REACH YOUR GOALS WITH OUR TOP ETF PICKS p 18

Kiplinger's

PERSONAL FINANCE

MONEY SMART LIVING

SIMPLIFY YOUR FINANCES

p 34

PLUS

Best college values p 46

Trim your mortgage rate and save big p 64

Supersafe cars for less p 68

The best time to claim Social Security p 62

SEPTEMBER 2019

CONTENTS

KIPLINGER'S PERSONAL FINANCE
FOUNDED 1947

VOL. 73 NO. 9

ON THE COVER: Photo-illustration by C.J. Burton

COURTESY SUBARU OF AMERICA, INC.

GET MORE ADVICE FROM 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

ISTOCKPHOTO.COM

COLLEGE FINDER

Filter *Kiplinger's* list of 400 top college values by the criteria most important to you—region, school size, cost, graduation rates and more.

kiplinger.com/links/collegefinder

IPO OUTLOOK

A variety of household names—from Beyond Meat to Uber—have gone public in 2019. Now that the dust has settled, is it time to invest in these stocks?

kiplinger.com/links/ipos

TAX MOVES FOR RETIREES

Rather than scramble at the end of the year, take steps now to shave your 2019 tax bill due next spring. We reveal tactics specifically designed for retirees.

kiplinger.com/links/midyear

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


AMERICAN CRUISE LINES
JOURNEY ALONG
THE LEGENDARY MISSISSIPPI
WITH THE LEADER IN U.S. RIVER CRUISING
MINNEAPOLIS ST. PAUL
RED WING
LA CROSSE
DUBUQUE
DAVENPORT
BURLINGTON
HANNIBAL
ST. LOUIS
CHESTER
CAPE GIRARDEAU
NEW MADRID
MEMPHIS
TUNICA
GREENVILLE
VICKSBURG
NATCHEZ
BATON ROUGE
ST. FRANCISVILLE
HOUMAS HOUSE
OAK ALLEY
NEW ORLEANS
QUEEN OF THE MISSISSIPPI
AMERICA'S NEWEST FLEET OF SHIPS
AWARD-WINNING EXCURSIONS
PRIVATE BALCONIES
5 TO 22-DAY ITINERARIES
LARGEST STATEROOMS
CALL TODAY
1-888-240-4951
AmericanCruiseLines.com
FREE Cruise Guide Featuring our 35+ Itineraries

FROM THE EDITOR

Mark Solheim

Go Ahead, Have a Latte

Earlier this summer, the Twittersphere was ablaze when CNBC tweeted out a video in which Suze Orman, the tough-love personal finance guru, excoriates millennials who buy coffee every morning. She claims that the daily ritual of going to Starbucks or Peet's or wherever they get their caffeine fix and paying $1 to $3 a pop endangers their retirement. It is the equivalent of "peeing a million dollars down the drain," she says. (You can watch the video at CNBC's "Make It" YouTube channel.)

Suze's style is in-your-face, preachy and prescriptive. In the video, she says coffee you don't brew at home is a "want," not a "need"—which is true, but she taunts her audience. "I would not insult myself by wasting money that way," she shouts at the camera. "And I can afford it ... and chances are you can't."

Worse, she is guilty of some fuzzy math. To get to $1 million, Orman rounds up "$1 to $3 a day" to $100 a month, then assumes you'd earn an annualized 12% on that money in a Roth IRA over 40 years. (Taking the lower end of her range—a dollar a day—and applying a more realistic 7% annualized return over the same 40 years, you'd pee only about $78,000 down the drain.)

I scrolled through the comments left by skeptical viewers, and some of them were hilarious. Marea tweeted, "I won't be lectured on unnecessary luxuries by a bourgeois white woman in a gold leather coat." Caroline wrote, "I started making my coffee at home, but I still have $78,000 in student debt. Any ideas how to fix this?" And a commenter going by It's My Country weighed in with "There's something to be said about spending money on things that give us pleasure and make life enjoyable. And where that's concerned, coffee is a pretty good bargain."

Suze wasn't the first to accuse millennials (and the rest of us) of sabotaging a secure retirement by spending on items that give us pleasure. A couple of years ago, an Australian real estate mogul told his country's version of *60 Minutes* that the villain was avocado toast—and spending on avocados may be one reason some young people can't afford a house. The original latte diatribe came from personal finance author David Bach, who calculated in his 1998 book *Smart Women Finish Rich* that a Starbucks habit was worth $2 million in forgone retirement savings. And that assumed a mere 11% return.

YOU CAN STILL ENJOY LIFE A LITTLE BY FOLLOWING THE OLD CHESTNUT TO PAY YOURSELF FIRST.

POON WATCHARA-AMPHAIWAN

Pay yourself first. At *Kiplinger's,* our mission is to help you save for retirement and other major goals, but we take a gentler approach. The best way to free up the money for retirement savings, of course, is to spend less than you earn—and to minimize debt by not stretching to buy a house or luxury car or spending your retirement money on a pricey college for your kids (see page 46 for our best college values story and page 68 for our top picks for the safest used vehicles). You can address the uncertainty about how to save and still enjoy life a little by following the old chestnut to pay yourself first (by automatically transferring money from your paycheck to savings) and creating a budget to allocate what's left.

The planner my wife and I see (see kiplinger.com/links/atwood) has a system that helps deal with the uncertainty and anxiety. One line item in our budget is the monthly amount each of us allots for nonessential expenses, such as lattes, lunches and dinners at restaurants, and clothes. If we hit our cap, we stop spending.

It's also essential to adopt an approach to your finances that doesn't complexify them and freeze you into inaction. Our cover story, "Simplify Your Finances," can help. In addition to tips for making budgeting less daunting, we have strategies to simplify your portfolio, manage and pay down debt, and more. The advice starts on page 34. ■

Mark Solheim

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

We're in the Money

I was disappointed when *Money* announced it would no longer produce a print magazine—but as a communications professional, I understand the pressures and realities of the digital age. I, too, prefer my print version to carry on business travel or read by the pool. I look forward to devouring your issue as much as (and hopefully more than) I enjoyed reading *Money*—and continuing to master my financial literacy and the freedom that comes with that preparation.

DIANNE BAUMERT-MOYIK
MELBOURNE, FLA.

Your "From the Editor" column in the August issue was an honest overview of the personal finance industry, a great tribute to your former competitor and a hopeful sign for those of us who still like print!

MICHAEL CONFIELD
WEST POINT, N.Y.

You're fired! When I hired my adviser, we agreed on a 1% fee of total assets under management, and he was to invest in equities only ("When to Fire Your Adviser," Aug.). Gradually, he moved my investments to mutual funds without consulting me. When I confronted him, he presented me with a dog-and-pony show claiming that I was getting a better return on my money by using mutual funds. After I did my own research, however, I discovered that not only was I paying him 1%, I was also paying management fees of up to 1.5% to the fund companies. What's more, there was a "third-party arrangement" where the adviser was also getting a fee from the fund companies. And I wasn't getting a better return on my investments after I paid all the fees. Yes, I fired him immediately, and now I do my own investments and deal with fiduciary advisers only. I also have the fiduciary sign a contract to that effect.

GLENN LEGAL
LITTLESTOWN, PA.

Swept away. Your brief mention of Sweep Accounts was a pleasant surprise ("Deals, Deals, Deals," July). I kept a sizable sum in Fidelity's low-interest-paying FCASH sweep account, waiting for the market to drop to invest it. After you noted that another sweep option, the Fidelity Government Money Market Fund (symbol SPAXX), yielded 2.07%, I wasted no time before making the switch. I suppose Fidelity had no obligation to advise me of the more beneficial option, but it would have been appreciated.

GUNTER KONOLD
STOCKTON, CALIF.

The real risk in bond funds. I'm puzzled why financial writers never seem to address how bond funds "really" operate by extensively trading in bonds ("Opening Shot," July). Some funds have turnover ratios exceeding 1,000% annually. Even the fund that you cite as an "ideal" bond fund, Vanguard Intermediate-Term Bond Index Fund (VBILX), has an annual turnover ratio of 53%. To me, the real risk in most bond funds may be unsuccessful trading, not a rise in interest rates. I find it curious that financial writers don't highlight the turnover ratio of bond funds and how that affects the perceived conservative nature of a bond fund.

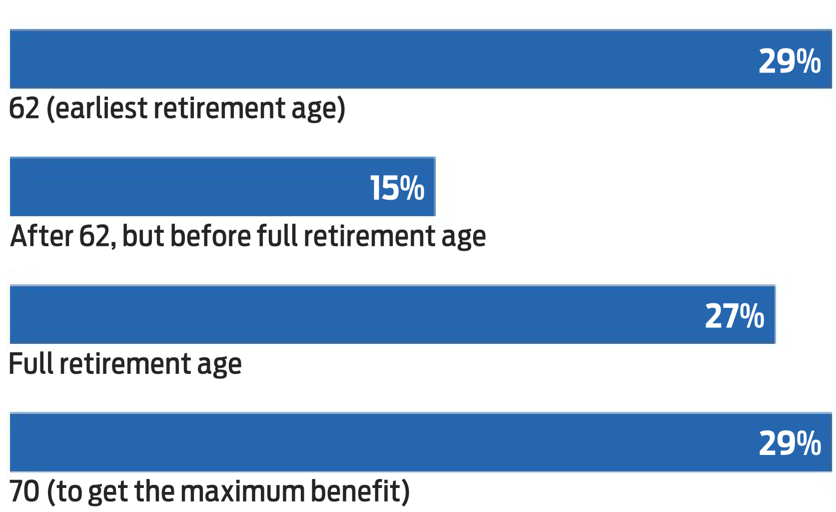
GARY KOTASKA
BUFFALO, N.Y.

Taxman. Ms. Olson's intent was "to make sure taxpayers' rights are protected when they're up against a government agency that many Americans find intimidating, if not downright terrifying" ("The Softer Side of the IRS," July). I have never found the IRS intimidating; I have always had positive experiences when dealing with IRS agents. I found them professional—just doing their job.

TIM GAUSS
CONCORD, N.C.

Q READER POLL

At what age did you claim (or do you plan to claim) Social Security retirement benefits?



To learn how to claim Social Security at the right time, turn to page 62.

SOURCE: POLL SURVEYED 220 *KIPLINGER'S* READERS.

CORRECTION

The D.F. Dent Midcap Growth Fund (DFDMX) does not pay a dividend yield ("The Kiplinger 25 Update," Aug.). ■

WRITE TO US

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

Invest in the future of search, social, and streaming video. All in one place.

FBMPX **Zero minimum to invest**
Fidelity® Select Communication Services Portfolio

FCOM **Lowest cost sector ETF in the industry**[1,2]
Fidelity® MSCI Communication Services ETF

The Communication Services sector is now 10% of the S&P 500[3] and includes big-name digital companies that could be poised for growth.

Our Fidelity® Communication Services Fund and ETF can provide exposure to this growth potential.

Fidelity.com/commservices
800.Fidelity or call your advisor

[1]Lowest cost claim based on fund expense ratios only. FCOM expense ratio, .084%. Expense ratio is the total annual fund operating expense ratio from the fund's most recent prospectus.

[2]Expense ratio data as of 3/29/2019. Based on a comparison of total expense ratios for U.S. communication services sector-level ETFs with similar holdings and investment objectives, within the universe of 12 U.S. ETFs in the Morningstar Communications category.

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund.

Zero minimums generally apply to Fidelity share classes that previously required investment minimums of $10k or less and for stock and bond index fund classes that previously had minimums of up to $100 million. Some Fidelity mutual funds have minimum investment requirements. Other fees and expenses may apply to continued investment as described in the fund's current prospectus. See the fund's prospectus for details.

As of 11/30/2018, this fund changed its name from Fidelity Select Telecommunication Services Portfolio.

[3]Source: Standard & Poor's, FactSet, as of June 30, 2018.

Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

Before investing in any mutual fund or exchange-traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, an offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

Kiplinger's PERSONAL FINANCE

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 750, Washington, DC 20005 (202-887-6400). Subscription Center/Customer Service: Visit us online at kiplinger.com/customer-service, call 800-544-0155, or e-mail 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 73, Issue 9. 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 a wholly owned subsidiary of Dennis Publishing, Ltd.

TOPIC A

ARE YOU COVERED FOR THE NEXT DISASTER?

Make sure you have the right insurance to protect you from nature's wrath. BY SANDRA BLOCK

FEDERAL WEATHER FORECASTS have predicted a "near normal" number of hurricanes for the season that ends November 30. That's small consolation, though, if you find yourself in the path of one of the nine to 15 named storms predicted to form in the Atlantic this year. And elsewhere in the U.S., other types of natural disasters, from wildfires to floods, continue to inflict billions of dollars in damage to homes and businesses.

You can't control Mother Nature, but you can protect your property. Start by understanding what your homeowners insurance will—and won't—cover.

Damage caused by wind, wind-driven rain, and water that comes in your home through the roof, windows or doors is usually covered by your homeowners insurance policy. But your policy won't cover water that comes from the ground up. For that, you need flood insurance. You should consider purchasing this insurance even if you don't live in a designated flood zone, says Mark Hanna, of the Insurance Council of Texas.

