15.6	11.5	1.15	0.35
5. First Trust Nasdaq Retail ETF	FTXD	3	–0.9	3.4	—	1.29	0.60
S&P 500-STOCK INDEX			**2.5%**	**8.2%**	**8.4%**		

As of May 15. *Assumes reinvestment of dividends and capital gains; three- and five-year returns are annualized. — Fund not in existence for the period. N/A Not applicable. SOURCES: Morningstar, Amplify ETFs, Yahoo Finance.

MUTUAL FUND SPOTLIGHT

A Long-Term Mindset Pays Off

With these retirement-focused funds, staying put is the best strategy.

WHEN THE STOCK MARKET crashes, the hardest thing to do is to do nothing. But target-date fund investors who took that route came out of the sell-off just fine.

VANGUARD TARGET RETIREMENT 2030, a proxy for all target-date funds but designed for people with 10 years to go before retirement, returned 0.2% over the past 12 months, including a 24.9% loss from peak to trough in February and March. That beats 71% of all target-date 2030 funds. For context, Standard & Poor's 500-stock index lost 34% during the winter sell-off.

Target-date funds, which hold stocks and bonds, are designed to help people invest appropriately for retirement. Experts make the investing decisions, rebalance the portfolio when needed and shift holdings to a more conservative mix as you age. The Target Retirement 2030 fund has 67% of assets in stocks, 31% in bonds and 2% in cash.

These funds, fixtures in 401(k) plans, also help save investors from themselves. Most target-date fund investors buy shares with every paycheck, automatically buying at lower prices in down markets. They tend not to sell until they're close to retirement.

During the historic sell-off, some shareholders did unload a few shares. The net inflow (money coming in, less money going out) in Vanguard's Target Retirement series, which includes 12 funds, was negative in March by $3.9 billion. That was unusual but modest, given that the firm manages a total of $726 billion in target-date fund assets, says Vanguard spokesperson Carolyn Wegemann.

Shareholders who sold missed out on rebalancing moves in March, when portfolios took profits in higher-priced fare to buy low-priced assets in order to keep target allocations intact. Given market volatility, Vanguard rebalanced Target Retirement portfolios, which hold index funds, more than usual. "Sometimes the market was down 10% one day and up 10% the next," says Marty Klepp, who heads Vanguard's index strategy team.

Over the long haul, Vanguard Target Retirement 2030 has delivered solid returns. Since its June 2006 inception, the fund has gained 6.0% annualized, better than the 4.9% annualized return in the typical fund with a 2030 target date. **NELLIE S. HUANG**
Nellie_Huang@kiplinger.com

2030 TARGET-DATE FUNDS

Ranked by five-year returns

Rank/Name	Symbol	Annualized total return 1-yr.	5-yrs.	Max. sales charge	Exp. ratio
1. Amer. Funds 2030 Trgt Date Retire A	AAETX	2.2%	5.2%	5.75%	0.71%
2. State St. Target Retirement 2030 K*	SSBYX	2.5	5.0	none	0.90
3. Fidelity Freedom Index 2030 Inv	FXIFX	1.3	4.9	none	0.12
4. Manning & Napier Target 2030 K*	MTPKX	8.7	4.8	none	1.04
5. TIAA-CREF Lfcycle Ind. 2030 Retire*	TLHRX	1.3	4.6	none	0.35
6. T. Rowe Price Retirement 2030	TRRCX	–1.5	4.4	none	0.65
7. Vanguard Target Retirement 2030 Inv	VTHRX	0.2	4.4	none	0.14
8. MFS Lifetime 2030 A	MLTAX	–1.0	4.4	5.75	0.83
9. Fidelity Freedom 2030	FFFEX	–0.6	4.3	none	0.69
10. TIAA-CREF Lifecycle 2030 Retire*	TCLNX	–0.6	4.1	none	0.67
CATEGORY AVERAGE		–0.9%	3.7%		

20 LARGEST STOCK AND BOND MUTUAL FUNDS

Ranked by size. See returns for thousands of funds at kiplinger.com/tools/fundfinder.

STOCK MUTUAL FUNDS

Rank/Name	Symbol	Assets† (billions)	Annualized total return 1 yr.	5 yrs.	Max. sales charge
1. Vanguard Total Stock Market Idx Adm	VTSAX	$676.8	0.4%	7.6%	none
2. Vanguard 500 Index Adm	VFIAX	357.4	2.4	8.3	none
3. Vanguard Total Intl Stock Idx Adm	VTIAX	345.6	–11.0	–1.0	none
4. Fidelity 500 Index@	FXAIX	213.4	2.5	8.4	none
5. American Growth Fund of America A	AGTHX	190.4	9.7	10.5	5.75%
6. American Balanced A	ABALX	151.5	3.6	6.2	5.75
7. American EuroPacific Growth A	AEPGX	138.8	–5.7	1.1	5.75
8. Fidelity Contrafund	FCNTX	111.5	12.8	12.1	none
9. American Washington Mutual A	AWSHX	111.0	–2.8	6.8	5.75
10. Vanguard Wellington Inv‡	VWELX	100.7	2.6	6.1	none
S&P 500-STOCK INDEX			2.5%	8.4%	
MSCI EAFE INDEX			–12.0%	–1.3%	

BOND MUTUAL FUNDS

Rank/Name	Symbol	Assets† (billions)	1-year total return	Current yield	Max. sales charge
1. Vanguard Total Bond Market Index Adm	VBTLX	$213.4	10.1%	1.5%	none
2. Vanguard Total Intl Bd Idx Adm	VTABX	114.3	5.6	0.4	none
3. Pimco Income A	PONAX	114.3	–2.5	3.5	3.75%
4. Metropolitan West Total Return Bd M	MWTRX	82.6	9.4	2.1	none
5. Vanguard Interm-Term Tax-Ex Inv	VWITX	70.6	3.0	1.8	none
6. Pimco Total Return A	PTTAX	67.5	8.4	1.9	3.75
7. Dodge & Cox Income@	DODIX	62.5	7.3	2.9	none
8. Vanguard Short-Term Inv-Grade Inv	VFSTX	59.5	4.1	2.0	none
9. American Bond Fund of America A	ABNDX	55.4	10.5	1.5	3.75
10. PGIM Total Return Bond A	PDBAX	54.6	5.8	3.0	3.25
BLOOMBERG BARCLAYS US AGGREGATE BOND INDEX			10.0%	1.5%	
B OF A MERRILL LYNCH MUNICIPAL MASTER INDEX			2.8%	2.1%	

As of May 15. Five-year returns are annualized. *Available through workplace retirement accounts. @Only share class. Unless otherwise indicated, funds come in multiple share classes; we list the share class that is best suited for individual investors. ‡Open to new investors if purchased directly through Vanguard. †For all share classes combined. MSCI EAFE tracks stocks in developed foreign markets. SOURCES: Bank of America Merrill Lynch, Morningstar Inc., Vanguard.

THE KIPLINGER 25 UPDATE

Our Green Fund Sees Some Red

INVESTORS IN SUSTAINABLE mutual funds seek two kinds of green: market-beating returns generated by environmentally friendly investments. That's not an easy proposition, but lately bond investors have been having their kale and eating it, too. The bond market in March saw a swift 3.8% decline in the Bloomberg Barclays U.S. Aggregate Bond index. A version of the index tilted to maximize exposure to environmental, social and governance factors, meanwhile, held up a bit better, falling 3.6%, due in part to an avoidance of COVID-ravaged sectors such as energy.

TIAA-CREF CORE IMPACT BOND, an ESG-focused fund and new member of the Kiplinger 25, didn't fare as well. The fund lost 8.6% during the sell-off, partly because it held just 14% of assets in Treasuries and U.S. agency bonds, the best bond sectors this year. By contrast, Treasuries make up 40% of the fund's benchmark, the Agg index.

Even so, Core Impact has delivered over the long term. Since its 2012 inception, its 3.4% annualized return has beaten its bogey and its average peer—a group that includes intermediate-term, core-plus bond funds, which can stray from the asset mix of traditional core bond funds. (Funds meant to mimic the holdings of the Aggregate index are said to be "core" funds.)

Core Impact has a green tint. Some 60% of the fund's assets are invested in bonds issued by companies or entities that score in the top half of their peer group on environmental, social and corporate governance criteria. The remainder of the portfolio is invested in so-called "impact" projects aimed at sustainable goals, such as preserving natural resources and creating renewable energy.

Since the sell-off, some bond sectors have rebounded, thanks to the Federal Reserve's promised support. But lead manager Stephen Liberatore says, "I have a feeling that things have gone too far, too fast." He's selling corporate bond holdings that have rallied and buying more agency-issued mortgage-backed securities. "We're making the portfolio more defensive," he says. The fund has recovered some, too. Since the market bottom in March, both the fund and the Agg index have gained 5.2%. **RYAN ERMEY**

Ryan_Ermey@kiplinger.com

KEY DATA FOR OUR MUTUAL FUND PICKS

Kiplinger 25 funds are no-load; you can buy them without sales charges. For more about the funds, visit kiplinger.com/links/kip25.

U.S. Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
D.F. Dent Midcap Growth	DFDMX	11.3%	12.6%	—	0.5%	0.98%
Dodge & Cox Stock	DODGX	−14.2	3.4	9.4%	3.8	0.52
Mairs & Power Growth	MPGFX	1.5	7.0	10.8	2.5	0.65
Parnassus Mid-Cap	PARMX	−8.6	5.4	10.2	1.7	0.99
T. Rowe Price Blue Chip Growth	TRBCX	12.7	13.9	16.1	0.6	0.69
T. Rowe Price Dividend Growth	PRDGX	0.5	8.3	11.6	2.5	0.62
T. Rowe Price QM US Sm-Cp Gro	PRDSX	−2.8	6.4	12.5	0.9	0.79
T. Rowe Price Small-Cap Value	PRSVX	−21.1	2.3	7.0	2.3	0.83
Primecap Odyssey Growth	POGRX	−6.2	7.5	11.8	1.7	0.65
Vanguard Equity-Income	VEIPX	−8.4	4.9	10.3	4.2	0.27
Wasatch Small Cap Value	WMCVX	−24.4	1.0	7.8	3.2	1.20

International Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
AMG TimesSquare Intl Sm-Cap	TCMPX	−10.7%	0.9%	—	2.8%	1.23%
Baron Emerging Markets	BEXFX	−10.6	−0.6	—	2.1	1.35
Fidelity International Growth	FIGFX	3.1	3.9	8.1%	1.9	0.99
Oakmark International	OAKIX	−28.1	−5.9	2.6	6.0	0.98

Specialized/ Go-Anywhere Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Fidelity Select Health Care	FSPHX	32.1%	9.2%	18.5%	1.1%	0.70%
Vanguard Wellington‡	VWELX	2.6	6.1	8.8	2.2	0.25

Bond Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
DoubleLine Total Return Bond	DLTNX	3.6%	2.7%	5.0%	3.2%	0.73%
Fidelity Adv Strategic Income	FADMX	−0.3	—	—	4.0	0.68
Fidelity Intermed Muni Income	FLTMX	1.9	2.7	3.2	1.8	0.35
Fidelity New Markets Income	FNMIX	−5.9	2.2	4.7	7.2	0.82
Met West Total Return Bond M	MWTRX	9.4	3.5	4.5	2.1	0.67
TIAA-CREF Core Impact Bond	TSBRX	6.7	3.4	—	1.9	0.65
Vanguard High-Yield Corporate	VWEHX	−1.2	3.5	5.9	5.9	0.23
Vanguard Sh-Tm Inv-Grade	VFSTX	4.1	2.4	2.5	2.0	0.20

Indexes	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield
S&P 500-STOCK INDEX	**2.5%**	**8.4%**	**12.0%**	**2.0%**
RUSSELL 2000 INDEX*	**−17.6**	**1.6**	**7.6**	**1.7**
MSCI EAFE INDEX†	**−12.0**	**−1.3**	**4.1**	**3.0**
MSCI EMERGING MARKETS INDEX	**−8.9**	**−0.5**	**1.8**	**2.9**
BLOOMBERG BARCLAYS AGG BND IDX#	**10.0**	**3.9**	**3.9**	**1.3**

As of May 15. ‡Open to new investors if purchased directly through the fund company. *Small-company U.S. stocks. †Foreign stocks. #High-grade U.S. bonds. —Fund not in existence for the entire period. SOURCES: Fund companies, FTSE Russell, Morningstar Inc., MSCI, S&P Dow Jones Indices. Yields listed are SEC yields for bond funds; weighted average portfolio yields for stock funds.

MONEY

Rx for Your Health Insurance

The pandemic has caused millions of people to lose their jobs—and their health coverage. Here's a guide to finding affordable insurance. **BY LISA GERSTNER**

ILLUSTRATIONS BY DAVIDE BONAZZI

As the effects of the coronavirus pandemic took hold this spring, more than 38 million Americans lost their jobs, and an estimated 27 million workers and their families found themselves without health insurance, too. Nearly half of Americans got their coverage through an employer-sponsored plan in 2018, according to the Kaiser Family Foundation. // But as the coronavirus continues to affect communities across the U.S., it's more important than ever to have health insurance. And if your income has taken a blow, you may have greater access to ➜

affordable coverage than you did while you were working. Kaiser estimates that 79% of those losing employer coverage are likely eligible for subsidized coverage through Medicaid or the Affordable Care Act marketplace.

As you compare your options, consider factors including the premium, deductible, co-payments, out-of-pocket maximum and level of prescription-drug coverage. You may also have choices among plan types. High-deductible plans typically have relatively low premiums, but in 2020 the deductible starts at $1,400 for an individual and $2,800 for a family. With a high-deductible plan, you may also have access to a health savings account, which allows you to set aside pretax money for deductibles and other out-of-pocket medical costs. A preferred provider organization (PPO) plan may be a good choice if you require regular visits with a health-care provider for a medical condition. Compared with a health maintenance organization (HMO), which typically provides little to no coverage for out-of-network visits, a PPO may have a higher premium but offer greater coverage for out-of-network care. Because of their higher cost to insurers, however, PPOs are hard to come by in the individual marketplace.

One way to ease the pain of switching plans is to ask your medical providers what insurance plans they accept, says Adam Hyers, an insurance broker in Columbus, Ohio. You may be able to find a policy that allows you to continue to see many of your doctors without going out of network.