"Everyone should consider flood insurance, unless they're living at the top of a hill," Hanna says. Even if you've escaped flooding in the past, "there are so many different ways your home can flood," he says. "Your neighbors could make changes to their landscaping and the next torrent of water could come right toward your house."

You can buy insurance from the Federal Emergency Management Agency's National Flood Insurance Program. The average cost is $699 per year, but higher-risk areas can cost much more (see www.floodsmart.gov for details). There's a 30-day waiting period for NFIP coverage to take effect, so don't wait for the water to start rising before you purchase a policy.

The maximum amount of coverage you can buy from the NFIP is $250,000 for your dwelling and $100,000 for the contents of your home. If your home is worth much more than that, talk to an insurance agent about private coverage. Private policies tend to have higher limits and may cost less

ILLUSTRATION BY BENEDETTO CRISTOFANI

than NFIP coverage, depending on where you live.

Coming up short. Most homeowners policies cover damage from tornadoes and wildfires (but not earthquakes, for which you need a separate policy). Still, your insurance may not cover the cost of rebuilding your home. For that, you'll probably need extended replacement-cost coverage, which typically pays 25% to 50% above your policy's limits. The extra coverage can protect you from big increases in the costs of labor and materials after a disaster.

That's what happened after last year's wildfires on the West Coast, says Derek Ross, an independent insurance agent who had to evacuate his Oak Park, Calif., home during last November's wildfires. (His home wasn't affected, but some nearby properties were destroyed.) "There is a limited number of contractors when you have big disasters," he says. "On the West Coast now, the costs to rebuild are exorbitant."

As far as the contents of your home are concerned, an inventory of your belongings will speed up the claims process. A smartphone app such as Sortly will help you create an inventory. Or, you can conduct a room-by-room narrated video of your belongings. Keep a record of serial numbers for appliances and electronic equipment. Don't overlook offsite belongings, such as items kept in a storage facility, because they're usually covered by your homeowners insurance, too.

ESTATE PLANNING

A BREAK ON INHERITED IRAs COULD DISAPPEAR

Congress takes aim at the so-called stretch IRA.

THE SECURE ACT RECENTLY passed by the U.S. House of Representatives is full of retiree-friendly provisions. But when we covered the bill in our July issue (see "Ahead"), we glossed over one not-so-popular provision of the law designed to help pay for them: killing off the "stretch IRA."

This estate-planning tool allows non-spouse heirs to inherit an IRA and "stretch" withdrawals over their life expectancy—meaning that they could leave much of the money in the account to grow tax-deferred for decades. (If it's a traditional IRA, they'll pay taxes on the withdrawals; if it's a Roth, they'll pay no taxes.)

But under the SECURE Act, most younger heirs would have to withdraw the money within 10 years. Lawmakers seemed to believe that IRAs are supposed to be used for retirement, not as estate-planning vehicles, says Ed Slott, founder of IRAHelp.com. "But changing the rules of the game is not fair to savers."

Many IRA owners agree. "Nonspousal beneficiaries will be denied the benefit of long-term growth opportunities in their inheritance," observed Don Burrell, a retiree from Rochester, N.Y., in an e-mail to *Kiplinger's,* "thus reducing the ability to fund their retirement, ironically one of the key objectives of the Act." His daughter may inherit an IRA someday.

The Senate was expected to pass the bill shortly after the House, but the timing is now uncertain. If it's signed into law, the new rule would affect heirs who inherit IRAs starting next year—not those currently drawing from stretch IRAs.

Besides spouses, the SECURE Act exempts heirs from the 10-year rule as long as they are no more than 10 years younger than the account owner, as well as minor children and those who are chronically ill or disabled. Once minors reach the age of majority—usually 18—the 10-year countdown kicks in.

If the provision becomes law, there are other ways to reduce taxes on an inherited IRA. Some strategies:

Switch to life insurance. Money can be gradually withdrawn from a traditional IRA at today's lower tax rates and used to buy a permanent life insurance policy, whose death benefit won't be taxable, Slott says.

Change beneficiaries. Instead of leaving an IRA to a younger beneficiary, you could leave it to a spouse, who is exempt from the 10-year rule. Or you could designate more than one beneficiary on a traditional IRA. The withdrawals for each will be smaller—and so will the tax bite.

Convert to a Roth. If future tax rates are expected to be higher for heirs, consider gradually converting money from a traditional IRA into a Roth. You'll owe taxes on any untaxed earnings and contributions that are converted, but later withdrawals from the Roth won't be taxed.

Use a charitable remainder trust. You could also leave a traditional IRA to a charitable remainder trust, which would pay a regular income to your beneficiary for life or a certain period. Once the beneficiary dies, the remaining money goes to the charity.

EILEEN AMBROSE

ISTOCKPHOTO.COM

INTERVIEW

WHAT YOUR ADVISER ISN'T TELLING YOU

This consumer advocate says new rules to protect investors don't go far enough.

Barbara Roper is director of investor protection for the Consumer Federation of America and a member of the Securities and Exchange Commission's Investor Advisory Committee.

What are the main provisions of the SEC rule for brokers, which goes into effect June 30, 2020? In theory, brokers—firms or individuals in the business of selling securities—are supposed to act in the customer's best interest and are prohibited from placing their interests ahead of the customer's interests. However, the SEC never defines "best interest." And the rules are virtually identical to how Finra [the Financial Industry Regulatory Authority] interprets its existing standard for brokers to make "suitable" recommendations.

How will brokers handle disclosures and conflicts of interest? They have huge leeway to decide how to comply. They can provide boilerplate, vague disclosures about costs, conflicts of interest and other terms of the client relationship on the front end and delay providing details until after the transaction is complete. Brokers, along with investment advisers, must provide clients with a customer relationship summary (CRS) form, covering topics such as fees and services and stating the legal obligation to act in the investor's best interest.

How are investment advisers affected? There's a new interpretation of existing regulations for investment advisers, who are paid fees to provide advice, as opposed to making sales recommendations. The SEC makes clear that advisers don't have to avoid even easily avoidable conflicts. Disclosure of a conflict is sufficient in virtually all circumstances. There has been a distinction that investment advisers have a fiduciary duty while brokers are subject to a weaker suitability standard. With this rule, both standards are weak, and neither requires your investment professional to do what's best for you. This comes at a time when we're seeing more conflicts because of the growing dominance of advisory accounts at firms that are registered as both broker-dealers and investment advisers.

Do you anticipate additional rulemaking regarding fiduciary standards? Virtually all Democrats in the House of Representatives recently voted for an amendment to prohibit the SEC from spending money to implement its regulations. Odds are long that the amendment will pass in the Senate, but if a Democrat is elected president in 2020, the new administration will likely reopen and revise the rule. The Department of Labor has indicated that it intends to create a rule covering retirement accounts this year, pegged to the SEC's regulation. There's room for the DOL's rule to be more concrete and meaningful, but I'm not holding my breath. At the state level, Massachusetts, Nevada and New Jersey are working on rules that require brokers and advisers to adhere to a strong fiduciary standard.

How can I find an adviser who will act in my best interest? Look for advisers who have structured their businesses to minimize conflicts of interest. You can find them among fee-only financial planners through the National Association of Personal Financial Advisors (www.napfa.org).

As of June 30, 2020, the CFP Board will begin enforcing a new standard that holds certified financial planners to a fiduciary duty for all the financial advice they dispense. Under the current standard, CFPs have a fiduciary duty when they engage in financial planning but not more generally when giving advice. The CFP obligation is stronger than the SEC's standard.

Anything else I can do? Ask the adviser to sign a fiduciary oath (you can download one at www.thefiduciarystandard.org). It documents the agreed-upon standard of conduct in case you get into a dispute, and it's a way to separate the wheat from the chaff because nonfiduciary advisers won't want to go near it. You can also look for firms with Centre for Fiduciary Excellence certification (CEFEX) at www.cefex.org. These firms have agreed to adhere to fiduciary best practices and undergo audits to ensure that they are doing so. **LISA GERSTNER**

PHOTOGRAPH BY BETH JOHNSTON

CHRONIC PAIN

PRICE INFO IS NO CURE FOR STICKER SHOCK

Efforts to curb spending raise questions about just how competitive health care can be.

CHANCES ARE YOU'VE weighed a trip to the doctor based on how poorly you feel as well as how much you will pay the provider. But good luck comparison-shopping. The amounts paid by health insurers for identical services are shrouded in secrecy and can vary widely, even within the same state, metropolitan area or neighborhood (see the graphic below).

Because these "contract negotiated rates" are typically the result of intense, closed-door negotiations between individual insurers and health care providers, patients rarely know how much they'll pay for a procedure or service until after they've used it. And with the rise of high-deductible health insurance plans, which require consumers to pay more out of pocket, many patients are feeling the pain of steep, opaque costs.

Over the past few years, the Trump administration has tried a few different approaches to bring down health care costs, mostly centered on making the system operate more like a free market. One of the latest ideas: price transparency. An executive order issued in June says patients can make better-informed decisions if they know the price and quality of a service in advance.

Tough to implement. Supporters of the move say it will improve competition and lower prices. But industry groups representing both hospitals and insurance providers have spoken out against the order, suggesting transparency could actually *raise* prices.

Some industry analysts have also expressed skepticism that the executive order will radically alter the current landscape. "Most patients don't think of health care as something you can shop around for, and there's not much incentive when you don't foot most of the bill directly," says Larry Levitt, executive vice president of health policy at the Kaiser Family Foundation. "And in areas where hospitals effectively have monopoly power or significant market leverage, seeing what their competitors are paid elsewhere could push them to ask for more—rather than shame them into asking for less."

And in a blow to the administration's strategy, a federal judge threw out a rule instructing drug companies to display the sticker price of their products in television ads, saying the government lacked the authority under current law.

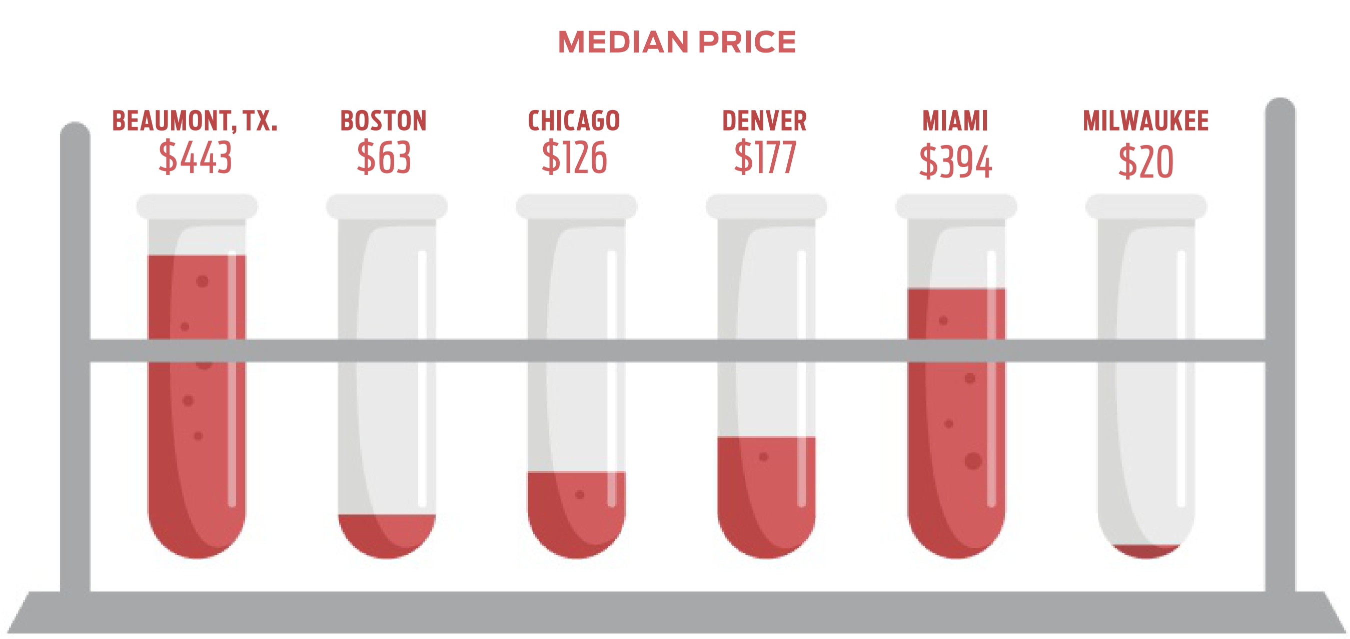
The Department of Health and Human Services (HHS) has to figure out how to implement the president's executive order and define "price transparency"—a process that will likely take several months. HHS could require service providers to publish their negotiated rates, along with quality-related statistics, such as mortality rates and incidences of hospital-acquired infections associated with services. Or it could adopt a less-sweeping approach that would allow hospitals to simply post the price *range* for a given service.

Supporters of price transparency say that still wouldn't tell you how much care would cost under your insurance plan. "We need complete systemwide price transparency to make it work, which means full negotiated rates across all plans, all systems, in real-time," says Cynthia Fisher, a life sciences entrepreneur and CEO who has pushed for price transparency in Washington for years. "Consumers can shop around when prices are accessible and searchable, and when consumers can shop around, we'll see prices come down."

BRENDAN PEDERSEN

HOW MUCH FOR A BLOOD TEST?

Across the country, what patients pay for a standard blood test can vary wildly.



Data as of 2016. SOURCE: Health Care Cost Institute


I'm saving for *her.*
We're all saving for something or someone.
Start saving for what's important to you at **liveoakbank.com/future**
Personal Savings Account
23x the national average[2]
2.30% APY[1]
1. Live Oak Bank Savings Annual Percentage Yield (APY) is valid as of 7/17/2019. No minimum opening balance or deposit required to open. Rates may change at any time without prior notice, before or after the account is opened. No minimum balance to open, but customers must have a balance of $0.01 to earn interest. You may make up to 6 withdrawals from your Live Oak Bank Savings account per statement cycle, including preauthorized, automatic and telephone transfers.
Fees may reduce earnings.
2. National savings average rate courtesy of the FDIC's Weekly National Rates and Rate Caps, as of 7/15/2019; average rate used is for deposits under $100,000.
LIVE OAK BANK®
©2019 Live Oak Banking Company. All rights reserved. Member FDIC
Member FDIC

LEARNING CURVE

THE COLLEGE DEBIT CARD TRAP

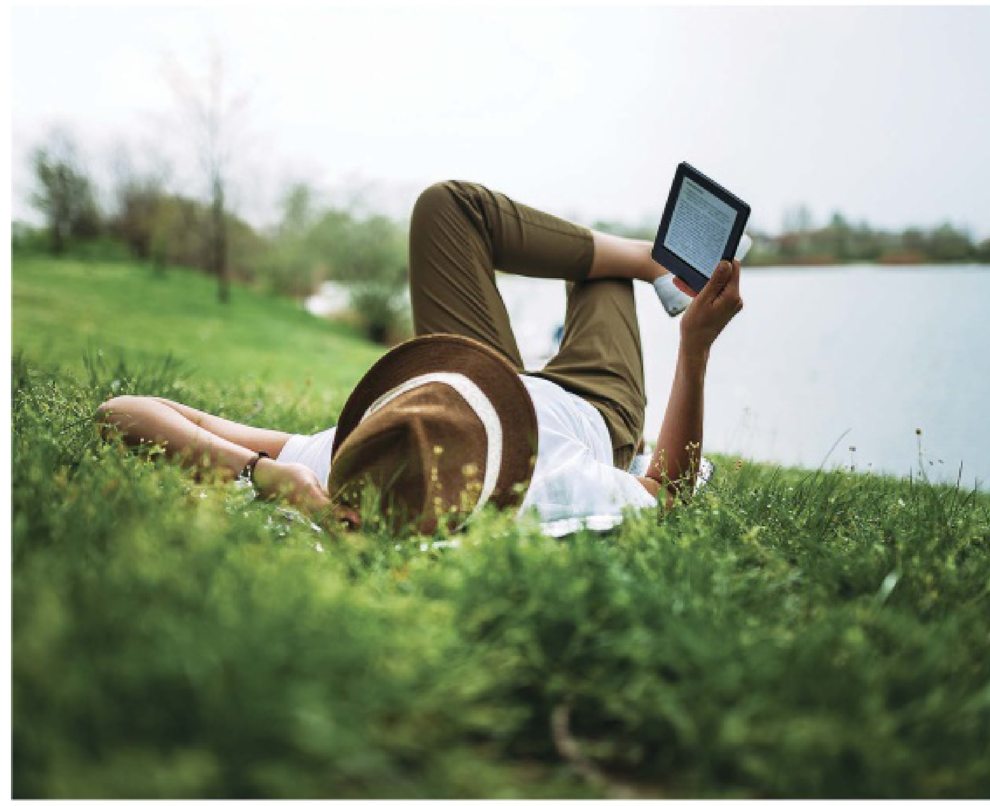
High fees can make branded cards a bad deal.

WHEN STUDENTS START SCHOOL THIS fall, they should study the fine print before signing up for a debit card sponsored by the college or university. Some of these cards carry fees that are far higher than what you'd pay at a bank or credit union.

Some debit cards are used to disburse a student's financial aid refund (the balance after bills for tuition, room and board, and fees are paid), and they're typically less expensive. But when financial institutions pay schools for permission to market directly to students, fees spike. Students at these schools paid an average of 2.3 times more in fees than students at schools without such agreements, according to a 2019 study by the U.S. Public Interest Research Group, a consumer advocacy group. Banks often bombard students with promotions before they arrive on campus and promote cards at registration events.

Students (and parents) interested in a campus-sponsored debit card should proceed with caution because there's a good chance they'll remain with that bank after they graduate, says Ken Tumin, founder of DepositAccounts.com. He recommends comparing the branded card with debit cards offered by credit unions and online banks. Look for a card that has no overdraft or ATM fees. **SABRINA MEDLER**

CALENDAR
09/2019



▲ MONDAY, SEPT. 2

September is National Literacy Month. In addition to exploring your local library, you can download Libby, an app that allows you to check out a massive array of e-books and audiobooks from any system with which you have a library card. The best part: It's totally free.

WEDNESDAY, SEPT. 18

Fall marks the beginning of the new TV season, when the major networks release new shows and unveil new seasons of existing hits. Take the opportunity to reconsider your viewing subscriptions. Are you watching all those 928 cable channels? What about every streaming service? If any of your entertainment avenues have been gathering dust, consider some cord cutting.

SATURDAY, SEPT. 21

Get your history on with *Smithsonian Magazine*'s annual Museum Day. Don't worry if your home is nowhere near Washington, D.C.: All 50 states (plus D.C.) will have participating museums that offer free entry. For a full list and to download tickets, go to www.smithsonianmag.com/museumday.

MONDAY, SEPT. 30

If you're in a Medicare Advantage or Part D prescription-drug plan, your provider should notify you of any upcoming changes in costs or coverage by this date. Changes noted in the Annual Notice of Change (ANOC) take effect in January, so keep an eye on your mailbox through the end of the month. **BRENDAN PEDERSEN**

DEAL OF THE MONTH

Labor Day kicks off some serious summer-clearance deals. According to experts at Bospar.com, you can expect to find discounts ranging from 20% to 50% on outdoor sportswear, swimwear, sandals and beach gear.

ISTOCKPHOTO.COM (2)

ASK KIP

How to Sell Your Baseball Cards

The first step to selling your baseball card collection is researching the value of what you own.

I have a collection of baseball cards and would like to sell them. How do I find buyers?

W.B., MILWAUKEE

You can auction them yourself on eBay, sell them to a local card shop or dealer, or go to an auction house and have it sell the cards in one lot. But first take stock of what you own to see what the cards are worth. That may determine the best place to sell them.

Generally, cards fall into three categories based on when they were printed: Prewar (generally through the end of World War II), Vintage (through the early 1970s) and Modern (mid 1970s and later). Prewar cards tend to fetch a higher price than those printed in the 1980s or 1990s, when cards were often mass-produced.

A card's condition also affects its price. The three big players that grade the condition of baseball cards are Professional Sports Authenticator, SGC Card and Beckett Grading Services.

Not every card is worth grading, which can cost $10 to $15 for a card that might be worth only $25, says Michael Osacky, of Baseball in the Attic, an educational website for sports memorabilia. So do research first.

When it's time to find a buyer, note that eBay takes a lot of work if you've never sold on the site before, Osacky says. You must photograph each card, write a description and set up a PayPal account to receive payment. Plus, eBay charges 10% of the total sale amount for listings.

You can shop your cards around to local card dealers to see what you can get. But if you do have a rare gem—say, a Mickey Mantle rookie card in flawless condition—you're likely best off selling through an auction house, which can attract more potential buyers with deep pockets. An auction house will take up to 15% commission from the seller.

Using a grandparent's 529. Our daughter is the beneficiary of her grandfather's 529 college-savings account. Can we be reimbursed from his account for the college bills we pay?

T.D., AVON, CONN.

Yes, he can reimburse you for qualified expenses, such as tuition and fees, that you paid on your daughter's behalf. The withdrawals should be made in the same calendar year that the expenses are incurred; hold on to receipts, canceled checks and other paperwork for your records in case the IRS asks for evidence that the money was used for qualified expenses.

Social Security strategy. If I take spousal benefits at my full retirement age of 66, can I collect my own Social Security benefit at 70 and qualify for delayed-retirement credits?

J.S., CHARLOTTESVILLE, VA.

Yes, but only if you were born before January 2, 1954. Anyone born on or after that date is prohibited from using this claiming strategy, known as restricting an application for spousal benefits, because the government is phasing it out. In addition, you must have reached full retirement age, and your spouse must have already claimed benefits, which means he or she must be at least 62 years old. If you are 66 and your spouse is 60, for instance, you would have to wait at least two years to claim spousal benefits.

Your spousal benefit will be equal to half of your spouse's benefit. By delaying to file for your own benefit until after full retirement age, your benefit will grow 8% every year until age 70.

Waiting period for Roth IRA conversions. If you convert a traditional IRA to a Roth, how long must you wait to take penalty-free withdrawals?

H.H., KOKOMO, IND.

To withdraw money penalty-free from a retirement account you've converted into a Roth IRA, you must wait five years from the start of the tax year in which you made the conversion. That means if you convert a regular IRA to a Roth IRA in January 2020, you must wait until January 2025 to avoid penalties. But depending on when you convert your account, you may not need to wait a full 60 months. If you convert an account in December 2020, the finish line doesn't move: You'll still need to wait until January 2025, which means your countdown will have 11 fewer months. ■

PATRICK GEORGE

HAVE A QUESTION? SEND IT TO ASKKIP@KIPLINGER.COM.

ELECTION 2020

How Would a Democratic Pr

The top candidates for the Democratic presidential nomination have advanced some bold initiatives, including free college tuition, cancellation of student loans and universal health care. Several candidates also want to provide more tax breaks to middle-income families and repeal the Tax Cuts and Jobs Act, a sweeping overhaul of the tax code that critics say primarily benefited corporations and wealthy individuals. Some candidates have sweeping tax plans, while others have ideas that are more modest. We can expect to see more specifics in the weeks and months ahead as candidates are pressed to explain how they plan to pay for some of their more ambitious proposals. Meanwhile, here's a look at what we know now from seven leading candidates. Although more than 20 candidates were vying for the Democratic nomination at press time, we relied on the ranking of presidential candidates from the *Kiplinger Letter* to pick the top contenders (see kiplinger.com/links/democrats).

JOE BIDEN
DELAWARE

BIG IDEA

The former vice president and longtime Delaware senator's platform includes a $1.7 trillion "Clean Energy Revolution" to bring U.S. greenhouse gas emissions to net zero by 2050. He supports free community college (up to two years) and a public option for the Affordable Care Act health care exchanges.

TAX PROPOSALS

- Increase the top income tax rate to 39.6% from 37%.
- Eliminate the step-up in the basis for inherited capital assets.
- Subject all income to the Social Security payroll tax (wages over $132,900 are now excluded).
- Increase the capital gains rate for individuals who make more than $1 million to about 40% from the current top rate of 20%.
- Provide a $5,000 tax credit to defray the cost of providing caregiving for a family member.

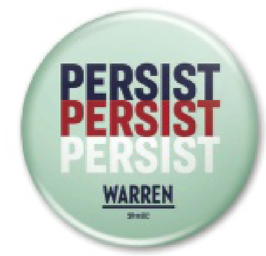
BERNIE SANDERS
VERMONT

BIG IDEA

The Vermont senator and 2016 presidential candidate has a progressive agenda (he's the only candidate who calls himself a socialist) that includes universal health care, free college tuition and student loan forgiveness.

TAX PROPOSALS

- Establish new rates for estate taxes: 45% for estates valued at $3.5 million to $10 million; 50% for estates valued at $10 million to $50 million; 55% for estates valued at $50 million to $1 billion; 77% for estates valued at $1 billion or more.
- Impose a financial-transactions tax on stock, bond and derivative trades.
- Eliminate the payroll tax exemption on wages above $250,000 (wages between $132,900 and $250,000 would still not be taxed).
- Increase the top income tax rate and eliminate the lower rate for long-term capital gains.



ELIZABETH WARREN
MASSACHUSETTS

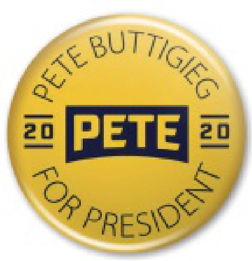
BIG IDEA

The senator from Massachusetts has the most detailed tax plan of any of the front-runners. Warren supports universal health care, free public college and the cancellation of student loans.

TAX PROPOSALS

- Institute a wealth tax equal to 2% on net worth above $50 million and 3% on net worth above $1 billion. A taxpayer's net worth would consist of all assets worldwide, including residences, businesses, trusts, retirement funds and personal property worth $50,000 or more.
- Increase estate tax rates and lower thresholds for the tax.
- Provide a refundable adoption tax credit (a refundable credit means the taxpayer gets a refund even if the credit exceeds the amount of his or her tax bill).
- Provide a $3,000 tax credit for family caregivers.

esident Affect Your Taxes?



PETE BUTTIGIEG
INDIANA

BIG IDEA
The mayor of South Bend, Ind., supports a single-payer system for health care and wants to make every household a "net zero consumer of energy." He opposes the Tax Cuts and Jobs Act, calling it a tax break for the wealthy.