Keep in mind that if you're 65 or older and have delayed Medicare coverage because you have employer-based insurance, you are eligible for a special enrollment period for Medicare when you leave your job.

If you are working, you may be able to make changes to your employer-sponsored plan outside of open enrollment. The IRS is temporarily permitting employees to join or drop an employer plan or make certain changes to their existing coverage, including adding family members or choosing a different type of plan. Employees may also open a flexible spending account or alter their contribution amount midyear and get more time to claim unused funds. However, employers are not required to provide these options to workers.

Comprehensive insurance plans are required to fully cover the cost of coronavirus testing. (If you're not insured, you should be able to get tested free at certain locations, but you'll likely need an order from a doctor.) Plus, many insurers are offering breaks for treatment of COVID-19 or for those facing hardships because of the crisis. Nearly 60% of insurers said they were waiving at least some out-of-pocket charges for treatment, and 60% said they were offering programs to defer premiums for people affected by the coronavirus crisis, according to a survey conducted in late March and early April by eHealth, an online insurance marketplace.

CONSIDER COBRA

If you work for a company that has at least 20 employees and you lose health insurance because it reduces your hours or terminates your job for a reason other than gross misconduct, it must offer continuation health care coverage for you, your spouse and your dependent children under COBRA. The law generally lets you extend coverage that you already had through your employer's group plan for up to 18 months. Some states require small employers to provide continuation coverage (known as "mini-COBRA"), too, but term lengths and events that qualify you for it vary.

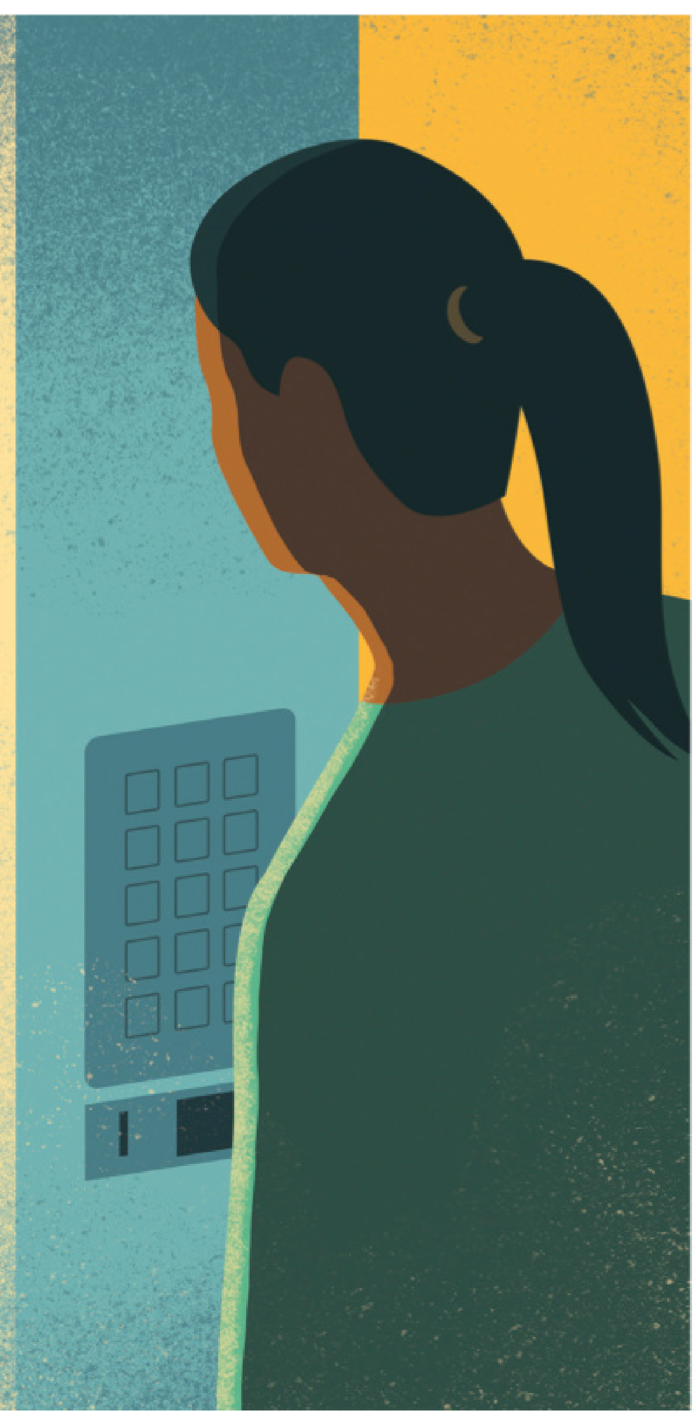
If coverage under COBRA is available to you, your former employer should provide information about enrolling. When you elect COBRA, you continue the same type of policy you had. But when your employer's annual open-enrollment period begins, you may switch to a new type of plan—say, one with a lower premium and higher deductible.

While COBRA is convenient, it's costly. You typically pay both the employee and employer share of the premium, plus a 2% administrative surcharge. Total average annual premiums (including employer and employee contributions) for employer-sponsored health plans surpassed $20,000 for family coverage and $7,000 for individual coverage last year, according to a survey by the Kaiser Family Foundation. For a possible new round of coronavirus-related stimulus funding, Democratic lawmakers have proposed COBRA subsidies to cover the full cost of premiums for furloughed and laid-off workers, but a law had not been passed as of press time in mid May.

For those who can afford it, COBRA may make sense—especially if you need

ongoing care for, say, a pregnancy or cancer treatments, says Karen Pollitz, senior fellow at the Kaiser Family Foundation. If you switch insurance plans, doctors or facilities that you're already visiting may no longer be covered. "A lack of continuity can cause confusion, disruption and more out-of-pocket costs," says Pollitz. Sticking with COBRA for a while may also be a good option if you've already met your plan deductible for the year.

Typically, your former employer has to give you 60 days from either the date you receive notice to elect COBRA or the date you would lose coverage (whichever is later) for you to enroll, and coverage is retroactive as long as you pay any back premiums that you owe. In response to the pandemic, however, the government is requiring employers to disregard the period between March 1 and 60 days after the end of the national emergency regarding the pandemic (or some other date federal agencies may announce in the future) to determine the enrollment window. Say you received notice to elect COBRA on May 1 and the national emergency ended May 30. (As of mid May, an end to the national emergency had not been declared.) Your employer would not start the clock on your COBRA election period until July 29, 2020 (60 days later), and then you'd have another 60 days—until September 27—to enroll in COBRA.



Take some time to compare COBRA with your other options or to see whether you're offered a new job with health insurance benefits. If you rack up any medical bills during that time, you can submit them for insurance coverage as long as you elect COBRA within the required window.

GET ON A FAMILY MEMBER'S PLAN

If you lose employer-sponsored coverage because of a job loss and your spouse works for a company that offers health insurance, you typically have 30 days to request special enrollment in your spouse's plan. But as with COBRA, temporary rule changes require employers to disregard the period between March 1 and 60 days after the end of the national emergency regarding the pandemic (or another date federal agencies may announce in the future). Using the example cited above in the COBRA section, you would have 30 days after July 29—which is August 28—to enroll in your spouse's plan.

Joining your spouse's plan may be the most cost-effective option because your spouse's employer is likely paying a portion of the premiums. And compared with policies available in the individual market, employer-sponsored plans usually come with wider physician networks and lower deductibles and out-of-pocket limits, says Rich Fuerstenberg, senior partner for employee benefits consultant Mercer. But consider other important factors, too: Are physicians that you're already seeing in-network on your spouse's plan, or will you have to pay more out of pocket to see them? How are your prescription drugs covered? Does your spouse's employer offer a variety of plan types, or are you limited to, say, a high-deductible plan?

Under the rules of the Affordable Care Act, children younger than age 26 may join a plan that their parents use through an employer or the individual marketplace. (If the parents are on Medicare, however, the children can't use the coverage.) Generally, children can stay on a parent's plan until they turn 26 even if they get a job with an employer that offers health insurance, get married or have a child. After that, children may be eligible for COBRA under the parent's policy for up to 36 months, but the coverage is likely to be pricey.

EXPLORE THE GOVERNMENT MARKETPLACE

If you've lost job-based health insurance, you have a 60-day special enrollment period to purchase a policy in the individual market under the Affordable Care Act. You may also qualify for special enrollment if you lose coverage because you are no longer eligible for Medicaid (see below) or you're unable to use a family member's policy (because you turned 26, for example, or got divorced), among other events.

Notably, some states opened their health care exchanges to anyone for a limited time in response to the pandemic; most of those special open-enrollment periods have closed, but California's lasts until June 30. At www.healthcare.gov/get-coverage, choose your state from the drop-down menu. If your state runs its own marketplace, you'll be directed to it. Otherwise, you'll search for a policy via HealthCare.gov.

If you get an ACA policy and your income is between 100% and 400%

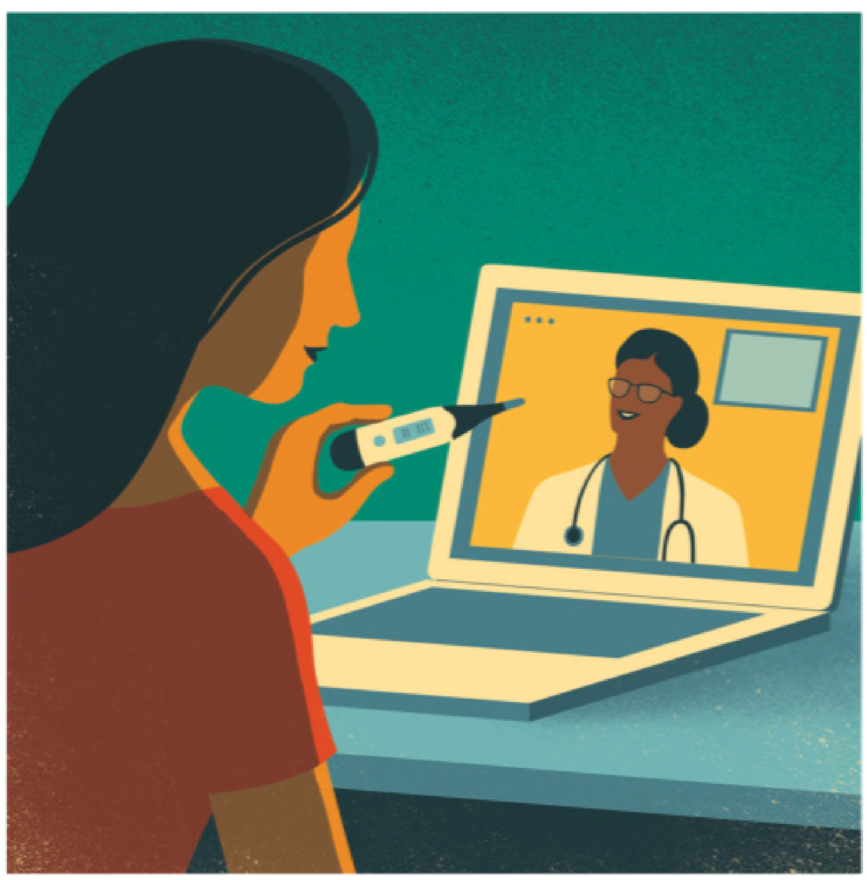
of the federal poverty level, you are eligible for a tax credit that lowers the plan premium. If your income is close to the poverty level, you may pay as little as $20 a month in premiums, says Pollitz. For 2020 plans, the upper income limit to qualify for a subsidy is $49,960 for an individual, $67,640 for a family of two or $103,000 for a family of four.

The tax credit is based on your estimated annual income for the year that you're seeking coverage—not last year's income—which may be helpful if you're newly unemployed and your income has fallen. But you'll have to do some guesswork about how much income you may receive for the rest of the year. You could, for example, start with any income you earned through your job and add unemployment benefits that you expect to receive the rest of the year, Pollitz says. (The extra $600 a week the federal government is adding to unemployment checks through July counts.) Income from traditional IRA and 401(k) withdrawals and interest and capital gains on investments also count.

House Calls

Telemedicine Takes Off

As social distancing has become a fact of life in the era of COVID-19, the use of telehealth services—which allow you to communicate with health professionals virtually or through a phone call—is skyrocketing. Some 96% of health insurers are seeing increased demand for telemedicine services, according to an eHealth survey. One health plan in the Detroit area saw its telehealth claims jump from an average of about 1,000 per month to 18,000 in March and more than 20,000 before the end of April, says Connie Hwang, chief medical officer and director of clinical innovation for the Alliance of Community Health Plans.



Recent changes in response to the coronavirus crisis have expanded the availability and insurance coverage of telehealth services. To encourage patients to stay home, some insurers are waiving co-payments or requirements to meet a deductible for telehealth visits. For a plan year that starts on or before December 31, 2021, a high-deductible health plan paired with a health savings account may cover telehealth services before the policyholder reaches his or her deductible.

During the COVID-19 national emergency, clinicians nationwide may use a broader variety of video-chat tools—such as Apple's FaceTime, Facebook Messenger, Skype or Zoom—to conduct virtual appointments without facing a penalty for violating privacy and security rules.

Medicare, meanwhile, will cover telehealth services for patients anywhere in the country, not just those in rural areas. And Medicare patients can receive coverage for a broader range of services through telehealth, use telehealth services as a new patient (previously, you had to have an established relationship with your doctor) and get coverage for audio-only consultations over the phone if they don't have access to video services. Some independent telehealth services are offering free or discounted consultations. CareClix, for one, recently provided free screenings for those who think they have been exposed to COVID-19 and are experiencing a fever and other symptoms.

Traditionally, telemedicine has been used for somewhat urgent but nonemergency needs—say, to diagnose and prescribe treatment for a sore throat. But in recent years, telehealth has expanded to include such services as physical therapy and mental-health care. You may also be able to consult remotely with your physicians for management of chronic conditions, such as high blood pressure. To some degree, telehealth can help patients who may have COVID-19, too. Doctors may, for example, use a virtual service to evaluate a patient's symptoms and refer him or her to a testing facility, says Mary Kay O'Neill, partner with employee-benefits consultant Mercer.

Although telehealth is gaining prominence as a result of this crisis, its heightened role may be here to stay. In the eHealth survey, 85% of insurers think that increased demand for telehealth services will continue in the future. And patients may decide that they prefer it. Some patients like virtual visits "because the doctor is actually looking at them," rather than, say, turning away to type notes, says Hwang.

A MEDICARE ADVANTAGE MSA PLAN ADDS VALUE TO A HEALTHY LIFESTYLE

The Lasso Healthcare MSA (Medical Savings Account) gives you money toward your health care. You decide how to spend, save or invest the funds.

KEY FEATURES OF THE MSA INCLUDE:

- A **deposit of money** from Medicare into your MSA bank account (2020 full-year = $3,240)
- **Keep any unused funds at year-end**
- **$0 monthly premium**
- **No network** — access to any Medicare provider
- **Special tax advantages**
- **Earn up to $250 in gift card rewards** to major retailers via our health incentives

lasso® Healthcare

LassoHealthcare.com/kpf | (800) 918-2795

Deposit and deductible prorated for within-year enrollments. 2020 enrollment available in AZ, AR, DC, DE, GA, HI, IL, IN, KS, KY, LA, MD, MN, MS, MT, NC, ND, NM, NV, OH, PA, RI, SC, SD, TX, UT and WY. Additional states available in 2021. Lasso Healthcare MSA is an MSA with a Medicare contract. Enrollment in the Plan depends on contract renewal.

If your circumstances change—say, your income increases because you get a new job or you add or lose a household member—go back to the marketplace and update your application. When you file your federal tax return for the year that you had the insurance policy, you'll have to repay any extra amount you received in advance tax credits if you underestimated your income. If you overestimated income, you'll get money back.

Policies are divided into four categories—bronze, silver, gold or platinum—based on the amount of the premium, out-of-pocket costs and deductible. Generally, bronze plans have the lowest premium and highest deductibles, platinum plans have the highest premiums and lowest deductibles, and silver or gold plans fall somewhere in between. All plans purchased through the exchange are compliant with the Affordable Care Act, so certain types of preventive care are free no matter what type of plan you buy. ACA plans must also provide some level of coverage for maternity care, hospitalization, emergency care and mental-health services, among other benefits. And ACA plans cannot deny you coverage or charge you more because you have a preexisting condition.

GOING OFF THE EXCHANGE

If you're eligible for a tax credit, you must buy a plan through the exchange to claim it. Otherwise, you may want to take a look at your options outside the exchange, too. You can shop directly with insurance companies or work with a health insurance broker or agent—search for one in your area at https://localhelp.healthcare.gov or www.nahu.org. You can also use a service such as www.ehealthinsurance.com, through which you can compare policies online or talk with an agent through a phone call or web chat.

Plans that you buy off the exchange may or may not be ACA-compliant. Some insurers offer plans that follow ACA rules but with different features than those they offer on the exchange—for example, with different provider networks or cost-sharing breakdowns.

Short-term plans, which may last as long as 12 months and be renewed for up to three years, do not meet ACA requirements. They often exclude or charge more for care related to preexisting conditions. In addition, they usually don't cover maternal and mental-health care, among other services. In exchange for less-comprehensive coverage, short-term policies have low premiums. Using one of the lowest-priced plans, a family of three would pay an average premium of $116 per month, compared with $862 a month for a bronze plan from the exchange with no tax credit, according to eHealth. A 40-year-old woman would pay $60 a month, compared with $347 for an unsubsidized bronze plan.

If you're healthy, a short-term policy may make sense for a few months in case of emergency. "I'm seeing more people go with short-term plans," who often sign up in hopes that they will soon get a job and have access to employer-sponsored coverage, says Hyers, the Ohio insurance broker. For example, you could get a policy that lasts through the end of the year and cancel it if you find a job that offers insurance in the meantime. If you don't get employer-sponsored coverage by the time open enrollment starts—the period to sign up for a plan for 2021 through HealthCare.gov is November 1 through December 15, 2020—you could then explore the ACA-compliant options.

SEE WHETHER YOU QUALIFY FOR MEDICAID

The Medicaid public health insurance program provides free or low-cost comprehensive coverage for those with low incomes, so it may not come to mind as a possibility if you were a moderate or high earner before you lost your job. But Medicaid considers current monthly income rather than annual income, "so if you're suddenly without income, you may very well qualify," says Cheryl Fish-Parcham, director of access initiatives for Families USA, a nonpartisan consumer health care advocacy organization.

In 36 states and Washington, D.C., you can qualify for Medicaid based solely on your income (in other states, factors such as household size, family status and disability are also considered). In those states, you're eligible if your income is less than 138% of the poverty level—in 2020, that breaks down to $1,467 a month for an individual, $1,983 for a family of two or $3,013 for a family of four. Those limits include standard unemployment compensation but not the extra $600 a week the government is adding to unemployment checks through July.

Even if you live in a state that has not expanded Medicaid to all low-income adults, your family may qualify for assistance based on other factors. Children in unemployed families will likely become newly eligible for Medicaid or the Children's Health Insurance Program (CHIP), which is available to children whose family income is at or above 200% of the federal poverty level in almost all states, according to the Kaiser Family Foundation.

You can apply for Medicaid and CHIP anytime; you don't have to wait for an open-enrollment window or qualify for a special-enrollment period. If you fill out an application through the marketplace at HealthCare.gov and it appears that someone in your household may qualify for Medicaid or CHIP, the site will send your information to your state's Medicaid agency, which will contact you. But Medicaid offices are experiencing high demand, and going that route may take longer than applying directly with your state's agency, says Fish-Parcham. At www.healthcare.gov/medicaid-chip, you can use a tool to judge whether you're eligible for Medicaid based on income alone and get contact information for your state's Medicaid agency. ■

YOU CAN CONTACT THE AUTHOR AT LISA_GERSTNER@KIPLINGER.COM.

MONEY SMART KIDS | Janet Bodnar

Lessons for Kids From the Crisis

When I've written about kids and money in the past, I've always emphasized the importance of teachable moments—everyday tasks and events that let you slip in a lesson about managing money without your kids even realizing it. And the coronavirus pandemic may be the ultimate teachable moment. "There's a lesson in every crisis," says Annamaria Lusardi, director of the Global Financial Literacy Excellence Center at George Washington University. "The lesson here is to learn the basics so we're better able to face a shock." (Lusardi's group has developed a "Quick Guide for Parents" with activities and resources at https://fastlane-education.org.)

For starters, working at home gives your children a firsthand appreciation for what you do for a living. If you're unable to work, "reassure your children that it's because of a once-in-a-lifetime event and not through any fault of your own," says Tim Ranzetta, founder of Next Gen Personal Finance (NGPF), which provides personal finance curriculum material to teachers and parents.

ONE OF THE GREATEST OPPORTUNITIES PRESENTED BY THE PANDEMIC IS TO GIVE CHILDREN AN APPRECIATION FOR THE WORKINGS OF THE ECONOMY.

Kids will pick up on any concerns you have about how to pay the bills. Be honest—tell them you have savings or unemployment benefits, for example—but don't overwhelm them. "Focus on what's in your, and their, financial control," says Yanely Espinal, director of educational outreach for NGPF, who has developed a series of lessons parents can use with their kids. In a video on budgeting, for example, she explains how to use dried beans as a hands-on tool to help younger children divide money among various expenses (see http://bit.ly/ngpfathome).

Budgeting leads naturally into a discussion of needs versus wants—you need to buy food, but the summer vacation you want to take may have to be put on hold. Shopping online presents opportunities for children to compare prices. And with so much at-home time, kids can earn money by lending a hand around the house. A survey by RoosterMoney, an allowance and chore-tracking app for kids, found that during the lockdown, 80% of the top 10 kids' chores involved cleaning the house—the top three were cleaning their bedroom, looking after pets and doing the laundry—for which they earned an average of $7.91 per week.

Make it fun. Money activities are a painless way to teach financial lessons while you're home-schooling your kids or just looking for ways to pass the time. As part of an online lesson about counting change, for example, my 5-year-old granddaughter made a bank out of an oatmeal box.

And don't discount the importance of toys, games and books. Think traditional board games, such as Monopoly and Monopoly Junior, or the Allowance Game (www.lakeshorelearning.com) or Buy It Right Shopping Game (www.learningresources.com). Among my favorite money-related books are classics such as *Alexander, Who Used to Be Rich Last Sunday,* by Judith Viorst; *The Berenstain Bears' Trouble With Money,* by Stan and Jan Berenstain; and *A Chair for My Mother,* by Vera B. Williams.

One of the best opportunities presented by the pandemic is to give kids an appreciation for the workings of economy. Goods and services they take for granted have disappeared or been severely curtailed; businesses have had to scramble with innovations, such as contact-free food pickup; and we're looking to drug companies to come up with a treatment or vaccine for the disease. There's a newfound respect for grocery workers and delivery people.

Will the pandemic leave a permanent scar on kids? "The intensity of an experience depends on its duration," says Ranzetta. If any one thing sticks with all of us, it's likely to be the need to save for a rainy day—or for a pandemic. ■

JANET BODNAR IS EDITOR AT LARGE OF *KIPLINGER'S PERSONAL FINANCE*. CONTACT HER AT JANET_BODNAR@KIPLINGER.COM.

ISTOCKPHOTO.COM

HELP FROM A PRO

Find a Financial Planner You Trust

Use our road map to find an adviser who will truly look out for your best interests. BY SANDRA BLOCK

THE CORONAVIRUS PANDEMIC TOUCHED off increased demand for toilet paper, Clorox wipes, at-home hair coloring kits—and financial advice. A recent survey by the Certified Financial Planner Board of Standards found that nearly 80% of CFPs had seen an uptick in questions from existing clients since the pandemic began, and one-third reported an increase in calls from prospective clients.

That's not surprising. Millions of Americans have seen their retirement savings bludgeoned by the bear market. Many are reviewing estate plans and insurance coverage. And although the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March, has numerous provisions to help Americans weather the crisis, it also raises a lot of questions, ranging from what to do with your stimulus check to whether you should take an emergency withdrawal (or loan) from your 401(k) plan.

"You can be a DIY investor when you have a 10-year bull market," says Kevin Keller, chief executive of the CFP Board of Standards. "When we're in a state of chaos, people feel like they really need somebody to talk to."

A financial planner can help you navigate these disquieting times, but it has never been more important to find one you can trust. A critical step is finding a planner who adheres to the fiduciary standard, which requires that the planner must put your interests above his or her own. Fiduciaries are required to avoid conflicts of interest, such as steering you toward mutual funds with hefty commissions for themselves instead of lower-cost alternatives. Securities brokers follow a less stringent "suitability" standard, which means the investments they recommend must be suitable based on the client's age and risk tolerance but don't necessarily have to be the least expensive options available.

During the Obama administration, the Department of Labor adopted a rule that would have required all financial professionals who give retirement advice to comply with the fiduciary standard. That rule was struck down by a U.S. Circuit Court, which held that the DOL didn't have the authority to enforce the rule.

Since 2009, certified financial plan-

ners have been required to comply with the fiduciary rule when providing financial planning, such as developing a retirement strategy. But starting June 30, all CFPs will be required to comply with the fiduciary standard whenever they give financial advice. The broadened standard will most likely affect brokers and insurance agents who are CFPs but don't typically provide financial planning.

Planners who fail to comply with the fiduciary rule risk losing their CFP designation, which is overseen by the CFP Board of Standards. The requirement is "a very strong fiduciary standard," says Ron Rhoades, director of the personal finance program at Western Kentucky University. "Basically, you have to make decisions without considering your own personal interests or those of your firm, and that truly means putting the best interest of the client first."

CONFLICTING STANDARDS?

Even with the stricter standard, supporters of the fiduciary rule say there's plenty of potential for confusion. In part, that's because a new Securities and Exchange Commission "best interest" rule also takes effect June 30. The rule requires brokers to act in their customers' best interest and disclose any potential conflicts of interest. They're also required to explain their reasons for recommending a particular investment. In a statement last year, SEC chairman Jay Clayton said the new rule "will substantially enhance the broker-dealer standard of conduct beyond existing suitability obligations."

Critics of the rule say it lacks teeth, in large part because it doesn't define "best interest." They also worry that the rule could give investors a false sense of security.

The new rule will eliminate some unethical brokerage practices, such as contests that reward brokers for selling specific types of investments, Rhoades says, but other troublesome activities will still be allowed. For example, he says, the new rule doesn't prevent brokers from selling high-cost variable annuities, nor does it bar them from dividing a client's investments among several different fund companies to avoid discounts on commissions for large accounts. That means their clients will earn less money on their savings, Rhoades says.

MISSING INFORMATION

Another point of contention—and possible confusion—is the CFP Board's recent decision to remove compensation information from its consumer find-a-planner website, www.letsmakeaplan.org. In the past, CFPs who wanted to be listed on the website were required to disclose their method of compensation—fee-only, commission-only or a combination of the two. In March, the CFP Board removed the compensation description. In a letter to planners, the board said the three categories were "not very specific or helpful to consumers" and said the best way to obtain that information was by talking with a prospective adviser.

Keller says the tool still allows consumers to search for planners based on a number of factors, including the amount of money they have to invest and the planner's particular areas of expertise. Before the tool was revised, fewer than 10% of users screened for compensation, he says.

Opponents of the change argue that the compensation disclosure was very helpful to consumers who were interested in hiring a fee-only planner. Since fee-only planners make up a minority of CFPs—about 10% of some 87,000 planners—consumers interested in hiring a fee-only CFP will need to have conversations with many prospective planners to find one that charges on that basis, according to the Committee for the Fiduciary Standard, an advocacy group of CFPs that supports the fiduciary rule.

Although you can no longer use the CFP's search tool to screen for fee-only planners, you can search for one at the website of the National Association of Personal Financial Advisors, www.napfa.org. NAPFA is an association of about 3,800 fee-only advisers who must sign a fiduciary oath and comply with the association's ethics. You can also search for a fee-only planner at the Garrett Planning Network (www.garrettplanningnetwork.com), a nationwide network of fee-only planners who charge on an hourly basis, or XY Planning Network (www.xyplanningnetwork.com), a group of planners who charge a flat monthly fee and specialize in helping Gen X and Gen Y clients.

Many consumers are wary of hiring planners who work on commission because they're compensated for recommending specific products or investments, and that creates the potential for conflicts of interest. The CFP Board contends that the broadened fiduciary standard reduces the potential for such conflicts. In addition, Keller says fee-only planners aren't free of conflicts, either. Many fee-only planners charge a percentage of the amount of money clients give them to manage (known as assets under management, or AUM), which can range from 0.25% of AUM for a robo adviser—automated advice provided by many banks, brokerages and financial service firms—to 1% or more for a full-service planner. A planner whose fees are based on a client's AUM might be tempted to discourage actions that would reduce the size of that account, such as taking a large withdrawal to pay off a mortgage, he says.