TAX PROPOSALS
- Increase income tax rates for the top brackets.
- Impose a "wealth tax" on the richest Americans.
- Impose a financial-transactions tax.
- Institute a carbon tax.
- Lower the exemption for estate tax from the current $11.4 million (possibly to 2009 levels of $3.5 million).

KAMALA HARRIS
CALIFORNIA

BIG IDEA
The California senator and former state attorney general wants to provide $2.8 trillion in tax relief for middle-class and low-income families. She supports universal health care and wants to give teachers a $13,500 salary increase, on average.

TAX PROPOSALS
- Repeal the Tax Cuts and Jobs Act.
- Provide tax credits of up to $6,000 for families earning less than $100,000 per year and up to $3,000 for individuals earning less than $50,000 per year. The credit could be paid in advance—up to $500 per month for families or $250 per month for singles.
- Provide a tax credit for families with income of up to $100,000 who spend more than 30% of their income on rent.

BETO O'ROURKE
TEXAS

BIG IDEA
The former Texas congressman has proposed a $5 trillion plan to address climate change and supports the use of tax credits to encourage investment in infrastructure. He wants to provide loan forgiveness for public school teachers.

TAX PROPOSALS
- Institute a "war tax" to pay for health care for veterans. Households with members or veterans of the U.S. Armed Forces would be exempt.
- Increase the top income tax rate to 39% from 37%.
- Tax capital gains at the same rate as ordinary income.
- Provide a tax deduction for up to $500 in campaign contributions.

CORY BOOKER
NEW JERSEY

BIG IDEA
The senator from New Jersey supports universal health care and the Green New Deal, a progressive plan to reduce greenhouse gas emissions. He wants to create a $1,000 savings account for each child in the U.S.

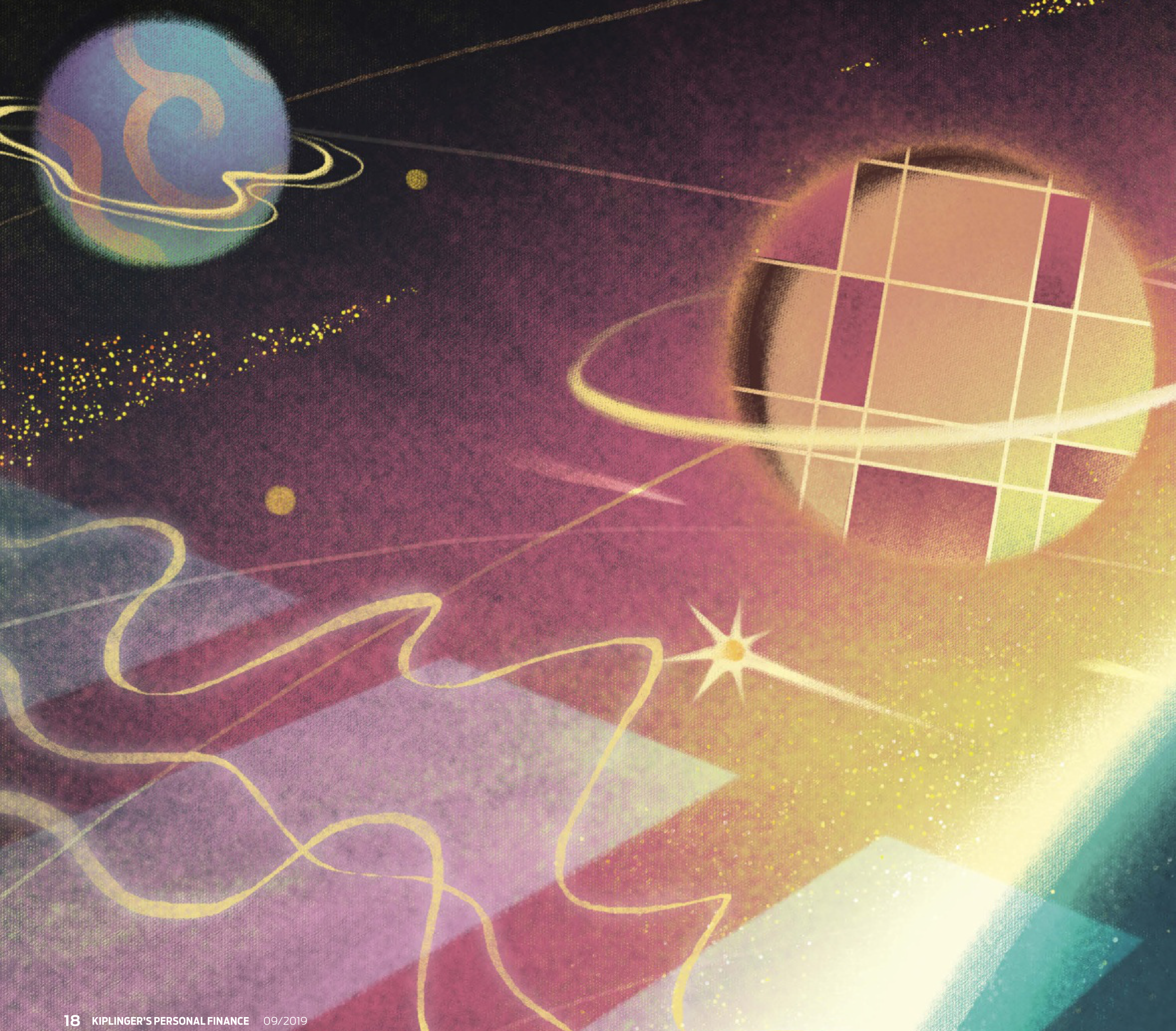
TAX PROPOSALS
- Expand the earned income tax credit to couples with income of up to $90,000.
- Provide a refundable tax credit for renters equal to the amount of rent exceeding 30% of the taxpayer's income but only up to the neighborhood's fair market rent as determined by the U.S. Department of Housing and Urban Development. The estimated median credit amount would be $4,800.
- Return the estate tax to 2009 levels ($3.5 million exemption).

ROCKY MENGLE

INVESTING

Navigating the Universe of ETFs

Use the Kiplinger ETF 20 to build a solid core for your portfolio. Our list also includes funds to explore satellite strategies. BY NELLIE S. HUANG



Fly Me to the Moon

is a love song, the Frank Sinatra version of which was actually played on the moon by Apollo 11 astronauts. But these days, it might as well be the anthem for investors in exchange-traded funds. Assets in ETFs are growing at an astronomical rate, closing in on $4 trillion in the U.S. That's still less than the $18 trillion that sits in U.S. mutual funds. But it's clear that investors are now choosing ETFs over mutual funds. The ETF share of total assets at investment firms has grown to nearly 16% from 8% at the start of the decade, while mutual funds have lost market share. // That's in part because ETFs are agile. These funds, which are baskets of assets that trade like stocks, are typically index-based and, therefore, low-cost. They offer an efficient way to invest in a broad swath of the market or to zero in on a targeted area. As ETFs evolve, investors are getting smarter about how they use ETFs in their portfolios. "After a decade of market gains, ETFs now play a unique role for investors as the foundation of a portfolio and also as vehicles that enable investors to be nimble," says Kari Droller, who oversees third-party mutual funds and ETFs at Charles Schwab. // According to a recent

ILLUSTRATIONS BY JASU HU

vestors are using ETFs to fortify the core of their portfolios. But they're also using these funds to build satellite holdings that revolve around the core. These bets are more strategic: Short-term bond ETFs offer ballast in an uncertain interest rate environment; dividend-stock funds provide income and stability; a health care stock ETF can goose growth.

We follow the same approach with the Kiplinger ETF 20, the list of our favorite ETFs. The roster is diverse. Some are core holdings, and others might satisfy specific needs, such as ballast, income or growth. Some are traditional index funds, which means they track benchmarks that weight holdings by market value (the bigger a stock's market capitalization, the bigger its position in the index and the ETF portfolio). Others are so-called smart-beta ETFs, which typically track a designer index that is built to do better than a particular pocket of the market. And some of our ETF picks are actively managed. Not all of the Kip ETF 20 are going to be right for you, but the list can come in handy as you build, or round out, your portfolio.

The stock market has had a topsy-turvy ride over the past 12 months, but we're pleased with the performance of our Kip ETF 20 stock funds. Two of our smart-beta ETFs beat Standard & Poor's 500-stock index: **VANGUARD DIVIDEND APPRECIATION** and **SCHWAB US DIVIDEND EQUITY**.

The traditional index ETFs did their job, too. They performed in line with their benchmark, minus expenses. Over the past 12 months, for instance, **ISHARES CORE S&P 500**, with an expense ratio of 0.04%, returned 9.91%, slightly ahead of the S&P 500's 9.89% gain.

Our fixed-income ETFs for the most part came through, too. Two of the intermediate-term core bond funds are actively managed, but only one—**PIMCO ACTIVE BOND**—beat the Bloomberg Barclays U.S. Aggregate Bond index. **SPDR DOUBLELINE TOTAL RETURN TACTICAL** trailed the Agg by 0.6 percentage point.

We're making some changes to the roster this year. Some of the newcomers are meant to cushion your portfolio in a market downturn. One new entrant is simply a better strategy for investing in small-company stocks; another is a way to buy into some of the most innovative trends of our time. Read on for details on which ETFs are moving in, and which ones are moving out to make room. Also, we share our tips for trading ETFs in the box below. You'll find four sample portfolios using ETF 20 funds on page 22. Returns and data are through July 12.

SWITCHING GEARS

What's in: **ISHARES EDGE MSCI MIN VOL USA ETF**, an ETF that holds up well in rocky markets (*Min Vol* stands for *minimum volatility*). The ETF tilts toward stocks of steadier large and midsize U.S. companies. "By reducing overall volatility, the fund delivers market-like returns with lower risk," says Holly Framsted, head of smart-beta ETFs for BlackRock's iShares. Over the past five years, iShares Edge MSCI Min Vol was 22% less jumpy than the S&P 500, and it beat the benchmark by an average of 2.2 percentage points per year with a 13.4% annualized return.

Low-volatility funds tend to lag the market in good times but lose less in tough times. In 2017, when the S&P 500 gained 21.8%, iShares Edge MSCI Min Vol trailed, but only by a bit, with

Prepare for Liftoff

SMART WAYS TO INVEST IN ETFs

Exchange-traded funds are quirky. Like stocks, they trade throughout the day, but similar to mutual funds, they hold baskets of assets. In the early days, ETFs were mostly straightforward index funds, but over the years they have grown more complicated. Some ETFs are actively managed; others follow specially designed proprietary indexes. Be smart about how you invest in ETFs, and keep these tips in mind before you buy one.

Buy commission-free. Because ETFs trade like stocks, ostensibly you pay a commission when you buy and sell shares. But gobs of ETFs trade for no charge at major online brokers. Fidelity and Schwab each offer more than 500 ETFs with no sales charge. TD Ameritrade has more than 500, and Vanguard offers a whopping 1,800 funds. Commission-free trading makes dollar-cost averaging (investing small dollar amounts at regular intervals) a no-brainer. That's a boon to investors who are starting out or who may not be sure about a particular strategy. "A mutual fund minimum of $3,000 may be out of reach for an investor just getting started," says Rich Powers, head of ETF products at Vanguard. "But the minimum amount for an ETF is the share price. So if the net asset value of an international stock ETF is $100, all investors need to come up with is $100 to globally diversify their portfolio with one trade."

Use limit orders. When you buy shares in a mutual fund, your trade is executed at the end of the day, at the fund's prevailing net asset value, or share price. ETFs work differently. Like stocks, ETFs have a bid price (the highest price a buyer will pay) and an ask price (the lowest price a seller will accept). Many popular ETFs have narrow bid-ask spreads. But less-frequently traded ETFs may sport wide spreads, conferring some uncertainty about the price you'll end up getting. A limit order

WHAT IS AVAXHOME?

an 18.9% return. But in late 2018, when the broad market index sank 19.4%, iShares Edge MSCI Min Vol lost only 12.6%. The ETF rebalances twice a year to stay in line with its index. Recently, the fund's top holdings included Newmont Goldcorp, Waste Management and Visa.

What's out: iShares Edge MSCI USA Momentum. This ETF emphasizes companies with rapidly rising share prices. Specifically, it homes in on stocks that have notched the biggest price gains over the past six and 12 months. That worked fine in the thick of a bull market. We added Edge MSCI USA Momentum to the Kip ETF 20 in mid 2018, and since then, the ETF has gained 12.8%, which beats the S&P 500.

But momentum funds can struggle in volatile markets. As prices flip-flop quickly, there are fewer meaningful trends to follow. In the roughly three-month stretch between late September and December 24 of last year, Edge USA Momentum slid 21.1% in price, compared with a 19.4% loss in the S&P 500. "Momentum tends to work best in the belly of an economic cycle, when there are established trends in the market," says Framsted. "It does less well when there is greater uncertainty."