DOING YOUR DUE DILIGENCE

Even with the broadened fiduciary standard, you should take extra steps to make sure any planner you hire is in fact looking out for your best interest. Start by making sure that the planner is a certified financial planner. To earn the CFP mark, a planner must complete a course in financial planning, pass a six-hour exam, have two to three years of professional experience, and complete 30 hours of continuing education every two years.

Once you've established that the planner is a CFP, do a background check. The CFP's website, www.letsmakeaplan.org, will tell you whether the planner has ever been publicly disciplined by the CFP Board or has filed for bankruptcy within the past 10 years. Next, go to BrokerCheck (http://brokercheck.finra.org), a search tool provided by the Financial Industry Regulatory Authority (Finra), a self-regulatory organization for the securities industry. This site will provide a record of a planner's employment history and any regulatory actions taken against the individual, along with records of arbitration decisions and complaints. BrokerCheck has its critics: Research conducted by the Stanford Law School found that it's not difficult for brokers to get complaints expunged from the site, even if they're not in error. Still, brokers can't erase criminal or regulatory infractions from BrokerCheck.

You can also do a background check at the Securities and Exchange Commission's database of investment professionals, www.investor.gov, where you'll find information about the adviser's professional designations, experience, previous employment, other business activities, and any complaints or disciplinary actions by regulators.

Once you've completed your vetting, interview a prospective CFP. If you're seeking investment advice, ask the planner to describe his or her philosophy and how it will be put into practice, says Harold Evensky, a CFP and founder of Evensky & Katz/Foldes Financial.

Even though the broadened fiduciary standard takes effect June 30, it could be a while before some firms change their business practices, Rhoades says. For that reason, consumers should take extra steps to make sure a CFP is acting as a fiduciary. The Committee for the Fiduciary Standard has created a fiduciary oath you can ask a planner to sign. It says that the planner will always put your interests first, avoid conflicts of interest and disclose any conflicts that are unavoidable. You can find a copy at www.thefiduciarystandard.org/fiduciary-oath.

"It's a simple statement that no one should have any trouble signing," Evensky says. "If they do, that's a serious red flag." ■

CONTACT THE AUTHOR AT SANDRA_BLOCK@KIPLINGER.COM.

KipTip

A Guide to Credentials

Anyone can call himself or herself a financial planner. If you're interested in getting advice, it's important to understand the different designations planners use. Some require a serious commitment to education and ethics; others are just impressive-sounding appellations that signify little (or nothing). Some of the most common designations:

Certified financial planner. A CFP must complete 18 to 24 months of study, pass a rigorous six-hour exam, undergo a background check, and work for three years as a financial planner or do a two-year apprenticeship with a CFP professional. Starting June 30, CFPs are required to comply with the fiduciary standard.

Registered investment adviser. RIAs are independent advisers (many of whom are also CFPs) who are required to comply with the fiduciary standard. They must file what's known as Form ADV, which outlines the services they provide, with the Securities and Exchange Commission. Find it at http://adviserinfo.sec.gov.

Registered representative. Also known as brokers, registered representatives buy and sell stocks, bonds, mutual funds and other investments. Most must register with the SEC and Finra, the industry's self-regulatory organization; they must also pass a qualifying exam and obtain a state license. They're not required to comply with the fiduciary rule, but any investment they recommend must be suitable, based on your income, risk tolerance and investment objectives.

Personal financial specialist. A credential obtained by certified public accountants who also provide financial planning services. To obtain the designation, a CPA must pass an exam that covers investing, retirement, estate planning and other personal finance issues. A CPA/PFS must act as a fiduciary when providing financial planning advice.

Chartered financial analyst. CFAs must pass three six-hour exams that cover money management, economics and other issues, and have four years of professional experience in the investment industry. CFAs are required to comply with the fiduciary standard, according to the CFA Institute Code of Ethics and Standards.

SAVINGS

When Savings Bonds Make Sense

AS YOU SURVEY SAFE OPTIONS to eke out interest on your savings, one that may catch your eye is the Series I savings bond. I bonds are issued by the U.S. Treasury Department (buy them at www.treasurydirect.gov) and backed by the full faith and credit of the government. Such a low-risk investment has appeal for savers, "particularly when there's so much turmoil and uncertainty in the economy," says Greg McBride, chief financial analyst for Bankrate.com. But I bonds are likely suitable for only a portion of your savings.

> **RATE UPDATES**
> For the latest savings yields and loan rates, visit **kiplinger.com/links/rates**. For our top rewards cards, go to **kiplinger.com/links/rewards**.

An inflation hedge. An I bond's interest rate has two parts. Each year at the beginning of May and November, the Treasury announces the fixed rate that will apply to bonds issued during the following six months. The fixed rate is 0% for bonds issued between May 1 and October 31 this year (that rate remains the same for the life of the bond). The inflation rate, however, resets every six months and is based on changes in the consumer price index. The fixed and inflation rates are combined to form a composite yield, which is 1.06% for bonds being issued now.

Where I bonds fit. The top-yielding online savings accounts offer better rates than new I bonds (see the table at right). And if you're looking for a place to put your emergency fund, a savings account is the better choice because you can access the money quickly; you can't redeem an I bond for the first 12 months. By holding an I bond to its maturity of 30 years, you'll get maximum interest from it. But if you cash it out before five years have passed, you lose three months of interest.

I bonds may be worthwhile for a portion of your long-term savings. Historically, "the average composite rate has generally been higher than the average rate for online savings accounts," says Ken Tumin of DepositAccounts.com. Plus, an I bond's interest is exempt from state and local income tax, and you can defer federal income tax until you redeem the bond or it reaches maturity.

LISA GERSTNER
Lisa_Gerstner@kiplinger.com

TOP-YIELDING SAVINGS

Taxable Money Market Mutual Funds	30-day yield as of April 28	Minimum investment	Website (www.)
T Rowe Price Cash Res (TSCXX)	1.07%	$2,500	troweprice.com
Gabelli US Treas AAA (GABXX)	0.83	10,000	gabelli.com
Principal MMF (PCSXX)*	0.82	1,000	principal.com
Vanguard Prime MMF (VMMXX)	0.82	3,000	vanguard.com

Tax-Free Money Market Mutual Funds	30-day yield as of April 27	Tax eq. yield 24%/35% bracket	Minimum investment	Website (www.)
Vanguard Muni MMF (VMSXX)	1.06%	1.39%/1.63%	$3,000	vanguard.com
Fidelity Muni MMF (FTEXX)	0.99	1.30/1.52	1	fidelity.com
BNY Mellon Ntl Muni (MOMXX)	0.90	1.18/1.38	10,000	bnymellon.com
Fidelity Tax-Exempt (FMOXX)*	0.88	1.16/1.35	1	fidelity.com

Savings and Money Market Deposit Accounts	Annual yield as of May 15	Minimum amount	Website (www.)
Affinity Plus FCU (Minn.)&#	2.02%^	none	affinityplus.org
First Foundation Bank (Calif.)†	1.75	$1,000	firstfoundationinc.com
UFB Direct (Calif.)†‡	1.70	10,000	ufbdirect.com
CFG Bank (Md.)#†	1.62	25,000	thecfgbank.com

Certificates of Deposit 1-Year	Annual yield as of May 15	Minimum amount	Website (www.)
Lafayette FCU (Md.)&	1.61%	$500	lfcu.org
CFG Bank (Md.)†	1.60	500	thecfgbank.com
Comenity Direct (Utah)†	1.55	1,500	comenity.com
Pen Air FCU (Fla.)&**	1.50	500	penair.org

Certificates of Deposit 5-Year	Annual yield as of May 15	Minimum amount	Website (www.)
The Federal Savings Bank (Ill.)†	2.05%	$10,000	thefederalsavingsbank.com
Lafayette FCU (Md.)&	2.02	500	lfcu.org
American 1 CU (Mich.)&	2.00	500	american1cu.org
Pen Air FCU (Fla.)&	2.00	500	penair.org

*Fund is waiving all or a portion of its expenses. &Must be a member; to become a member, see website. #Money market deposit account. ^Must receive electronic statements and have a $500 monthly direct deposit into an Affinity Plus deposit account. †Internet only. ‡The UFB Direct Premium Money Market account offers the same yield with a $25,000 minimum balance. **Banesco USA and My eBanc offer a similar yield. SOURCES: Bankrate, DepositAccounts, Money Fund Report (iMoneyNet).

TOP CHECKING ACCOUNTS

Must meet activity requirements*

High-Yield Checking	Annual yield as of May 15	Balance range†	Website (www.)
La Capitol FCU (La.)#	4.25%	$0–$3,000	lacapfcu.org
Consumers Credit Union (Ill.)#	4.09‡	0–10,000	myconsumers.org
Western Vista CU (Wyo.)#	4.00	0–15,000	wvista.com
Evansville Teachers FCU (Ind.)#	3.30	0–20,000	etfcu.org

*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. #Must be a member; to become a member, see website. ‡Requires spending $1,000 or more in CCU Visa credit card purchases. SOURCE: DepositAccounts.

YIELD BENCHMARKS

	Yield	Month-ago	Year-ago
U.S. Series EE savings bonds	0.10%	0.10%	0.10%
U.S. Series I savings bonds	1.06	2.22	1.90
Six-month Treasury bills	0.15	0.19	2.43
Five-year Treasury notes	0.31	0.34	2.15
Ten-year Treasury notes	0.64	0.63	2.37

SOURCE FOR TREASURIES: U.S. Treasury

As of May 15, 2020.

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

YOUR RIGHTS

How to Get Your Money Back

Some refund policies have been relaxed, but reimbursement isn't always automatic. BY EMMA PATCH

IF THE CORONAVIRUS UPENDED YOUR plans to travel, attend a concert or get married, you may be able to some of your money back. But it's easier to get reimbursed for some expenses than for others. Here's a guide to getting a refund or credit.

Flights. As of April, airlines still owed passengers $35 billion for canceled or postponed flights, according to the International Air Transport Association, an industry group. Airlines are going the extra mile to accommodate travelers who still want to travel but also want the flexibility to change their mind. For example, tickets purchased for flights on Delta Airlines for travel between March 1 and September 30 can be rebooked until September 30, 2022, with no change fee. If you cancel a flight booked before May 31, you'll receive a credit that's good for one year. Tickets purchased for travel on JetBlue through June 30, 2020, can be rebooked until January 4, 2021, with no change fee. But while most airlines are making it easier to rebook flights, securing a cash refund for a trip you no longer want to take is trickier.

To get a cash refund rather than a credit, wait to see whether the airline cancels your flight—even if you've already decided you want to cancel your trip, says Scott Keyes, founder of ScottsCheapFlights.com. If the airline cancels the flight, the Department of Transportation requires it to give you a cash refund. (Airlines tried to have this regulation changed recently, but the DOT rejected that effort.)

The DOT's requirement applies to all airlines, domestic and foreign, as long as the flight is taking off or landing in a U.S. airport. You may also be eligible for a cash refund if the airline makes a "significant schedule change," according to the DOT. The DOT does not define what constitutes a significant change, but you should get a refund if the schedule is altered by two or more hours or if you're switched from a nonstop flight to connecting flights, Keyes says.

Sometimes airlines sweeten the deal by offering a credit that's worth more than your original ticket, Keyes says. But credits typically must be used within a year, so if you don't think you'll travel before the credit expires, you're better off taking the refund.

Concert tickets. After widely publicized complaints from ticketholders, Live Nation, parent company of Ticketmaster, said it will provide cash refunds for upcoming concerts and other events, even if the performers haven't officially canceled. If the show has been canceled, the refund is automatic. For rescheduled shows, you're eligible for a refund if you apply for it within 30 days after the new date is announced.

If you don't want (or need) a cash refund, you'll have the option of receiving a credit worth 150% of your original purchase. If you opt for a credit, Live Nation will donate your ticket or tickets to health care workers. (This option doesn't apply to events held by third-party promoters other than Live Nation, Ticketmaster says.) Ticketholders should receive e-mails from Live Nation explaining the timeline and outlining the options.

Weddings. The pandemic has wreaked havoc with couples' wedding plans, and many vendors are responding by offering everything from fee waivers to refunds for nuptials that were rescheduled or called off.

Contracts for weddings and other events often have what's known as a

ISTOCKPHOTO.COM

force majeure clause, which protects the business from liability or obligations due to circumstances beyond its control, such as natural disasters or war, says Evan Musselwite, an attorney with Ward and Smith in Raleigh, N.C. A pandemic might fall within your contract's *force majeure* clause, but that doesn't mean you're automatically on the hook for the entire cost of a wedding and reception that had to be canceled or postponed.

If you've been forced to postpone or cancel your wedding, reach out to your vendors as soon as possible to come up with a plan, says Jeannette Tavares, a wedding planner with Evoke Design and Creative, in Bethesda, Md. You may need to be flexible. About one-third of weddings occur on Saturdays, according to the Knot.com, a wedding planning website, so if you planned a Saturday wedding, consider suggesting a different day of the week. That will give you a better chance of rescheduling all of your vendors.

Many small businesses are anxious to get up and running when the pandemic is over, so developing a good relationship with your vendors will help your case. If you haven't already made a deposit, consider giving the vendors an advance payment, Tavares says. But use your judgment before doing that: If the business files for bankruptcy, you could lose your vendor's services and your advance payment.

If you must cancel, be sure to reach out to your vendors as quickly as possible to request refunds. (Give your guests as much notice as possible, too; they may also need to request refunds for travel and accommodations they've booked to attend your wedding.) Likewise, if you've decided to downsize your event, explain your change of plans to vendors as soon as possible.

Be prepared for varied results, because some vendors may be unwilling (or unable) to reimburse you for money they've already spent on your event. Caterers, photographers, entertainers and venues may be more likely to offer a refund, for example, than a florist who has already paid to have your wedding flowers planted and cared for throughout the growing season.

College. Since colleges across the U.S. sent students home, about 70% have issued cash refunds for room and board, says Mark Kantrowitz, financial aid expert with Savingforcollege.com. Some the refunds were automatic; in other cases, students and their families had to apply for reimbursement. Graduating students were more likely to get a refund for their room and board, while other students typically received a credit, he says.

If you want a cash refund instead of a credit, send a letter or e-mail to your college's financial aid office. Explain your reasons for seeking a cash refund (such as economic hardship). If the college notifies you that housing won't be offered in the fall because of concerns about the pandemic, ask for an immediate refund on your housing deposit, Kantrowitz says.

Getting a tuition refund will be an uphill battle, because it's difficult to quantify the difference between online and classroom learning. Some students, underwhelmed by online classes, have filed class action lawsuits seeking tuition refunds.

You may have better luck seeking more financial aid to help cover tuition bills. If you've been affected by the economic downturn, contact your school's financial aid office and request more financial aid for the upcoming academic year. ■

CONTACT THE AUTHOR AT EMMA_PATCH@KIPLINGER.COM.

■ ANNMARIE McILWAIN BECAME A PATIENT ADVOCATE AFTER TAKING CARE OF HER FATHER-IN-LAW AND DISCOVERING SHE WAS VERY GOOD AT NEGOTIATING HIS MEDICAL NEEDS.

Great Jobs for Retirees

Whether you are looking for an encore career or a low-stress job to supplement your income, here's how to find the perfect gig.

By Alina Tugend

PHOTOGRAPHS BY COLIN MILLER

CHANDA TORREY FOUND RETIREMENT wonderful for the first two weeks. Then, not so much.

Torrey, 50, of West Palm Beach, Fla., retired in mid 2019 as a Red Cross regional chief development officer. At first, she thought retirement was "paradise," she says. "But after a few months, I didn't know who I was. Not having a goal or something to do every day had an effect on my mental health."

Torrey's experience is not unusual. Retirement may sound wonderful in the abstract, and for some, it's a perfect opportunity to leave the working world behind and travel, volunteer or spend time with grandchildren. But for others, a job is a necessity, either for their finances or for their psyche.

And now the fall-out from the COVID-19 pandemic has left some older people facing particular problems. Some have been forced into retirement before they were ready, and many new and existing retirees have seen their savings plummet along with the stock market.

How do you assess your next step? First, ask yourself some questions. Do you want to work full-time? If your finances don't require full-time work, is part-time a better fit? Are you eager to tackle a whole new career, or do you want to continue primarily in the field you just left? Do you want something that can be all-consuming, such as starting your own business, or a more low-key job with fewer responsibilities? (For more self-assessment advice, see the box at right.)

The outlook may seem grim for finding a job now, particular for those over 50. But there are new possibilities for older job seekers, says Marci Alboher, vice president of Encore.org, a nonprofit that encourages seniors to use their skills and experiences to help communities. "I think we're going to be seeing needs and opportunities where they weren't before," she says.

For example, with many jobs moving online in March, remote work is likely to become more acceptable to employers than in the past—and many older Americans might be willing to venture into that arena after experimenting with Zoom, Skype or other video chat services and becoming more comfortable with the technology. Plus, remote work is a trend that will likely gain momentum. A recent report from the Brookings Institution predicted that telecommuting would continue long after the pandemic ceases.

NEW OPPORTUNITIES

Torrey knew what she wanted to do for an encore career. For years, she had thought about starting a website that sells unique gifts from other companies. But she didn't have the time and energy to launch it until she retired. "I did not go back to work for money," she says. "I needed to learn something new, to challenge myself."

For $2,000, she hired an expert to show her how to develop a website and to troubleshoot problems for her. Torrey's background in nonprofit organizations was helpful because she was able to figure out how to make things work with limited resources.

Last November, her site, Gifterworld.com, went live. She does not sell directly to customers; rather, the companies she links to give her a percentage of the sale. Torrey also offers a free concierge service that will scour the internet for just the right gift.

What Are Your Goals?

Alison Bouwmeester, 59, spent 28 years working at the CIA, and then another 10 years in the defense contracting industry. She now runs her own business, Futurity (www.futurityservices.com), as a career coach. She has also written a book, *Mission: Career Transition,* aimed at retiring federal employees. What she found while interviewing former government workers is that people who leave a long-term career tend not to stay put very long—often just a year or two—in the first job they take as they transition out of that career.

"Sometimes it's not a great fit; sometimes they want to move on to something else," Bouwmeester says. "When I'm coaching people, I need to persuade them that they've had their career. Whatever they do next is not a mistake, because they'll learn a lot and then move on to something else."

She uses herself as an example: She didn't find the first job she had after leaving the CIA very fulfilling, "but it took going through that step to realize what mattered to me and what didn't." Leaving any long-term career, she says, involves thinking about what you really want. These questions can help clarify your goals:

➜ **Do you want to work? Why?**

➜ **What are your monthly expenses, and what is your income, including from pensions and Social Security? What are your future financial needs?**

➜ **How ambitious do you want to be in your next step? How important is having a prestigious job and title?**

➜ **What is your vision for your future, and what do you want your legacy to be?**

She currently makes about $600 a month from her site; in a year, she anticipates her income will be $1,500 a month. In five years, "it will be easy money," she anticipates.

The work is wonderful and terrifying, Torrey says. "The scariest moment was when I clicked publish and the website went live. I thought I would swallow my stomach," she says. "I was worried about people judging me and finding something wrong. I ended up selling three items that first day."

E-commerce will continue to be a field with plenty of opportunities. Another growing field is health care, with needs ranging from care workers to medical technicians to people who can handle the administrative work related to the medical industry. That includes the relatively new area of patient advocacy.

AnnMarie McIlwain, 59, was in a good position to become a patient advocate. McIlwain is a former business consultant to the pharmaceutical industry, but she always wanted to be an entrepreneur. She tried to start an online job search site, but it was never profitable.

But after taking care of her father-in-law, who had advanced cancer for many years, McIlwain learned that she was very good at supporting and negotiating his medical needs. "I did a business plan and concluded that I could be both competitive and successful" as a patient advocate, she says.

McIlwain, who lives in Summit, N.J., worked on targeting all the areas where her customers might come from, which meant networking, building a strong website and improving search engine optimization—crafting her online listing so that people looking for a patient advocate could easily find her.

"Google is my best friend," she says, because it's how most of her customers find her. As her business has grown, however, she is getting more referrals from former clients and health care professionals. McIlwain's company, Patient Advocators, was successful from the get-go, she says. She estimates that most patient advocates charge between $150 and $400; McIlwain charged $95 at first and has increased her fee to $225. At any one time, she works with 10 to 20 people.

Trisha Torrey (no relation to Chanda), who founded the Alliance of Professional Health Advocates and is now its executive director, says most people come to the profession because, like McIlwain, they have had to navigate the health care system for a family member or for themselves during a medical crisis.

Torrey, 68, of Leesburg, Fla., also reinvented her career. She previously ran a marketing consultancy that helped small businesses move online. Then, in 2004, she was diagnosed with a rare and terminal lymphoma. She sought a second opinion, and it turned out the doctors and labs were wrong—she did not have cancer. "Afterward, I was relieved but also so angry," Torrey says. "I started learning about health care and speaking to patients in an effort to help them make smarter decisions."

In 2009, she launched the Alliance, a professional organization that offers information and a national directory of patient advocates.

You don't need a clinical background to be an advocate; the role is not to offer medical advice or refer doctors. Rather, an advocate guides and supports a client through what is often a confusing and frightening process when a serious illness hits.

But you do need "hustle, assertiveness and a willingness not to accept some answers that are good for the medical system but not necessarily for your client," Torrey says. (For help in deciding if patient advocacy is a good path for you, visit https://healthadvocateresources.com).

Being a great advocate, however, isn't enough. You must also be ready to run a small business. "You have to be willing to ask for money," she says. You also need to do your own marketing, finances and administration, or hire someone to help you.

Torrey estimates that getting a patient advocate business up and running costs about $5,000. That includes getting certified (although that's not a requirement), buying liability insurance and building a website. One option for getting started is to offer your services as a volunteer through friends or a community group. However, Torrey suggests doing it quietly and only for a short time so that clients don't come to expect free services.

LEVERAGING YOUR EXPERTISE

If making extra money is your primary motivation for going back to work, then your best option is to look for a job in a field similar to your previous career. "It's really important to focus on what you are able to do right now, where you have your biggest and best skills and experiences, versus changing to a brand-new career field or following your passion," says Brie Reynolds, career development manager for FlexJobs, a job board and resource for remote, part-time and flexible work.

Think about what you can do as a contractor or consultant, Encore.org's Alboher suggests. "Return to your existing network and see what opportunities exist. Sometimes it's an advantage that you're not looking for a full-time role, that you don't need health insurance, that you don't need an office to sit in. In fact, it could make you a more attractive candidate."

Be creative. For example, can you use your current knowledge to carve out a niche in another career? One way to leverage your expertise is by teaching and training, either remotely or in person. That includes positions both in K-12 and in postsecondary schools, such as adjunct professors, tutors, curriculum designers and paraprofessionals, who assist teachers.

One new company, Getsetup (https://getsetup.io), hires people 55 and older to tutor others on how to use online tools, with sessions ranging from learning to use Uber or Lyft apps to creating a LinkedIn profile to working with Google Classroom. The company offers 40 different courses; customers pay anywhere from $10 to $90 for a one-hour class, depending on content and whether it's a small group or a one-on-one session.

Most (although not all) of the clients are seniors. The idea is that older folks often find it harder to be taught by younger people because their comfort with technology can lead them to make assumptions about what the customer knows and become impatient, says Neil Dsouza, founder and CEO of the company. (Dsouza, 35, says he has been known to lose his patience when helping his mother.) "We don't address the skills gap, but we address the fear gap of learning something new," he says.

The teachers—or guides, as they are called—are paid $25 an hour. They

Earn Extra Money From Home

If you would prefer to earn extra money by working for someone else, consider scanning the listings at a job board such as FlexJobs or Remote.com. Both list employers offering remote work right now, including jobs in customer service, health care, and computer and IT services and sales.

Jobs such as customer service have "lower bars to entry," says Brie Reynolds, career development manager for FlexJobs. For example, recent postings on FlexJobs included customer service reps for United Healthcare, Wayfair and Liveops, which operates call centers.

FlexJobs offers some free job-related information, but to access the full listings you have to be a paid member (subscription packages start at $14.95 for one month). Remote.com is free. AARP also sponsors a free job board with filters for location at http://jobs.aarp.org.

receive clients through the company, so they don't have to market themselves. Guides are asked to work at least five hours a week, but there is no contract.

To start, prospective teachers go through a one-week online training, with a specific curriculum for each topic. Then they spend one week shadowing a veteran guide before developing and presenting a mock lesson. About one-fourth of the prospects either drop out or are told they wouldn't be a good fit, Dsouza says. So far, the company has trained 1,500 guides.

Glenda Springer, 59, retired in 2018 from a part-time job in customer service in the airline industry. She went back to school to get a master's degree in education before she left her job, then started teaching a variety of classes, including professional development for teachers and English for Chinese children and adults.

Springer started working with Getsetup in March. "It's addressing the immediate needs of people, which I find refreshing. It's in real time, and it's practical," she says. She also enjoys learning about new technology—so, unlike some guides who stick with one program, she teaches a number of topics, including screencasting, how to find exercise programs online, and how to stay connected with family and friends.

"You need to be patient, and you need to be able to come up with a solution quickly because you are on camera," Springer says.

Having a basic understanding of technology used in the workplace is a good idea if you're considering returning to any type of job or career these days, says Reynolds. One way to do that is have a familiarity (not necessarily proficiency) with common technology, such as Google Drive, Slack, video chats and Excel. Reynolds suggests looking at YouTube for helpful tutorials and at sites such as GoToWebinair.com or GoToMeeting.com; you can experiment with how the tools work during their free-trial periods. A profile on LinkedIn is also a job-hunting and career-building staple. Besides tapping potential employers and useful contacts, you can get advice about enhancing your skills.

NEW ADVENTURES

Then there are retirees who are looking for a job as far away as possible from a desk or computer. Welcome to the job site CoolWorks.com, which offers jobs in remote places and has a section specifically for retirees 54 and older called "Older and Bolder."

The site primarily caters to seasonal work at national parks, ski areas, dude ranches and similar locations. Those locales can especially appeal to retirees who are traveling around in RVs, says Matt Moore, vice president of CoolWorks, because many of the places offer free hook-ups for their vehicles.

The jobs, which generally last four to five months, usually don't pay more than $17 an hour; many pay less, Moore says, and are typically full-time. Some offer free room and board or charge a nominal rent. "Most of the places are pretty remote and can't pull on the local community for jobs," he adds.

Moore suggests that older workers look at the national parks, which hire thousands of people per season, because they are likely to have a wider range of jobs and housing options. Hiring for the summer begins around Christmas and for the winter around mid August, he says—although this year, due to the pandemic, far fewer employers than usual are hiring. If you're hesitant to commit for several months, you can always try the shoulder seasons—late summer, early fall—when employers need additional short-term workers.

And don't let the fear that you're not as fit as younger workers discourage you, Moore says. Jobs working in reservations or in accounting, among others, are available and won't keep you on your feet all day.

■ OVER THE PAST FIVE YEARS, DONNA PERRY HAS BEEN A CHEF, AMONG OTHER THINGS, AT INNS AROUND THE U.S.

Donna Perry, a New York native, was miserable as the manager of a dental practice in Florida, where she had worked for 16 years. A patient had told her about CoolWorks years before; she would occasionally check out jobs but was too afraid to make the leap.

Then in 2015, her parents died in quick succession. “I was 55, and I said, *I’m not dying behind a desk*.” She applied for a job she found on the site, at a bed and breakfast in Montana, that required everything from handling reservations to doing housework and cooking breakfast. Two weeks later, after a Skype interview, she was offered the position. She sold her house, packed up her car and dog, and drove cross country with her daughter, a newly minted college graduate.

Says Perry, “When I was leaving Florida, my friends were incredibly supportive, but my aunts and uncles thought I was out of my mind.” But, she says, it was the best decision she ever made. The job was a perfect combination of her management experience and her love of cooking (which she completely took over for the bed and breakfast). And she was 12 miles from Glacier National Park.

She worked there for about five months, then returned for three more summers (she bunked with family in New York or Florida in the off season), until the owners decided to sell the place. She made a little above minimum wage, but wasn’t paying rent or board, and she managed to save money. On one of her breaks she went to England on the cheap by finding a pet-sitting job there.