SMOOTHER RIDE

What's in: **INVESCO S&P SMALLCAP LOW VOLATILITY ETF**. Small-company stocks tend to produce bumpy returns. Over the past decade, the Russell 2000 small-company stock index has been 37% more volatile than the S&P 500. Invesco S&P SmallCap Low Volatility is designed to smooth out the ride. So far, so good: Since this ETF launched in early 2013, it has outpaced two small-company stock benchmarks—the Russell 2000 and the S&P Small Cap 600—on an annualized basis, with less volatility.

There are cheaper options, but none as steady. Over the past five years, the ETF has outperformed its peers—other low-volatility and traditional small-company stock ETFs—with less volatility in both up and down markets. We view this ETF as a core small-company stock holding.

The stock-picking process is simple. The ETF tracks a subset of the S&P Small Cap 600 small-company stock index that comprises 120 of the least volatile stocks, measured over the past 250 trading days. Stocks with the lowest volatility scores have a heftier rank in the portfolio regardless of market value. The ETF is nimbler than some of its peers because it recalculates the portfolio's constituents and rankings every three months, instead of twice a year.

But it's worth noting that exposures to certain sectors in the ETF can get lopsided; the fund doesn't employ any constraints to stay in line with its parent index, the S&P Small Cap 600. These days, the ETF has almost 70% of assets invested in financial services

allows you to specify the price at which you are willing to buy or sell shares. If the spread is wide, set the limit order at a price that falls between the bid and the ask.

Consider expense ratios carefully. Three zero-fee ETFs launched this year: SoFi Select 500 ETF, SoFi Next 500 and Salt Low truBeta US Market ETF. But don't let the 0% expense ratio draw you in too quickly. Do your homework. These zero fees are not set in stone. For instance, SoFi says its zero fees will stay in place for at least the first year but doesn't guarantee they will always be zero. In addition, many firms view no-fee products as a way to lure investors into pricier offerings, such as a money market fund. Remember, too, that you may have to pay a commission to buy shares in an ETF.

Know exactly what you're buying. As we've said, ETFs have become complicated as the market for them has grown. Consider one of the free ETFs we mentioned earlier, the SoFi Select 500 ETF. Although it has "500" in its name, the ETF is not tied to Standard & Poor's 500-stock index. Rather, it tracks a proprietary index of large U.S. companies that are ranked by a combination of measures, including sales growth for the past 12 months and earnings-growth expectations for the next 12 months. "It has more of a growth tilt, and it won't perform like an S&P 500-based product because it's not based on the S&P 500," says Todd Rosenbluth, who analyzes mutual funds and ETFs for investment research firm CFRA.

and real estate stocks combined, more than twice the exposure of the S&P Small Cap 600. The high concentration in dividend-rich sectors gives the fund a yield of 3.37%. Two real estate investment trusts, Apollo Commercial Real Estate Finance and Redwood Trust, and a commercial mortgage lender, Granite Point Mortgage Trust, are among the ETF's top holdings.

What's out: Vanguard Russell 2000 Value ETF. It's been a rough couple of years for bargain-priced, small-company stocks. In 2017, value shares in the Russell 2000 index of small-company stocks lagged their growth-oriented counterparts, which gained a whopping 22.2%, by 14.4 percentage points. Then, in 2018, small-company value stocks declined 12.9%—more than the 9.3% loss in shares of small fast-growing firms. Value investing (buying stocks that are underpriced relative to sales, earnings or other measures) will come back eventually, as market underdogs tend to do, but we're ousting this ETF in favor of one that offers a smoother ride.

PATH TO THE FUTURE

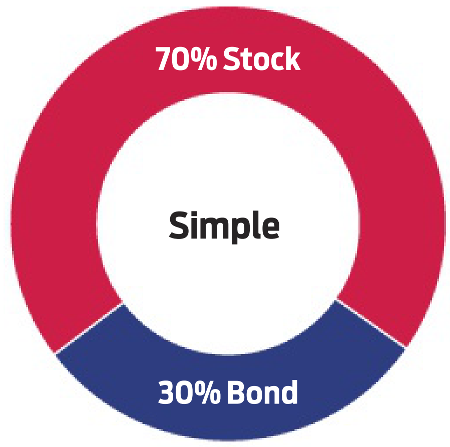
What's in: **ARK INNOVATION ETF** offers investors an efficient way to get in on some of the biggest groundbreaking advancements changing lives today. The actively managed ETF invests in stocks set to benefit from one of five future trends: DNA sequencing and the gene therapies that are born from it; robotics; energy storage (think electric cars); artificial intelligence; and blockchain technology (the algorithms behind digital currencies). Electric automaker Tesla is the ETF's biggest holding, followed by 3-D printer firm Stratasys and Invitae, a gene diagnostic and research company.

This is a shoot-the-moon investment, not a core holding. The ETF holds 37 stocks, which represent what ETF manager Catherine Wood of Ark Invest calls the money-management firm's "best ideas." Ark Invest also steers four additional active ETFs that

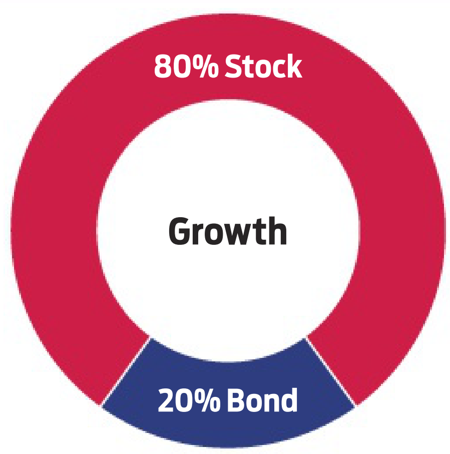
Portfolios

Four Trajectories to Reach Your Goals

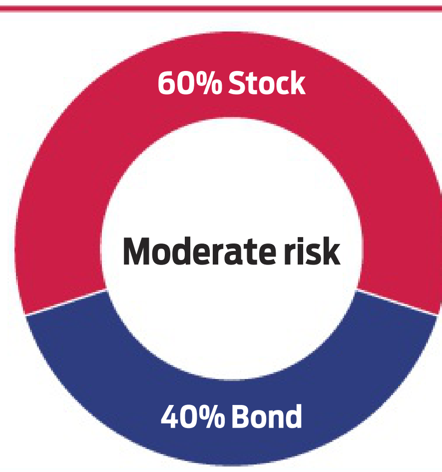
Use these portfolios as a starting point, depending on how long you have to meet your goals and your tolerance for risk. Our selections include core holdings as well as more-defensive and more-aggressive choices.



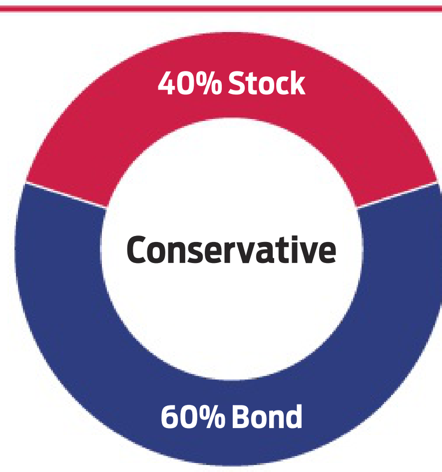
50% Vanguard Total Stock Market
20% Vanguard Total International Stock
30% Pimco Active Bond



15% Ark Innovation
15% iShares Core S&P 500
15% Invesco S&P SmallCap Low Volatility
15% Vanguard Total International Stock
10% Vanguard Dividend Appreciation
10% WisdomTree Global ex-US Qual Dividend Gro
10% Pimco Active Bond
10% iShares Ultra Short-Term Bond



20% Vanguard Total Stock Market
15% Invesco S&P SmallCap Low Volatility
10% WisdomTree Global ex-US Qual Dividend Gro
10% Vanguard Dividend Appreciation
5% iShares Edge MSCI Min Vol USA
20% SPDR DoubleLine Total Return Tactical
10% Pimco Enhanced Low Duration Active
10% Vanguard Total International Bond



20% iShares Edge MSCI Min Vol USA
10% Vanguard Total Stock Market
5% Invesco S&P SmallCap Low Volatility
5% Vanguard Dividend Appreciation
20% Pimco Active Bond
20% SPDR DoubleLine Total Return Tactical
10% Vanguard Total International Bond
10% iShares Ultra Short-Term Bond

FREE RETIREMENT TOOLS

6 Ways to Tackle Risk in Your Retirement Planning

Discover what our powerful insights can do for your money.

The financial expertise of insight-driven advisors – combined with our powerful money tools – can help you achieve a worry-free retirement. There is a low fixed fee for our advisory services*. Our online money tools are yours free to use as long as you like.

1

Know when it's smart to retire

Assess your readiness here

3

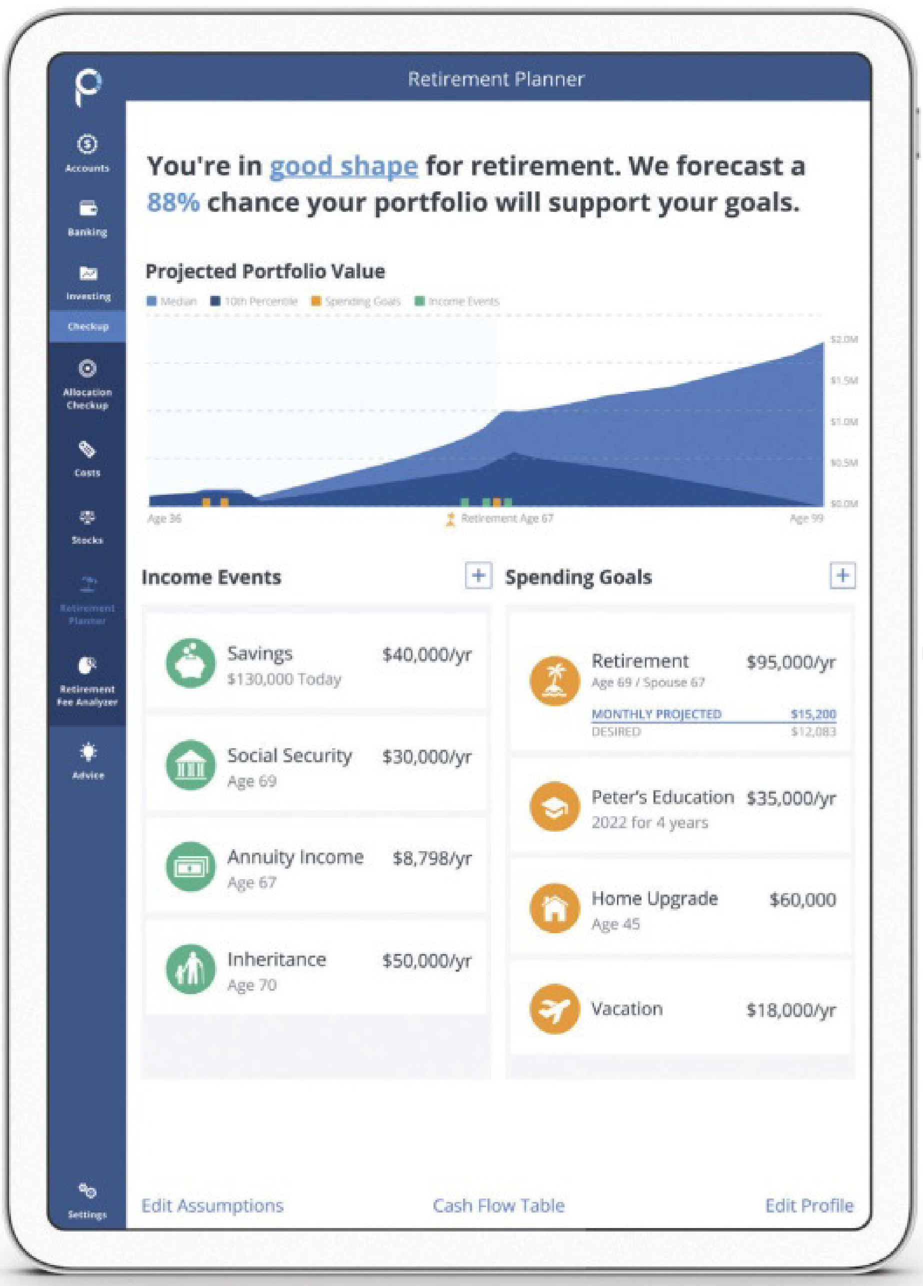
Estimate your 401k growth

See how simple changes can have a big impact

5

See your spending power

Make sure you save enough to have what you need



2

Explore different scenarios

Retire earlier? Travel more? See results from different ideas and market conditions

4

Plan for big expenses

Be ready, so there are no surprises

6

No obligation

Use our tools for free. If you want financial advice, we can help with that too*

BONUS OFFER >

Try our retirement planner now – it's FREE

personalcapital.com/**kp99**

PERSONAL CAPITAL®

Download on the App Store | GET IT ON Google Play

Available on **web & mobile**

target a single "disruptive innovation" theme, including Ark Web x.0 ETF and Ark Genomic Revolution. Wood has a team of 20-odd analysts and traders working on those and on Ark Innovation ETF, which spans all of the themes. "We believe each stock in the portfolio will deliver a minimum 15% annualized return over the next five years," says Wood, though she concedes they may not be right about every single holding.