Perry, now 60, was working as a chef at a Cornwall, N.Y., inn until the pandemic hit. She has been offered a place to live at the inn, “but I want to keep moving,” she says.

“My daughter asks me, ‘Do you think you’ve gotten this out of your system?’ And I tell her I’m going to keep this lifestyle happening as long as I can.” ■

FOR QUESTIONS OR COMMENTS ABOUT THIS ARTICLE, PLEASE E-MAIL FEEDBACK@KIPLINGER.COM.

RETHINKING RETIREMENT | Robert Niedt

A Pandemic Wasn't in My Plans

Take these steps to prevent COVID-19 from derailing your retirement.

SINCE THE STOCK MARKET'S coronavirus-related meltdown, I've tried to avert my eyes from the train wreck that doubles as my family's retirement plan—brokerage account, 401(k), Roth IRA, you name it. My next meetup with our financial adviser will be a first: a virtual session. I tend to like to do these things in person, but that's changed for now, thanks to ... well, you know.

I'm sure the planner will have some nice gloss to paint on things, but we all know that thousands of dollars have fallen away from what we planned to spread out over our retirement years. What to do?

Review your Social Security strategy. Social Security will likely be a pivotal part of your retirement income. That's why it's important to plan when you're going to start drawing from it. The good news is that it's a constant; that part of your income will not go down. You can start taking it at age 62, but your benefits will be permanently reduced by 25% or more. Full retirement age, when you'll get your full benefits, is 66 if you were born between 1943 and 1954. If you can afford it, wait until age 70 to claim benefits. Social Security benefits increase 8% a year if you wait until then to take them.

Consider a Roth conversion. If your retirement savings are heavily invested in tax-deferred accounts, such as 401(k)s and IRAs, you may want to take advantage of their diminished value and convert to a Roth IRA. You'll pay the taxes now instead of in retirement, and your tax bill will be based on the value of your account when you convert.

"Let's assume that you were planning to convert $100,000 in 2020 and that $100,000 is now worth just $70,000," says Evan T. Beach, wealth manager at Campbell Wealth Management. "Converting the lower amount will not only lead to a lower tax bill but also allow the $30,000 rebound, whenever it comes, to be tax-free."

Delay major expenses. Financial advisers say we should put the brakes on major expenses, including kitchen and bathroom remodels, while we give our portfolios some time to recover. If you're already retired, putting those expenses on hold will help you avoid taking withdrawals from a depleted portfolio. And if you're close to retirement, you'll be able to increase the amount you're saving.

I'm still driving my 2009 Honda Accord, which I bought new in January 2010. This is by far the longest I've held on to a car, and the itch for something new and a bit flashier is palpable. But we have a newer car in our family, which my wife drives. And I don't really travel that far or even daily in my Accord. I'm putting what would have been a monthly car payment to better use—including saving more for retirement.

Follow the 4% rule. If you're a near-retiree or recently retired and you have a well-balanced and diversified portfolio, you should be in a good position to use a strategy known as the 4% rule.

It works like this: You withdraw no more than 4% of the beginning balance in your savings every year. Increase the amount of your annual withdrawal by the previous year's inflation rate. For example, if you have a $1 million nest egg, withdraw $40,000 the first year of retirement. If inflation that year is 2%, in the second year of retirement you boost your withdrawal to $40,800. If inflation jumps to 3% in your second year of retirement, the dollar amount for the next year's withdrawal also rises by 3%, to $42,024. This formula has its critics—some think it's overly conservative, while others believe it's too risky—but it has held up through other tumultuous periods, including the Great Recession of 2008–09. ■

YOU CAN CONTACT THE AUTHOR AT ROBERT_NIEDT@KIPLINGER.COM.

ISTOCKPHOTO.COM

PRACTICAL PORTFOLIO | Ryan Ermey

Stocks: Advance or Retreat?

Amid the market chaos, investors can gauge whether a rebound will last by looking at market breadth.

THINGS GOT GLOOMY FOR INVESTORS FOR a while. Between February 19 and March 23, stocks in Standard & Poor's 500-stock index took a Wile E. Coyote–style plunge, losing 33.8% in just a month. Despite uncertainty about the length and severity of the pandemic-related shutdowns that triggered the sell-off, investors, like the coyote himself, once again grew optimistic, pushing the S&P 500 back up 28.4%. (Prices and other data are as of May 15.)

Lately, the market's behemoths have been doing the heavy lifting. Just five stocks—Alphabet, Amazon.com, Apple, Facebook and Microsoft—account for 22% of the S&P 500 index's market capitalization (share price times shares outstanding), a record level of dominance among a handful of companies. So far in 2020, the S&P 500's five biggest stocks have returned 11.5%, on average. The average loss in the rest: 20.4%. "It's okay for leaders to lead. But if the market's generals are headed in one direction and the troops in another, then you have potential problems," says Willie Delwiche, a strategist at investment firm Baird.

The generals-versus-troops metaphor is a common way of understanding an indicator known as market breadth, a measure of how many stocks are participating in a given market move. For investors practicing technical analysis (forecasting the direction of stock prices based on statistical patterns), understanding breadth is key to determining whether a rally in the stock market will lead to a sustained recovery or is masking further bouts of turbulence and downturns.

Making sense of the recovery. Wall Street traditionalists favor stock analysis based on fundamentals such as corporate earnings and business models. Fundamentals easily explain the precipitous drop in share prices in the wake of the COVID-19 outbreak, as government-mandated shutdowns slashed entire industries' revenue streams to near-zero overnight.

Assessing subsequent rallies, such as the one that began in March, is trickier. Clearly, such spikes represent a bet that the global economy and corporate earnings will return to growth when the pandemic's effects on the economy subside. But absent a vaccine or widely available testing, the timeline for successfully reopening the economy remains nebulous. Moreover, economists differ on what sort of recovery we'll see, and many companies have rescinded guidance on the health of their businesses, taking the level of uncertainty orders of magnitude higher for market forecasts that rely on traditional fundamental metrics.

That's when assessing patterns in investor behavior becomes an important tool. From the technician's perspective, recoveries from bear markets come in four stages, says Reed Murphy, chief investment officer at Calamos Wealth Management. First, the market becomes oversold. Check. Second, there's a rally. Check-plus: The 31% bounce back to the recent high on April 29 is among the biggest rebounds of all time. That bodes well for stage three, when the market retreats again, "retesting" its recent low. Rebounds as large as the recent one are seldom followed by big downturns, says Murphy. So far, the market's pullbacks have been modest, although a bigger correction isn't out of the question.

The final stage in a recovery is a sustained rally, with stocks firmly established in bull territory. It remains to be seen whether the gains from the market

ILLUSTRATION BY A. RICHARD ALLEN

bottom are the beginnings of a bull or a prelude to a return to lows. For investors looking to make sense of the current environment, breadth indicators can confirm the quality and sustainability of a rebound.

Charging ahead or in retreat. One way to measure breadth is to tally the number of stocks in a given index or exchange that are advancing and compare that to the number of declining stocks. More advances than declines indicates broad, positive participation in the market, says Steve Suttmeier, chief technical strategist at Bank of America Merrill Lynch. It's especially true on days when the market index is down, because it confirms underlying support for the market despite the dip. Investors can track daily ups and downs as a ratio over time in the form of the advance-decline line, often plotted on a chart alongside the performance of a stock index. Look for the A-D line to move in the same direction as stocks. If indexes go up while the A-D line sinks, it signals weakness in the rally. On this front, the rally that began in March shows promise, with the number of advancers in the stock market remaining well above decliners as indexes have ascended.

Also keep an eye on the number of stocks hitting 52-week lows and highs. March saw 68% of stocks in the S&P 500 hit new lows—the highest level since the global financial crisis. Should the market head sharply down again without an expansion in new lows, investors can have some confidence that the lows in March were a true market bottom, says Suttmeier. If the market is reaching new highs, look for a broad swath of the market to post new highs, too. If few stocks make new highs in an up market, "it's not a signal to sell, but it is a red flag," says Delwiche.

Another way to tell if the generals have gotten too far ahead of the troops is to compare an index that weights stocks by their market value with a version of the index that weights each stock equally. Better performance from the equal-weight index indicates that the broad market is doing well, not just the big names, says Brian Andrew, chief investment officer at Johnson Financial Group. Since late March, the equal-weight S&P 500 has returned 27.2%, 1.2 percentage points less than its market-weight cousin.

A less-rosy assessment of the current rally comes from looking at stocks' moving averages, calculated by adding up daily closing prices over a given period and dividing by the number of days in that period. In a robust market upswing, more than half of the stocks in an index will trade above their 200-day average, says Andrew. When stocks hit the skids in February, more than 90% of the stocks in the S&P 500 fell below their moving average; even after a sharp rally, only 37% currently trade above their 200-day moving average, according to Yardeni Research. "It's great to see that stocks have rallied, but it's not yet a rising tide lifting all boats," Andrew says.

Don't forget small-company indexes. Small caps tend to lead blue chips out of recessions, says Calamos's Murphy. Small firms tend to be more sensitive to swings in the economy than bigger firms, and small-cap leadership signals investor confidence that the economy is improving, he says. So far, small caps have about kept pace with large caps since the market bottomed, a positive sign in the short term. But Murphy warns that a large contingent of small companies are still posting negative earnings, and the little guys still have ground to make up. So far in 2020, the small-company Russell 2000 index has shed 24.3%, compared with a 10.7% decline in the S&P 500. ■

CONTACT THE AUTHOR AT RYAN_ERMEY@KIPLINGER.COM.

MILLENNIAL MONEY | Rivan Stinson

Survival Tips for Our Second Recession

What's worse than living through two recessions? Getting hit with the second recession just as you're recovering from the first. Although millennials aren't the only generation facing financial challenges, the severe economic downturn triggered by the COVID-19 pandemic is hitting us particularly hard.

According to a survey in early April by Kantar, a consulting firm, 78% of millennials say their household income has been or will be impacted by COVID-19, compared with 71% overall. And while I'm grateful I'm still earning a paycheck and my finances have been stable, I can't say the same for my sister or my friends. Making matters worse, a lot of us are paying off student loans and other debts.

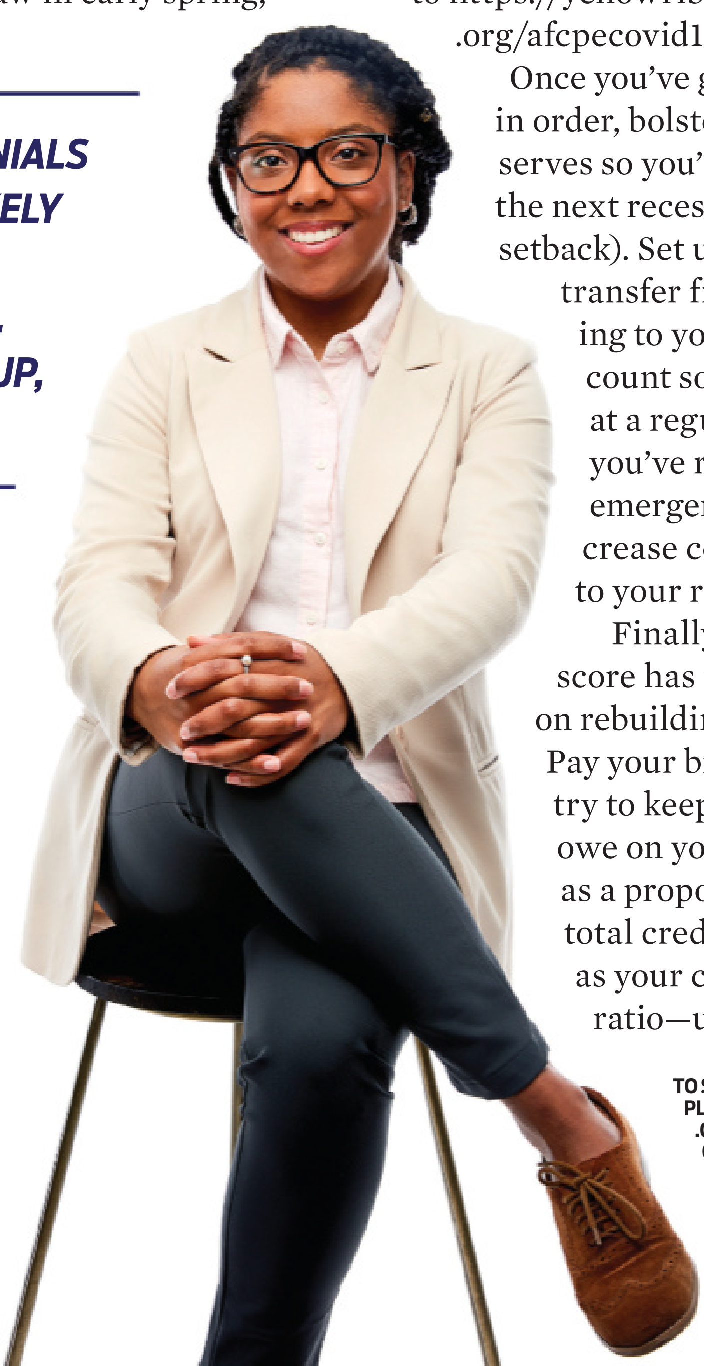
The average nonmortgage debt for millennials in the second quarter of 2019 was about $25,600, according to Experian's annual State of Credit report. A separate Experian report found that roughly 11% of millennials were 30 days past due on payments. Now, 40% of millennials say the pandemic will likely cause them to delay payments on their debts, according to a survey by MassMutual. If you fall into that group, you need a plan.

What to do. The first thing on your to-do list: Call your creditors, explain your income situation, and ask about options for repayment (see "Get Help With Your Bills," June). After my sister told her credit card issuers that she had been furloughed, she was able to defer payments for April and May with no penalty or late fees. However, the balances are still accruing interest.

Other options include asking for a reduction in your interest rate or your minimum payment, says Samantha Gorelick, a certified financial planner at Brunch & Budget. For example, American Express will lower cardholders' minimum monthly payments, waive late-payment fees or temporarily lower their interest rate. If you can afford it, reducing your interest rate or minimum payment may cost you less in the long run than deferring payments altogether.

Check your credit reports to make sure your information is being reported correctly. Under the CARES Act signed into law in early spring, lenders are required to report that consumers are current on their loans if they've requested coronavirus-related relief. Ordinarily, you can get a free report from each of the credit bureaus—Equifax, Experian and TransUnion—only once every 12 months at www.annualcreditreport.com, but through April 2021, you can get a report once a week.

FORTY PERCENT OF MILLENNIALS SAY THE PANDEMIC WILL LIKELY CAUSE THEM TO DELAY PAYMENTS ON THEIR DEBTS. IF YOU FALL INTO THAT GROUP, YOU NEED TO HAVE A PLAN.



After you've deferred or reduced loan payments, Gorelick recommends you stash the money that you don't need for essentials in an emergency fund. Because I can cover my necessities, that's what I did with my stimulus check.

If you're feeling overwhelmed, consider reaching out to a financial planner. The Association for Financial Counseling and Planning Education is offering free virtual financial coaching sessions as part of their COVID-19 response. To sign up, go to https://yellowribbonnetwork.org/afcpecovid19.

Once you've got your finances in order, bolster your cash reserves so you're prepared for the next recession (or other setback). Set up an automatic transfer from your checking to your savings account so you're saving at a regular pace. After you've replenished your emergency fund, increase contributions to your retirement plan.

Finally, if your credit score has taken a hit, work on rebuilding your credit. Pay your bills on time, and try to keep the amount you owe on your credit cards as a proportion of your total credit limit—known as your credit utilization ratio—under 30%. ■

TO SHARE THIS COLUMN, PLEASE GO TO KIPLINGER.COM/LINKS/MILLENNIALS. CONTACT THE AUTHOR AT RIVAN_STINSON@KIPLINGER.COM.

BASICS

Get These Forms Now

Everyone needs these legal documents, just in case.

A FAMILY EMERGENCY INVOLVING A loved one, including a serious illness, can happen without warning. Lining up these legal documents in advance—and keeping them in a safe but accessible place—will save you precious time and unnecessary hassle.

Durable power of attorney. This document, which generally goes into effect immediately, gives you and your spouse (or partner) the authority to manage each other's finances if one of you becomes incapacitated. Adult children or a trusted friend can also hold your power of attorney. You can order the form from an online legal site, such as Nolo.com, for about $60. But the better route is to use an estate-planning lawyer. A lawyer will make sure the form conforms to state law and is properly executed.

Some banks and brokerage firms use their own form, or they may not honor a power of attorney unless certain conditions are met. Make sure you and your "attorney in fact" complete the required paperwork, and ask the institution to keep a copy on file.

Health care proxy. Sometimes referred to as a power of attorney for health care or an advance directive for health care, this document gives you and your spouse the right to make medical decisions for each other—or you can give other family members the right to make medical decisions for each of you. The proxy can include consenting to surgery or authorizing life support.

Becoming the health care proxy means discussing how you and your spouse define an acceptable quality of life. For example, would you agree to a feeding tube if it would prolong life? Would religious beliefs or personal values affect the choice of treatment? Although the health care power of attorney gives you legal authority to make medical decisions for your spouse, doctors may balk at following your instructions if a family member objects. To avoid that scenario, you and your spouse should brief other family members about the decisions you've made.

Medical information release. This form gives doctors permission to share your spouse's medical records with you. Because there isn't a standardized medical release form, you and your spouse should get one from your doctors or hospital.

Living will. This document lets you and your spouse provide written guidance on what kind of treatment each of you wants—or doesn't want—during a terminal illness.

"Five Wishes," a form that serves as both a health care power of attorney and a living will, is accepted in 44 states and the District of Columbia. For more information and to download or order a form ($5), visit www.fivewishes.org. If this form doesn't meet the requirements in your state, the American Bar Association offers free resources that will help you with this task, including a generic form that's accepted in most states. Go to www.americanbar.org and search for "Giving Someone Power of Attorney for Your Health Care." You can find a state-specific living will form at www.caringinfo.org. **SANDRA BLOCK**

Sandra_Block@kiplinger.com


DEALS,
DEALS,
DEALS

REWARDS

WITH A SPECIAL NOD TO THOSE OF YOU SPENDING MORE TIME AT HOME, WE FOUND DOZENS OF DEALS AND DISCOUNTS, PLUS WAYS TO SAVE (OR MAKE) MONEY.

ILLUSTRATION BY JEFF ROGERS

INVESTING

A PLUG FOR PREFERRED STOCKS

Preferred stocks, which are issued largely by banks, insurance companies and utilities, generally pay fixed dividends like bonds but trade like stocks. Stocks in Standard & Poor's U.S. Preferred Stock index pay an average dividend yield of 5.6%. Though preferred dividends aren't guaranteed—companies can trim or suspend them—the payment of these coupons takes priority over the payment of common-stock dividends (hence the term "preferred").

These stock-bond hybrids were hit hard during the March sell-off—the S&P U.S. Preferred Stock index fell 31.0%, just shy of the 33.8% crash in Standard & Poor's 500-stock index—and are now cheap on a historical basis, says Brian Rehling, head of global fixed income strategy at Wells Fargo Investment Institute. Preferred stocks will sell off when stocks do but, like bonds, are also sensitive to interest-rate moves, falling in price as rates rise. The credit quality of the typical preferred stock fund, double-B, is just below investment grade, and interest-rate sensitivity is comparable to the typical intermediate-term bond fund.

Consider **ISHARES PREFERRED & INCOME SECURITIES ETF** (SYMBOL PFF, PRICE $33, EXPENSE RATIO 0.46%). The exchange-traded fund, which has lost 9.3% since the start of the year—compared with a 10.7% loss in the S&P 500—yields 5.0%. Over the past decade, it has returned an annualized 5.2%. **INVESCO PREFERRED ETF** (PGX, $14, 0.52%) is worth a look, too. It yields 5.4%. Over the past decade, PGX has returned an annualized 6.6%. **NELLIE S. HUANG**

GOOD (AND CHEAP) SMALL STOCKS

Small-company stocks are cheaper relative to stocks in the broad market than they've been in years. But during a recession, stick to firms with solid balance sheets and little debt.

Tech company **DIGI INTERNATIONAL** (DGII, $10) has a strong market position tied to the internet of things, says Andy Adams, manager of Mairs & Power Small Cap. Digi provides real-time temperature-tracking systems that help CVS Health, among others, make sure their temperature-sensitive drugs are stored properly; Walmart uses Digi's system to track temperatures for food storage. Still, shares are down 41% so far this year. "COVID will slow business at Digi" as customers put off purchases and equipment upgrades, says Adams, "but it won't tamp long-term demand."

Wasatch Small Cap Value manager Jim Larkins likes **FABRINET** (FN, $55). Shares in this maker of communications components have held up better than other small-company stocks, but Fabrinet is still down 19% from its 52-week high. The firm is benefiting from higher demand for bandwidth because it makes the components that data centers use to drive higher speeds on the internet. Fabrinet's competitive edge is its high level of customized manufacturing. "Fabrinet factories are factories within factories," says Larkins. "Customers have dedicated spaces with walls, so their intellectual property is protected." Plus, Fabrinet is flush with $436 million in cash and little debt.

Shares of **MEDIFAST** (MED, $91) have shed nearly 40% from their price since hitting a 52-week high of $147 last May. The company sells weight-loss and healthy-living products (under the brands Medifast and Optavia) online and through medical professionals, among other outlets. Over the past five years, revenue increased 23%, on average, per year, and earnings jumped by 36%. But 2020 will be a transition year, says Value Line analyst Oriatal Haiby, as the firm gains fewer new clients and deals with coronavirus-related shutdowns. Business should improve in 2021, when supply-chain disruptions subside and new products roll out. Meanwhile, Medifast has little debt and lots of cash, and it wins an A grade from Value Line for financial strength.

For a diversified collection of small-company stocks, consider **O'SHARES FTSE RUSSELL SMALL CAP QUALITY DIVIDEND** (OUSM, $22, 0.48%), an ETF that tracks an index of small companies with strong cash flows and earnings, low debt, and above-average dividend payouts. Over the past 12 months, OUSM held up better than the Russell 2000 small-company index, albeit with a 14.9% loss. **N.S.H.**

FUNDS THAT REWARD PATIENCE

In the latest salvo in the fund-fee wars, Fidelity Investments has launched funds with expense ratios that decrease the longer you hold them. The eight new funds invest in line with specific themes, across sectors, countries and company sizes. Fidelity Disruptive Automation (FBOTX), for example, invests in companies that design and make tools and processes for robotics, artificial intelligence and autonomous driving, among other things. Fidelity Disruptive Medicine (FMEDX) focuses on firms involved in robotic surgery, genomics and rare diseases. The longer you hold, the lower the funds' fees; their expense ratio begins at 1.00% but drops to 0.75% after one year and 0.50% after three years. The typical sector fund charges an expense ratio of 1.30%. **N.S.H.**

PERKS FROM YOUR BROKER

Virtually all online brokers offer free trades on stocks and exchange-traded funds, along with ample research and tools. You might also gravitate to brokers offering features such as the ones below.

Sign-up bonuses. Most brokers will give new customers cash for signing up. Ally Invest has the most generous offer going, with up to $3,500 (for accounts of $2 million) when new investors transfer or open an account.

Dividend tools. Four brokers—E*Trade, Interactive Brokers, Merrill Edge and TD Ameritrade—have income-estimating tools that can help you keep on top of future payments. Each tool uses recent payout data to project the value and timing of your portfolio's dividend payments over the next 12 months.

Partial-share purchases. Charles Schwab, Fidelity and Interactive Brokers have joined smaller brokers such as Robinhood and Stash in offering partial shares of stock. Schwab's new feature allows investors to buy "slices" of stocks in the S&P 500 for as little $5. Fidelity and Interactive Brokers will let you buy as little as 1 cent's worth of stock. **RYAN ERMEY**

FOOD

You may have developed a habit of ordering in while sheltering in place, or you may have grown accustomed to having your groceries delivered to your front door. (Nearly one-third of U.S. households shopped for groceries online in March.) Usually, those conveniences come at a premium, but you can find some great deals to help feed your food-delivery hankerings.

Free grocery deliveries. **AMAZON FRESH** grocery delivery is free for Prime members. Don't mind buying in bulk? **BOXED**, a delivery service that sells foods, wine and household products, offers free delivery and no membership fees on all orders greater than $79.

Credit card perks. With some Chase cards, such as **CHASE SAPPHIRE RESERVE** and **CHASE FREEDOM**, cardholders are eligible for $60 in annual credits for food-delivery service DoorDash, as well as a free DoorDash Plus membership, which features free delivery from select restaurants. **AMEX GOLD** cardholders receive up to $120 in annual dining credits at food-delivery services Grubhub and Seamless. If you're partial to Uber Eats, **UBER VISA** cardholders earn 5% cash back on all orders through the app, as well as 3% cash back on restaurant purchases.

Deals on prepared meals. Meal kits such as Blue Apron and Hello Fresh have been around for years, but they require you to cook. If you'd prefer to simply heat up prepared meals, you can try a number of oven-ready meal services—and many of them offer rewards to new customers. **FRESHLY** provides single-serving meals that heat up in the microwave in minutes, and it frequently offers deals for newcomers. In May, for example, it offered $60 off the first five orders. Or try **HOME CHEF**, which offers prepared meals that come in oven-safe trays; new members receive $100 off their first four boxes.

Don't forget Fido. **PET PLATE**, which has no delivery fees, will drop off dog food that comes in convenient pre-portioned cups. **CHEWY**, a pet food and supplies delivery service, offers free shipping on orders over $49 and up to 10% off select brands when you sign up for its repeat delivery service. **DANIEL BORTZ**

ISTOCKPHOTO.COM (2)

HOME OFFICE

As employers unveil plans to extend remote work options, it may be time for you to build a space that's optimized to help you stay focused and productive (see "Tech," at right, for computer and tablet deals).

Standing desk. **APEX-DESK VORTEX SERIES 60-INCH ($498).** "Sitting at your desk is so 20th century," says Lance Ulanoff, editor-in-chief at tech product review site Lifewire.com. Ulanoff likes this wide standing desk—it has plenty of room for your laptop, monitor, mouse and other office gear. Working at a traditional desk? Give the **STAND STEADY MEGA STANDING DESK** a look. At only $100, this desk topper turns any workspace into a standing desk.

Office chair. **ALERA ELUSION MESH MID-BACK SWIVEL/TILT CHAIR ($150).** Spending long hours sitting at a computer can cause back and neck pain. Mélanie Berliet, general manager at home products review website The Spruce, suggests this affordable model, which features a contoured seat cushion designed to relieve pressure on your legs.

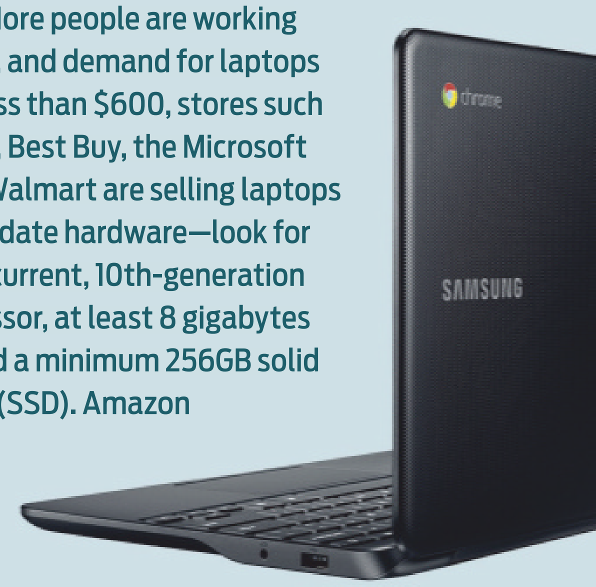
Computer monitor. **MSI OPTIX 32-INCH 4K ($400).** Working on a larger screen makes juggling multiple assignments a lot easier. This monitor has a curved screen with anti-flicker and blue light reduction technologies to help reduce eyestrain and fatigue. The caveat? "It's not perfect," says Justin Jaffe, a senior editor at CNET, a technology news and product review website. For example, its USB-C ports won't power your devices, "but a 32-inch 4K display for $400 is a superb value," he says.

All-in-one printer. **EPSON XP-6100 ($150).** This all-in-one inkjet printer lets you copy, scan and print documents from your phone or computer. "It's easy to set up, has a reasonably compact footprint, and delivers good-enough photos," says Jaffe.