Over the past three years, Ark Innovation has returned an annualized 35.3%, which pummels the S&P 500 by more than twofold. But buckle up, because the ride has been extremely uneven. Over that period, the ETF

Vital Stats

THE KIPLINGER ETF 20 AT A GLANCE

Core Stock Funds	Symbol	Share price	Annualized total return 1 yr.	3 yrs.	5 yrs.	Yield	Expense ratio	Commission-free trades	Comment
Invesco S&P SmallCap Low Vol	XSLV	$48	0.9%	11.0%	11.5%	3.4%	0.25%	F, FT, S, TD, V	The steadiest 120 stocks in the S&P Small Cap 600 index.
iShares Core S&P 500	IVV	302	9.9	14.1	11.1	1.9	0.04	F, FT, V	Classic core holding of 500 large-company stocks.
iShares Core S&P Mid-Cap	IJH	196	−0.3	10.0	8.4	1.6	0.07	F, FT, V	Midsize U.S. firms in a diverse mix of sectors.
Vanguard Total Intl Stock	VXUS	53	0.1	8.3	2.5	3.1	0.09	FT, V	Companies in foreign developed and emerging markets.
Vanguard Total Stock Market	VTI	154	8.4	13.9	10.7	1.9	0.03	E, V	More than 3,600 stocks in U.S. firms of all sizes.
Dividend Stock Funds									
Schwab US Dividend Equity	SCHD	$54	10.6%	11.6%	10.1%	3.3%	0.06%	FT, S, V	High-quality firms with a record of paying big dividends.
Vanguard Dividend Appreciation	VIG	118	15.8	13.9	11.0	1.9	0.06	FT, V	Companies that have increased payouts year over year.
WisdomTree Glbl ex-US Qual Div Gro	DNL	58	2.3	8.7	3.7	1.9	0.58	E, FT, S, TD, V	Foreign dividend stocks with good growth prospects.
Strategic Stock Funds									
Ark Innovation	ARKK	$48	4.7%	35.3%	—	0.0%	0.75%	FT, V	Firms on the verge of life-changing innovation.
Fidelity MSCI Industrials Index	FIDU	40	7.9	12.1	9.4%	1.7	0.08	F, FT, V	Industrial U.S. companies are included in this fund.
Financial Select Sector SPDR	XLF	28	6.7	16.4	11.0	1.9	0.13	FT, V	Tracks 68 stocks in large financial-services firms.
Invesco S&P 500 Eq Wt Health	RYH	203	7.4	9.9	10.8	0.6	0.40	E, FT, S, V	Holds 60-odd health care stocks in equal amounts.
iShares Edge MSCI Min Vol USA	USMV	63	18.5	13.0	13.4	2.0	0.15	F, FT, S, V	Stable large- and midsize-company U.S. stocks.
iShares MSCI USA ESG Select	SUSA	124	9.6	13.5	10.2	1.6	0.25	F, S, V	Firms that meet socially conscious and governance tests.
Core Bond Funds									
Pimco Active Bond	BOND	$107	7.7%	3.2%	3.5%	3.2%	0.55%	E, FT, S, V	High-grade bonds deliver income and appreciation.
SPDR DoubleLine Total Ret Tactical	TOTL	49	6.6	2.6	—	3.1	0.55	V	This active ETF holds a variety of high-quality bonds.
Opportunistic Bond Funds									
Invesco Senior Loan	BKLN	$23	3.7%	3.7%	2.4%	4.8%	0.65%	S, V	Loans issued to firms with junk-grade credit ratings.
iShares Ultra Short-Term Bond	ICSH	50	2.9	2.0	1.4	2.6	0.08	F, V	High-quality, super-short-term bonds in an active ETF.
Pimco Enhanced Low Dur Active	LDUR	100	3.7	2.3	2.3	2.8	0.39	E, FT, V	An actively managed ETF that holds short-term bonds.
Vanguard Total Intl Bond	BNDX	57	7.5	3.2	4.2	0.6	0.09	E, FT, V	High-quality foreign debt, hedged for currency risk.
Indexes									
S&P 500-STOCK INDEX (LARGE U.S. STOCKS)			**9.9%**	**14.2%**	**11.2%**	**1.9%**			
MSCI EAFE INDEX (FOREIGN STOCKS)			**0.7**	**8.5**	**2.5**	**3.4**			
BLOOMBERG BARCLAYS US AGGREGATE BOND INDEX			**7.2**	**2.1**	**2.9**	**2.6**			

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

As of July 12. —Fund not in existence for the entire period. SOURCES: Dow Jones, fund companies, Morningstar, MSCI, XTF.com.

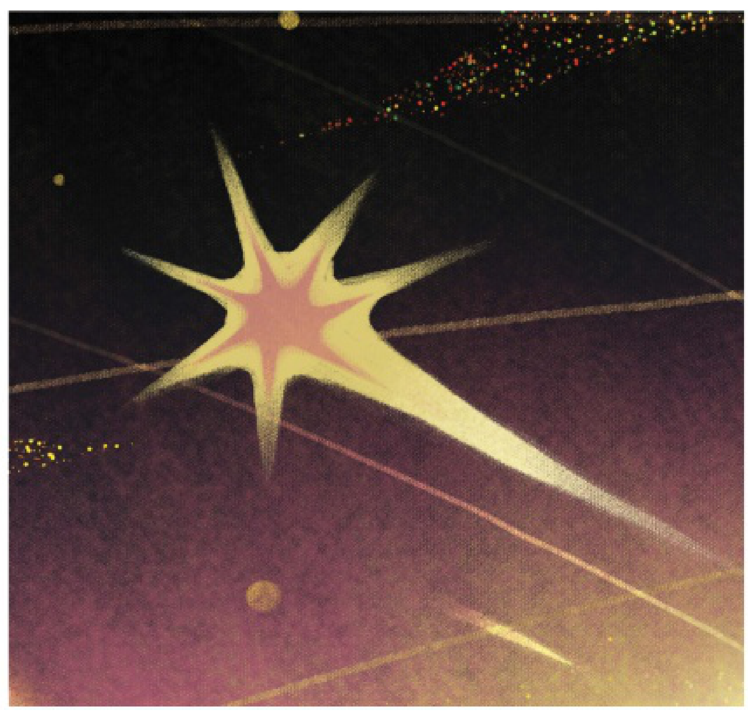
was more than twice as volatile as the S&P 500.

Wood uses the turbulence to the fund's advantage. Consider Tesla, whose stock price bounces around a lot. In August 2018, shares hit $380. The stock dropped to $250 months later and then rocketed to $377 in early December 2018. In June 2019, shares were down to $223. "Innovation is controversial, so we lie in wait for controversy in order to build our positions," says Wood. "We buy shares at the lows and sell at the highs." The trimming and padding of holdings adds to turnover, which at 89% is typical for a fund that focuses on tech stocks. But Wood is generally a buy-and-hold investor. Based on changes in holdings that shift in and out of the portfolio entirely, she says, the fund's turnover is closer to 15%.

What's out: Vanguard FTSE All-World ex-US Small Cap ETF. Small foreign firms are more connected to their local markets than their larger counterparts and thus offer better exposure to a home country's fast-growing domestic economy. But in recent years, Vanguard FTSE All-World ex-US Small Cap ETF has been high on risk and low on returns. International stock markets have lagged U.S. stocks for five of the past seven years, hampered recently by a stronger dollar, higher U.S. interest rates and trade-tariff tensions. For aggressive investors, we think Ark Innovation holds more promise. Investors who still want to play foreign markets should explore **VANGUARD TOTAL INTERNATIONAL STOCK** (VXUS), which has been a member of the Kip ETF 20 since the list was inaugurated four years ago. The fund offers comprehensive exposure to stocks in foreign companies of all sizes in developed and emerging markets.

SOCIALLY CONSCIOUS

What's in: ISHARES MSCI USA ESG SELECT ETF, which focuses on environmental, social and corporate governance characteristics to pick stocks. If you think ESG investing involves some tree-hugging, you're right. But it is more than that. The best firms based on ESG criteria are mindful of their environmental impact but also treat employees, customers and their community well and have a diverse pool of ethical managers who are aligned with shareholder interests. All of these characteristics (and more) add up to well-run firms that perform better over time, the thinking goes.



In other words, ESG tenets make good business sense and thus good investment sense.

ESG ratings can help identify a firm's problems before they come to light and snarl the stock. MSCI, a data provider that rates firms on ESG factors, flagged data and privacy issues at Equifax and downgraded the company's ESG score to the lowest possible rating a full year before hackers breached the credit-reporting agency's database. (MSCI's ESG ratings resemble bond credit ratings and range from the best, triple-A, to the worst, triple-C.) Analyzing companies through an ESG lens can "catch problems in advance," says Todd Rosenbluth, a CFRA mutual fund and ETF analyst.

Investors are clamoring for ESG-focused funds. Assets in this category more than doubled in 2018, says Rosenbluth. That's more than the 24% asset growth overall in smart-beta ETFs. Not surprisingly, dozens of promising, socially conscious ETFs have launched over the past two years. But we're wary of recommending funds with such short track records. However, iShares MSCI USA ESG Select has been around since 2005 and boasts one of the longest track records in socially responsible investing.

What's more, its index tracks the best of the MSCI ESG-rated companies. After eliminating companies that make tobacco products, weapons, alcohol or nuclear power, or are involved with gambling, the index targets firms with the highest MSCI ESG ratings. According to BlackRock, 73% of the holdings in the index and the ETF have a triple-A or double-A MSCI ESG rating, the two highest ratings. The 100 stocks in the ETF are ranked by their ESG rating (the better the rating, the bigger the firm's representation in the fund), and the portfolio is rebalanced four times a year. Microsoft, Ecolab and Apple are top holdings. Over the past five years, iShares MSCI USA ESG Select has returned 10.2% annualized, shy of the S&P 500's annual average gain of 11.2%.

What's out: Invesco Dynamic Large Cap Value. Though value investing has been out of favor for much of the bull market, we have no doubt it will come back. But this ETF has an above-average, 0.56% expense ratio, an above-average turnover ratio of 128% (which implies a typical holding period of nine months) and, as Morningstar analyst Alex Bryan notes, "uneven performance" relative to its value-oriented peers. With market and economic uncertainty at a high, we prefer to round out our roster with a focus on high-quality ESG standouts. ■

CONTACT THE AUTHOR AT NHUANG@KIPLINGER.COM.

STREET SMART | James K. Glassman

Picking Stocks: Go With Your Gut

There are four ways to invest in stocks. You can buy a low-cost index fund, with holdings that reflect an entire market or a broad swath of one. You can buy a managed fund, hiring an expert to do the stock picking. You can conscientiously study data from individual companies and invest in their shares. Or you can buy stock in companies that appeal to you subjectively—that is, invest with your gut. You like what they're doing. You trust the product, the management or, best of all, the idea behind the business.

You can create a good stock portfolio by deploying all four of these methods. But it is the fourth, which I'll call Big Idea investing, that is frequently overlooked or even derided. Big Idea investing is more fun than the other strategies, potentially more profitable and not necessarily riskier.

If markets are efficient—and I believe that they are the vast majority of the time—then today's price for a stock reflects all known information. It is rational and fair. But the market may not recognize the power of a Big Idea because it is hard to quantify using conventional tools. That means you as an investor, listening to your gut, may have an edge on the professionals.

INVESTING IN A BIG IDEA IS MORE FUN THAN OTHER INVESTING STRATEGIES, POTENTIALLY MORE PROFITABLE AND NOT NECESSARILY MORE RISKY.

Gut instinct. Big Idea investing is an act of faith. Though you may lack evidence today that a company will become an outrageous success, you *believe* it will, even if you are not sure how.

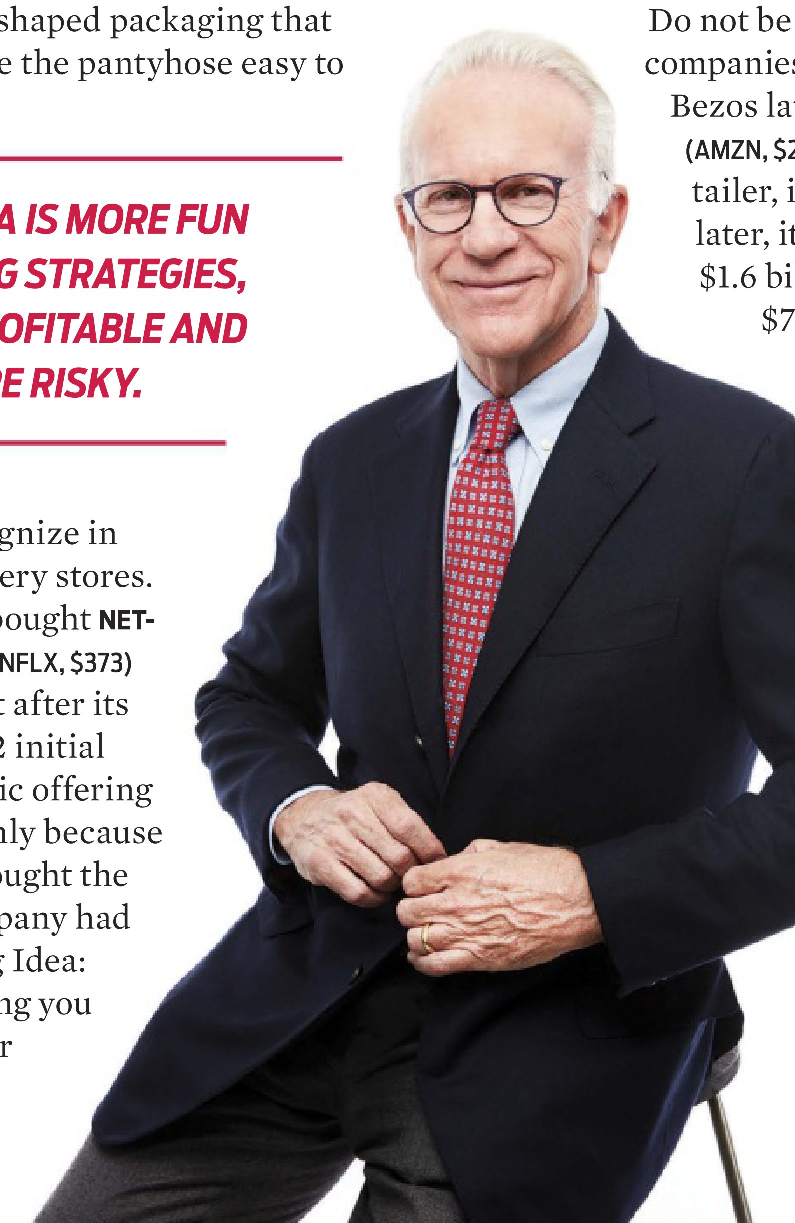
Probably the most famous practitioner of Big Idea investing was Peter Lynch, who, before he retired at age 46, was the most successful mutual fund manager of his day, producing average annual returns of 29% for Fidelity Magellan over 13 years. His book, *One Up on Wall Street,* published 30 years ago, makes the case that average investors run across great prospects all the time just by keeping their eyes open and their imaginations vivid. The way to score huge gains is to understand those prospects before they are reflected in the numbers. As Lynch wrote, "Remember, things are never clear until it's too late."

Lynch tells how he made a large and profitable investment in Hanes, a small company later bought by Sara Lee (now private) and then spun off as a separate firm, today called Hanesbrands. Lynch bought the stock after his wife told him about the unique egg-shaped packaging that made the pantyhose easy to recognize in grocery stores.

I bought **NETFLIX** (NFLX, $373) right after its 2002 initial public offering mainly because I thought the company had a Big Idea: letting you order movie discs online, mailing them to you immediately and letting you keep them as long as you wanted. Netflix killed the video store, but I also had an inkling that, if films could someday be downloaded swiftly from the internet, Netflix would be well positioned. Okay, I sold Netflix after it had tripled—a "three-bagger," in Lynch's parlance—and missed out as the stock became a 300-bagger. (Stocks I like are in bold; prices are as of July 12.)

When I bought Netflix, it had almost no revenues and no earnings—really nothing for an investor to count on but the idea. Today, Netflix has about 150 million subscribers. For the second quarter, the company reported weaker-than-expected subscriber numbers, and the stock plunged. I have seen such episodes before, and they don't worry me. The strategy and brand are strong.

Do not be afraid to invest in companies without profits. Jeff Bezos launched **AMAZON.COM** (AMZN, $2,011), the online retailer, in 1994. Five years later, it had annual sales of $1.6 billion but was losing $720 million, or nearly 50 cents on every dollar of sales. The firm did not eke out a profit until 2003. In the first quarter of 2019, Amazon more than doubled its earnings compared with the same period a year earlier, to $3.6 billion, or $7.09 a share. Profits



POON WATCHARA-AMPHAIWAN

still represent only 6% of sales.

Even today, Amazon remains a Big Idea company, and the idea is being a technology-driven retailer that cares about market share and satisfying the customer, no matter what it costs in the short run. In his experimentation with new businesses, such as cloud computing, Bezos has developed a Big Idea corollary. As he put it in a 2017 letter to shareholders, "Experiment patiently, accept failures, plant seeds, protect saplings, and double down when you see customer delight."

What about **UBER** (UBER, $44)? The financial figures for the ride-sharing phenom are discouraging. In the first quarter of 2019, just before the company's IPO, Uber's operating loss more than doubled compared with the same period a year earlier. Revenues rose 20%, but selling, general and administrative expenses rose 28%. Not a formula for success. Still, my interest in Uber is the Big Idea, not the numbers. Ride-sharing is revolutionary, and, just like Netflix, Uber is positioned for the future—in this case, with driverless vehicles and any other business its leadership can devise to serve the people who take 14 million rides a day.

Ignore the P/E. Because most of us aren't experts in software, energy exploration or high finance, our Big Idea stocks will be those of consumer companies we encounter every day. A good example is **FIVE BELOW** (FIVE, $128), a retailer that makes shopping an exciting experience for kids roughly 8 to 14 years old, selling candy, simple beauty products, scarves, lamps, sports gear and electronics at low prices. It's sort of a Dollar Tree store for children, with a great website. Unlike Uber, Five Below has good numbers: For the first quarter of fiscal 2019, sales rose 23% and earnings rose 18%. Five Below has 789 stores, but it is still small, with a market capitalization (share price times shares outstanding) of $7.2 billion. Keep in mind that with fast-growing, high-potential Big Idea companies, price-earnings ratios are nearly meaningless. Five Below's P/E for the coming four quarters is more than 40, and P/Es for other Big Idea stocks are even higher.

BECAUSE MOST OF US AREN'T EXPERTS IN SOFTWARE, ENERGY EXPLORATION OR HIGH FINANCE, OUR BIG IDEA STOCKS WILL BE THOSE OF CONSUMER COMPANIES WE ENCOUNTER EVERY DAY.

Another favorite Big Idea stock, **LULULEMON ATHLETICA** (LULU, $190), has been public for 12 years but is still youthful. The company created an aura around its exercise clothing, connecting it to the healthful mysticism of yoga and unabashedly pricing its products high. Lululemon stock still carries a modest market cap of $24.7 billion.

ULTA BEAUTY (ULTA, $356), a cosmetics retailer with stores in every state, has a Big Idea that's reflected in the best TV commercial I have seen in years, depicting a glorious diversity of women with Alessia Cara singing "Scars to Your Beautiful" in the background. Buying a stock because of an ad may sound absurd, but I wish I had. The shares are up more than 40% this year. The marketing is part of the approach that CEO Mary Dillon, a veteran of McDonald's and Gatorade, brought to the company in 2013.

I should have bought **SHAKE SHACK** (SHAK, $75) when I first saw the long lines in front of celebrity chef Danny Meyer's little burger stand in Madison Square Park in New York. The Big Idea here is food that is hip, retro and tasty. Shake Shack went public in 2015, but it is still young, with only about 200 stores and a market cap of $2.8 billion.

Big Idea investing is hardly foolproof. Selling pet supplies over the internet was a Big Idea when Pets.com went public in 2000, but the company was bankrupt less than a year later. Still, even the most hyper-analyzed stock can go broke. Look at Enron.

Keep an eye out for Airbnb, whose IPO could come later this year. Home-sharing has to be one of the biggest Big Ideas ever. There are many more out there for investors with imagination and a bit of courage. ■

JAMES K. GLASSMAN CHAIRS GLASSMAN ADVISORY, A PUBLIC-AFFAIRS CONSULTING FIRM. HE DOES NOT WRITE ABOUT HIS CLIENTS. HIS MOST RECENT BOOK IS *SAFETY NET: THE STRATEGY FOR DE-RISKING YOUR INVESTMENTS IN A TIME OF TURBULENCE*. OF THE STOCKS MENTIONED IN THIS COLUMN, HE OWNS AMAZON.COM AND LULULEMON ATHLETICA. REACH HIM AT JGLASSMAN@KIPLINGER.COM.

Disruptors

COMPANIES WITH BIG IDEAS

The stocks below may not look like good bets if you go solely by conventional measures such as financial statements or valuations. But they've all got promising stories.

Company	Symbol	Share price	Market value (billions)	Big Idea
Amazon.com	AMZN	$2,011	$990.1	Tech-driven retailer laser-focused on market share
Five Below	FIVE	128	7.2	Deep-discount goods targeting younger shoppers
Lululemon Athletica	LULU	190	24.7	High-priced exercise wear for the health-conscious
Netflix	NFLX	373	163.2	Trailblazing video-streaming service
Shake Shack	SHAK	75	2.8	Food that's hip, retro and tasty
Uber Technologies	UBER	44	74.6	Ride-sharing pioneer, well positioned for driverless cars
Ulta Beauty	ULTA	356	20.8	Marketing cosmetics to Everywoman

As of July 12. SOURCE: Yahoo Finance

THE KIPLINGER 25 UPDATE

Rising Dividends Lift This Fund

OUR ALL-WEATHER DIVIDEND growth portfolio is standing up to the elements. Over the past 12 months through July 12, despite a sometimes-stormy market, **T. ROWE PRICE DIVIDEND GROWTH** outpaced Standard & Poor's 500-stock index by 6.4 percentage points with a 16.3% return. "Overall, across every sector, our stocks outperformed the market" over the period, says manager Tom Huber.

Top performers include Ball, which makes aluminum cans and the popular glass canning jars. Shares have nearly doubled since July 2018, thanks to an increase in demand for its products. Shares of Air Products & Chemicals—a member of the Kiplinger Dividend 15, the list of our favorite dividend-paying stocks—are up 46.7%. The company is reaping the rewards of a broad corporate restructuring since 2013. And the stock of scientific instruments and diagnostic kits maker Danaher has rocketed 41.2%. According to Morningstar data, 70 of the fund's 108 holdings beat the S&P 500 over the past 12 months.

Huber focuses on large, sturdy companies with solid balance sheets that generate strong free cash flow (cash profits after capital expenditures) and have the capacity to consistently raise their payouts. "A company able to raise its dividend year in and year out typically has a durable earnings and cash flow stream that holds up better than your average business in times of stress," he says. In late 2018, Dividend Growth lost 15.1%, far less than the S&P 500's 19.4% drop. "We earn our keep in lower-return markets or down markets," says Huber.

The fund focuses on increasing payouts rather than on high yields. At the end of March, the stocks in Dividend Growth recorded an average dividend hike of 11%, says Huber, outpacing the 8% payout increase in the S&P 500. That's typical, he adds. Historically, Dividend Growth has yielded the same as the S&P 500, says Huber, but the fund's holdings have boosted their payouts at a pace that's about 2.0 to 2.5 percentage points faster, on average, than the stocks in the S&P 500.

Since Huber took over in March 2000, the fund has returned 7.9% annualized, compared with 5.7% annualized for the S&P 500.

NELLIE S. HUANG
nhuang@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	Added to Kip 25
D.F. Dent Midcap Growth	DFDMX	17.1%	14.4%	—	0.0%	May 2019
Dodge & Cox Stock	DODGX	3.1	8.7	14.8%	1.7	May 2014
Mairs & Power Growth	MPGFX	11.8	8.8	14.6	1.3	Jan. 2013
Parnassus Mid Cap	PARMX	11.1	10.1	15.4	0.6	Aug. 2014
T. Rowe Price Blue Chip Gro	TRBCX	9.9	15.6	18.4	0.0	May 2016
T. Rowe Price Dividend Growth	PRDGX	16.3	12.0	15.0	1.6	Oct. 2016
T. Rowe Price QM US Sm-Cp Gro	PRDSX	4.3	11.4	17.8	0.0	May 2015
T. Rowe Price Sm-Cap Value	PRSVX	−1.4	7.9	13.9	0.3	May 2009
T. Rowe Price Value	TRVLX	9.3	8.0	14.6	1.4	May 2015
Primecap Odyssey Growth	POGRX	−1.7	12.1	16.2	0.3	May 2017
Vanguard Equity-Income	VEIPX	9.0	9.2	14.9	2.8	Jan. 2017
Wasatch Small Cap Value	WMCVX	−0.7	8.9	15.0	0.0	Nov. 2018

International Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Added to Kip 25
AMG TimesSquare Intl Sm-Cap	TCMPX	−10.7%	5.7%	—	0.7%	May 2018
Baron Emerging Markets	BEXFX	0.1	2.8	—	0.1	Oct. 2016
Fidelity International Growth	FIGFX	6.9	6.1	10.7%	0.7	Feb. 2016
Oakmark International	OAKIX	−7.8	1.6	9.4	1.8	July 2017

Specialized/ Go-Anywhere Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Added to Kip 25
Vanguard Health Care	VGHCX	2.5%	8.2%	15.0%	1.3%	May 2016
Vanguard Wellington‡	VWELX	9.5	7.7	11.1	2.6	May 2016

Bond Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Added to Kip 25
DoubleLine Total Return N	DLTNX	5.7%	3.0%	—	3.4%	May 2011
Fidelity Intermed Muni	FLTMX	6.1	3.0	3.6%	1.7	May 2004
Fidelity New Markets Income	FNMIX	5.1	3.7	7.5	5.3	May 2012
Fidelity Strategic Income	FADMX	5.8	3.4	6.0	3.6	May 2018
Met West Total Return Bond M	MWTRX	7.1	2.6	5.4	2.5	May 2016
Vanguard High-Yield Corporate	VWEHX	8.5	4.8	8.2	5.0	May 2016
Vanguard Sh-Tm Inv-Grade	VFSTX	5.2	2.1	3.0	2.4	May 2010

Indexes	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield
S&P 500-STOCK INDEX	**9.9%**	**11.2%**	**15.5%**	**1.9%**
RUSSELL 2000 INDEX*	**−5.8**	**7.7**	**14.1**	**1.4**
MSCI EAFE INDEX†	**0.7**	**2.5**	**7.4**	**3.4**
MSCI EMERGING MARKETS INDEX	**0.7**	**2.3**	**6.1**	**2.8**
BLOOMBERG BARCLAYS AGG BND IDX#	**7.2**	**2.9**	**3.7**	**2.6**

As of July 12. ‡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.