Wi-Fi extender. **TP-LINK RE360 ($30).** This range extender is "far and away the best value on the market," says Jaffe. The device is inexpensive, fast, reliable, works with just about every router out there and is easy to use. **D.B.**

TECH

We asked Louis Ramirez, deals editor for product review website Tom's Guide, where to find the best bargains on a range of devices (also see Tom's Guide home gym picks on page 70).



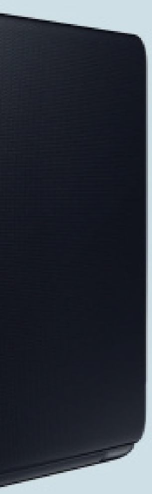
Laptops. More people are working from home, and demand for laptops is up. For less than $600, stores such as Amazon, Best Buy, the Microsoft Store and Walmart are selling laptops with up-to-date hardware—look for one with a current, 10th-generation Intel processor, at least 8 gigabytes of RAM, and a minimum 256GB solid state drive (SSD). Amazon was recently selling an **ACER ASPIRE 5 SLIM** laptop that fills the bill for $580—and sometimes the price drops to near $540, says Ramirez. If you want something simpler—say, for your child's schoolwork—check out Chromebooks. You can usually find the Samsung **CHROMEBOOK 3** for $199 or less, Ramirez says.

Tablets. "Tablet deals, particularly for the iPad, have been sporadic," says Ramirez. But if you're interested in an **IPAD PRO**, you can find price cuts of about $100 to $150 on previous-generation models that came out in 2018. Check Amazon, Best Buy, Target and B&H Photo Video for deals. B&H, for example, recently sold an 11-inch, 256GB, Wi-Fi-only 2018 model for $800, a $150 savings. You may find the **MICROSOFT SURFACE PRO 6** selling for up to $350 off at Amazon, Best Buy and the Microsoft Store.

TVs. Look for deals on 4K TVs from TCL, a brand that is "giving bigger manufacturers a run for their money when it comes to features, performance and price," says Ramirez. Recently, Best Buy, Target and Walmart all sold a 55-inch **TCL 4K ROKU SMART TV** for $300. And Best Buy sold a 75-inch model for $750.

Smartphones. Apple's new **IPHONE SE** has a standard starting price of $399—far lower than other current-generation iPhone models. It's hard

ISTOCKPHOTO.COM (2), COURTESY SAMSUNG, COURTESY BOSE to take good photos at night with the phone, but "that's really the only drawback" for most people, Ramirez says. And recently, you could buy it from Walmart for as little as $199 if you activated it with AT&T or Verizon Wireless. Android devotees should check out the **ONEPLUS 8**, which has a starting price of $699. "You get a top-of-the-line processor, a gorgeous display, 128GB of storage and 5G capability," says Ramirez.



Fitness trackers and smart watches. Amazon has been running strong deals on **FITBITS** (about $50 to $100 off). If you want an **APPLE WATCH 5** (the newest model), you may get a discount of $50 to $100 if you catch a sale through Amazon or Best Buy, says Ramirez. Best Buy regularly has "Apple Shopping Events" for various Apple products, and Ramirez expects discounts to be particularly aggressive for Father's Day and Independence Day.

Wireless headphones. Amazon, Best Buy and Walmart usually offer the best deals on headphones. You may get discounts of $50 to $100 or more on **BOSE SOUNDSPORT** and **BEATS BY DRE POWERBEATS3** headphones. For AirPods, look for discounts of about $20 to $40. And keep an eye on AT&T and Verizon, too. AT&T recently sold **APPLE AIRPODS PRO** earbuds for $224 ($250 regular price)—the best deal Ramirez has seen—and you don't have to be a customer of AT&T's services to buy them.

Smart speakers. Amazon, Best Buy and Walmart have been selling the **GOOGLE** and **AMAZON ECHO** smart speakers at prices near the lows they hit on Black Friday last year. The Echo Dot and Google Nest Mini have both dipped to $29 (both have a regular price of $50). "I think those prices will easily last through the summer," Ramirez says. **LISA GERSTNER**

LUXE FOR LESS

Investing in designer apparel and accessories instead of lower-quality fast fashion items pays off when you factor in cost-per-wear. And as summer moves along, high-end department and specialty stores will be looking to clear out spring and summer inventory that accumulated during pandemic-related store closures.

Retailers. Shoppers can expect discounts starting at about 20% off on seasonal clothing, shoes, jewelry, belts and handbags at stores such as Bloomingdale's, Neiman Marcus Last Call and Lord & Taylor, says Sara Skirboll, shopping and trends expert for RetailMeNot.com. Markdowns on affordable luxury brands, such as Calvin Klein, Diane von Furstenberg and Michael Kors, should last throughout the summer and include "friends and family" sales as well as end-of-season clearances, she notes. If you're planning to shop online, be sure to sign up for e-mail sale alerts.

Online consignment shops. Also, look to luxury online consignment shops, such as Fashionphile.com, Rebag.com and The RealReal.com, for deals on secondhand high-end clothing and accessories from the likes of Christian Dior, Hermès and Louis Vuitton. In addition to on-trend pieces, shoppers will find classic style staples that will last for years for a fraction of the retail price. For example, we spotted a pair of leather Yves Saint Laurent LouLou mule sandals, originally priced at $695 on YSL.com when new, listed in "very good condition" for $395 at TheRealReal.com (that's nearly 45% off).

Luxury brands, including smaller-scale designers and boutiques, may even turn to online consignment shops in the months ahead as a way to sell their items at lower prices—or else they risk not being able to sell them at all, especially if the traditional retail industry continues to decline, says Karin Dillie, director of B2B and estates for The RealReal.com. **ANDREA BROWNE TAYLOR**

HOME GYM

The pandemic boosted sales for the at-home fitness industry and led many retailers to lower prices on exercise equipment, while also driving traditional brick-and-mortar businesses such as Orangetheory and Planet Fitness to stream free or low-cost exercise classes. If you're building a home gym, here are six must-haves that won't bust your budget, recommended by Louis Ramirez, deals editor at products review site Tom's Guide (see page 68 for Tom's Guide tech picks). Note that some items may be temporarily out of stock.

Treadmill. **XTERRA FITNESS TR200** ($400). Want to conserve space? This folding treadmill features three incline settings for workout variety, a 5.5-inch blue backlit display that shows any of 12 preset programs, and a top speed of 10 miles per hour.

Rowing machine. **SUNNY HEALTH & FITNESS SF-RW5639** ($165). This no-frills rower features 12 levels of resistance and an LCD display that shows time and calories burned. It's small and doesn't make much noise, "so you can use it while watching TV," Ramirez says.

Elliptical machine. **SUNNY HEALTH & FITNESS SF-E905** ($179). You can customize the difficulty of your workout with the machine's eight levels of resistance. The digital monitor displays time, speed, calories and distance.

Stationary bike. **MARCY UPRIGHT FAN BIKE** ($350). The Peloton bike is a hot commodity, but its basic package costs $2,245. If you want something more affordable that's still high quality, this Marcy model can also give you an upper body workout thanks to its dual-action arms, which mimic the motions you'd make on an elliptical machine, says Ramirez.

Weights. **CAP BARBELL COATED HEX DUMBBELLS** ($9 TO $139 PER 2-PIECE SET, DEPENDING ON WEIGHT). These dumbbells, which come in pairs (weighing from 5 to 120 pounds), feature ergonomic steel-chromed handles and a coating that protects them from damage.

Free online exercise classes. If you need a little motivation to keep hitting your new gym, there are a handful of great free workouts that you can try through streaming services or wellness apps. To name a few: Nike Training Club's Premium subscription service (available on its mobile app), which offers more than 185 free workouts—including bodyweight, cardio, yoga and other classes—waived its $15 monthly fee indefinitely in March; Planet Fitness streams free 20-minute at-home workouts on its Facebook page; and 305 Fitness posts a free cardio class every day on its YouTube page. **D.B.**

START A PODCAST

When the cohosts of our personal finance show "Your Money's Worth" (including yours truly) left the friendly confines of the studio to record at home, we discovered that it's easier than ever to produce professional-quality recordings from the dining room table, and the start-up cost is minimal.

We use the **SAMSON Q2U DYNAMIC USB MICROPHONE** (**$60 AT BEST BUY**), which comes with a small tripod mike stand and plugs into your computer's USB port. To monitor the sound quality, **TASCAM TH-02 STUDIO HEADPHONES** will run you $20 on Amazon.

To record yourself and your estimable guests, consider signing up for an account at **ZENCASTR.COM**. You send your guests a link, and all they'll need is a computer with a microphone. The site's free version usually limits podcasters to eight hours and two guests per month, but those restrictions are being waived during the COVID-19 outbreak.

Finally, sign up with a service that will host your podcast on its website and get your show listed with distributors. Some sites do this free but may limit the amount you can upload or insert ads. For $13.50 a month, **SIMPLECAST** users get unlimited uploads and audio storage, a customizable show website, and distribution to all the major outlets. **R.E.**

COURTESY SUNNY HEALTH & FITNESS, ISTOCKPHOTO

CARS

Where are the real deals for shoppers? First, where they're not: in the new-car market. Dealers and manufacturers are pushing low (often zero) percentage rate financing rather than cash discounts in an effort to preserve profits when the market recovers.

But used-car prices at the wholesale level saw double-digit declines in March, thanks to a flood of vehicles coming off lease, new-ish cars being dumped by rental firms that have lost business, and general coronavirus disruption. A good time to buy a used car should be, well, right about the time you're reading this, say market trackers at CarGurus, KBB and others, as that wholesale-price plunge works its way down to retail sales. Prices won't come down uniformly, and they will vary by market. But come down they should.

Finding the deals. A startup called CoPilot has a car-buying app that includes a feature called PricePulse, which forecasts prices. We asked CoPilot for vehicles that it predicts will see sharp price drops.

Sedans and luxury brands are among the categories with the greatest price weakness, so it makes sense that the **CADILLAC CT6**, which checks both boxes, is a contender for hottest deal. Per CoPilot's data, listings for the 2020 CT6, one of the last of the big American sedans, were hovering around $59,000 in mid May. That was $10,000—or about 15%—below the price at the beginning of March. But prices have farther to fall: CoPilot forecasts another $5,000 drop, on average, by early July.

Five-figure discounts are pretty astonishing, though keen car watchers would note that the CT6 has been discontinued by General Motors and was never that popular to begin with. But there are deals to be had even on popular, commodity-like vehicles such as the **TOYOTA CAMRY.** In mid May, the average listing price of a 2017 model of this American-built sedan was $16,700, down 3% from where it had been in March. But more savings lie ahead, says CoPilot, which forecasts another 9% drop by July 1. That would mean (again, on average) paying $2,000 less than in March.

If you've had your eye on a luxury SUV, this is another segment where deals are in the offing. Take the **LAND ROVER RANGE ROVER**, a vehicle which for decades has been the prestige standard (and the styling inspiration for the Ford Explorer and others down the pecking order). Models from 2017 were listing for less than $65,000 in mid May, a $4,000 (6%) drop from March, and prices were headed further south, to an estimated $55,000, per CoPilot.

More-plebian SUVs should still see declines. The 2017 **HONDA CR-V** and **FORD ESCAPE** charted an unexceptional 3% decline between March and May (not much ahead of depreciation), but CoPilot forecasts further 9% declines for both by July. Since both of these vehicles are far cheaper than the Range Rover, the dollar value of the savings is less eye-popping, but $1,500 to $2,000 is nothing to sniff at.

If you'd like to play around with prices for other models, download CoPilot or check it out online at www.copilotsearch.com. Notably, this tiny Chicago-based company says it doesn't sell customer leads to car dealers. **DAVID MUHLBAUM** ■

GIVING BACK

Giving to charity isn't a "deal" in the traditional sense, unless you really need a calendar or a tote bag. But this year, Congress has given you more incentive to donate. The CARES Act will allow taxpayers who take the standard deduction to claim a $300 above-the-line deduction on their 2020 income tax return. (Usually, only taxpayers who itemize deductions can claim a break for charitable donations.) Donations to donor-advised funds and certain organizations that support charities aren't eligible for this deduction.

If you would like to contribute to a coronavirus-related charity, Charity Navigator has a list of charities that support first responders, educational efforts and community services in areas that have been hard-hit by the pandemic. Find it at www.charitynavigator.org. **SANDRA BLOCK**

COURTESY LAND ROVER, ISTOCKPHOTO

TAKEAWAY

Great (Low-Touch) Financial Gifts

If you still haven't gotten a gift for a grad, dad or newlywed couple, check out our suggestions.

FOR GRADS

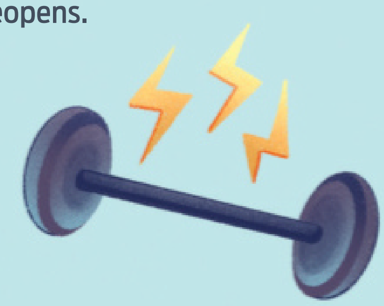
Roth IRA. Savings in a Roth qualify for tax-free withdrawals in retirement. You can seed the account yourself with up to $6,000 in 2020 (or up to the amount of his or her earned income).

Contribution to a 529 account. Set up a college-savings account in your name with the new grad as beneficiary. In most states, you'll be able to get a state tax deduction for contributions. (Note that withdrawals from a non-parent 529 account can reduce the student's financial aid.)

Student loan payment. Federal student loan payments can be put on hold until September 30, but paying down the principal will help when interest starts accruing.

FOR DADS

Gift card to a local business. Choose one for a restaurant, salon, gym or other business that has hit on lean times—to use when the economy fully reopens.



Online personal training sessions. No need to mention that it could help him lose his "COVID 19."

Contribution to a favorite charity. Put it in his name (you get the tax deduction).

FOR NEWLYWEDS

Contribution to an emergency fund. Offer to stash money directly in an online savings account they set up (see page 49 for top-yielding accounts).

A date with a financial planner. Check out the XY Planning Network (www.xyplanningnetwork.com), a group of planners who specialize in helping Gen X and Gen Y clients and charge a flat monthly fee. Or search for a fee-only planner who will work on an hourly basis at the Garrett Planning Network (www.garrettplanningnetwork.com).

Help when the wedding is postponed. Consider contributing toward a lost deposit (see "How to Get Your Money Back," on page 50).

ILLUSTRATION BY PRATIKA APPAIAH