NEW MONEY

What's Up With Crypto?

The newest kid on the blockchain is Facebook's Libra. But as an investment it's likely to fall flat. BY JOHN WAGGONER

SOCIAL MEDIA GIANT FACEBOOK announced in June that it would launch Libra, a new cryptocurrency, in the first half of next year. Users will be able to buy things and send money to other people rapidly, anonymously and with fees of a fraction of a cent, and Facebook says it's targeting the unbanked. So what is Libra? How is it different from other cryptocurrencies? And are there investment opportunities in this new virtual currency?

Spoiler alert: Libra is designed not to fluctuate much, so investing directly in the cryptocurrency probably won't do much for you. It could face steep opposition in Congress and from governments around the world. Moreover, you shouldn't invest in any cryptocurrency unless you're prepared to lose your entire investment. And although there are some indirect ways to invest in the crypto boom, these, too, are highly speculative. Here's what you need to know.

How is Libra different from Bitcoin? Bitcoin is a virtual currency that has no central governing authority, such as a central bank. Users can buy and sell Bitcoins anonymously and use them to make untraceable purchases. Bitcoin uses blockchain technology—think of a decentralized ledger of transactions shared and maintained across a vast network of computers—that its advocates say makes counterfeiting impossible.

Like Bitcoin, Libra will use blockchain technology and allow users to be anonymous. That's where the similarities end. What makes cryptocurrency problematic as a currency is that its price can swing wildly. Bitcoin, for example, has fluctuated between $1,914 and $19,345 over the past two years (see the chart below). But Libra's value will be tied to a pool of money in the Libra Reserve, which gets its cash from the members of the Libra Association, a Swiss nonprofit that will oversee the cryptocurrency. The association has 28 initial members, including Facebook, Visa and PayPal, as well as a few nonprofit organizations, such as Kiva, a microlender.

Each member kicks in $10 million to the Libra Reserve. The Libra Association could grow to about 100 members, says Morningstar analyst Ali Mogharabi. You will be able to exchange Libras for money in the reserve, which in turn will be invested in various government bonds and currencies. The reserve's owners will pocket the interest from those investments.

In order to use Libras, you'll need a crypto wallet, an app that lets you turn Libras into dollars (and vice versa). Facebook will offer a wallet through a subsidiary, Calibra, which will allow users to send money to anyone with a smartphone and may eventually allow direct purchases. You'll also be able use other wallets currently on the market to store Libras. Calibra will ensure the separation of social media information and financial information, Facebook says.

Why is Facebook creating Libra? In a white paper, Facebook says Libra will help provide basic financial services to people who lack bank accounts. It will also make it easier for people in one country to send money to relatives in another country. With 2.4 billion users, Facebook will have a huge, ready-made pool of potential Libra users, all of whom could use the currency to buy things they see on the social network.

Although Facebook says that data from those who use Libra won't be sold or used for targeted ads, skeptics abound. "They are not rolling out Libra for philanthropic reasons," says Adam Levin, former director of New Jersey's Division of Consumer Affairs and cofounder of Credit.com. "They are trying to find additional ways to scoop up information about people's habits."

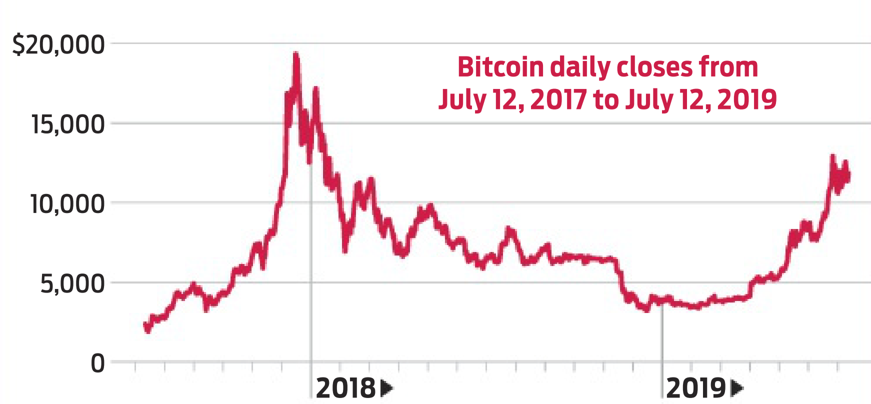
Nevertheless, Libra will allow Facebook to diversify itself from advertising revenue. Facilitating

KEITH NEGLEY / THEISPOT.COM

Wild Ride

BITCOIN'S UPS AND DOWNS

Investors in Bitcoin have endured volatility on a massive scale. If you must, invest your mad money, not your retirement fund.



SOURCE: Yahoo Finance

payments is a lucrative business. Mastercard, for example, sports a 56.9% operating margin, a measure of profitability that shows how much a company makes on each dollar of sales after paying for wages and materials but before paying interest or tax. "Everyone wants to get into payments, and now it's Facebook's turn," says John Freeman, vice president of stock research at CFRA. And Facebook will also get a slice of interest payments from the Libra Reserve fund.

What are the drawbacks for Facebook? Facebook is already in the crosshairs because of consumer privacy concerns. In July, the Federal Trade Commission approved a $5 billion settlement with Facebook over its privacy practices. Libra will likely add to those worries. Congress has been scrutinizing tech giants such as Facebook, Google and Amazon for possible antitrust practices. The Federal Reserve, Securities and Exchange Commission and the Treasury have expressed concerns.

Since news of Facebook's intention to debut an anonymous payment system, congressional hearing schedules have been filling up fast, and executives are facing a number of potentially grueling appearances on Capitol Hill. "With Facebook exerting such a tremendous amount of influence and power over politics, those writing legislation have a very personal motivation" to limit Facebook's influence, says Freeman.

A broader worry is that the public may not trust Facebook enough to use Libra. All currency, whether crypto or paper, relies on trust for acceptance. Given consumers' concerns about their privacy on Facebook, the public could be slow to accept Libra. And although Bitcoins seem to be unhackable, the wallets that hold them are not, nor are the exchanges that trade them—and once your crypto wallet is hacked, your cryptocurrency is gone forever. (Facebook says it will refund users if their Calibra accounts are compromised and they lose their Libras, but it hasn't shared specifics.)

What effect will Libra have on the rest of the cryptocurrency market? Bitcoin isn't the only cryptocurrency in the world—in fact, there are more than 1,000. After Bitcoin, some of the most widely traded cryptocurrencies include Ethereum, XRP, Litecoin and EOS. All other things being equal, if Libra becomes popular and accepted, it would draw investors away from other cryptocurrencies and push down their prices.

But you shouldn't invest in any of them unless it's with money you're willing to lose. A stock has earnings and dividends behind it; the U.S. Treasury has the vast U.S. military behind it, as well as extensive policing powers. Bitcoin and other cryptos? Nothing. Joseph Stiglitz, recipient of the Nobel Prize in Economics, says Libra doesn't offer much, either. "Why would anyone give Facebook a zero-interest deposit, when they could put their money in an even-safer U.S. Treasury bill or in a money market fund?" he recently wrote in a syndicated column. One answer, of course, is to shield criminal activities because the transactions can't be traced.

But people have made money in Bitcoin. What are the investment opportunities in Libra or other cryptocurrencies? People invest in Bitcoin simply because they hope its price will go up, that the next person will be willing to pay more than they did. This is known on Wall Street as the Greater Fool Theory. Libra's value will be tied to real currency, so there's not as much potential for it to rise or fall dramatically. You're unlikely to become a Libra billionaire, unless you're Mark Zuckerberg.

Several companies do benefit from cryptocurrencies, but the benefits can be fleeting. Bitcoin mining, a process of solving complex math problems to get new Bitcoins and verify transaction ledgers, requires a vast amount of processing power. Stock in Advanced Micro Devices has soared 80% this year, in part because its processors are prized for mining Bitcoin. However, application-specific integrated circuits, or ASICs, that are made especially for Bitcoin mining are now preferred. And demand for those chips rises and falls with the price of Bitcoin.

Blockchain technology does have legitimate—and promising—business use. Financial services firms can use blockchain to keep records of complex trades and contracts. Nasdaq, for example, offers a blockchain service through its Nasdaq Financial Framework. Amazon.com offers a service for companies to create their own blockchain services. For now, we think blockchain technology is interesting to watch but not yet something most investors should put their money on.

And what about Facebook? Morningstar's Mogharabi thinks that Libra won't do much for Facebook's earnings for the next few years. CFRA's Freeman agrees and says investors should be more interested in Facebook Watch, the company's YouTube competitor, which now has 140 million daily views—a fraction of YouTube's typical traffic, but growing. "That's the new thing from Facebook to get excited about," he says. ■

CONTACT THE AUTHOR AT JWAGGONER@KIPLINGER.COM

INCOME INVESTING | Jeffrey R. Kosnett

Municipals Rock On

As a 5.5% return through mid July confirms, America's municipal bonds are built of titanium. This isn't the first time I've said this. In previous columns, I have emphatically urged everyone to carry on holding and accumulating state and local bonds. And that's despite overamplified warnings that have persisted since almost a decade ago, when an irresponsible but famous analyst wrongly prophesied a flood of defaults and bankruptcies.

Today's prognostications aren't as apocalyptic, but they are every bit as misguided. Let's start with last year's fulminations that high-bracket income tax cuts would render tax-free interest income less attractive. False. It turns out that people prefer to pay zero taxes on investment income rather than earning a few pennies more of after-tax interest.

The knock on munis. Then came cries about a potential recession or rolling regional downturns, rising interest rates due to Federal Reserve credit tightening, and, finally, headline-making (but rare and isolated) tales of shaky state, county or city finances. Muni bears also assert that foreign and institutional buyers who don't benefit from the tax exemption will bail, and therefore prices will plunge because the tax-exempt sector is relatively illiquid. They forget that the alternative for investors is to *pay* France, Germany and Japan to hold their money. All in all, if there's something negative to be said or written about municipals, I guarantee I've heard it or read it. And I'm still not buying any of this fear and loathing.

IF THERE'S SOMETHING NEGATIVE TO BE SAID ABOUT MUNI BONDS, I'VE HEARD IT. AND I'M STILL NOT BUYING THIS FEAR AND LOATHING.

My main contention is that we have a uniquely American success story—investing in essential services and infrastructure and other hallmarks of our prosperity—that belies the arguments of these worrywarts. BlackRock municipals chief Peter Hayes characterizes the municipals market as one that pays double-A yields but whose credit is as solid as any triple-A sector. I'll remind readers that Standard & Poor's still rates the U.S. Treasury AA+ but confers AAA status on 15 states and countless local borrowers.

Top-rated states such as Maryland, Minnesota, North Carolina, Utah and Virginia can't print money, but neither are they subject to government shutdowns and debt-ceiling breaches. Some states are facing heavy pension costs that appear ominous for bondholders, but the surging bond market doesn't seem to care.

So if you have tax-exempt bonds or bond funds, you're fine with the income and they work for you tax-wise, don't do anything. If you have idle cash and you're looking to earn a little more, a short-term tax-exempt holding such as **FIRST TRUST ULTRA SHORT DURATION MUNICIPAL ETF** (SYMBOL FUMB, $20, YIELD 1.3%) or **JPMORGAN ULTRA-SHORT MUNICIPAL INCOME ETF** (JMST, $50, 1.7%) should pay off. For medium-term and longer-term municipals, investing in managed funds with low expenses or owning bonds directly is also fine. Consider **FIDELITY INTERMEDIATE MUNICIPAL INCOME** (FLTMX, 1.7%), a member of the Kiplinger 25 list of our favorite mutual funds. (Prices, returns and yields in this column are through July 12.)

Compared with Treasuries, you'll get paid more generously for assuming the longer maturities that are common with tax-exempts (because schools, bridges and the like are built to last 30 years or longer). If you live in a high-tax state, be sure to invest in a home-state fund or buy mostly local bonds as a shield from state and local taxation.

Finally, for those looking for income *and* price gains, specialized tax-exempt closed-end funds curiously remain available at share prices below net asset value. One to consider is **BNY MELLON MUNICIPAL BOND INFRASTRUCTURE** (DMB, $13, DISTRIBUTION RATE 4.7%). BlackRock, Eaton Vance, Nuveen and Pimco also offer proven funds with good yields trading at or below NAV. ■

POON WATCHARA-AMPHAIWAN

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

MUTUAL FUND SPOTLIGHT

A Good Way to Play the Bond Rally

Lower rates and a tilt toward high-quality debt should help this fund.

WHILE INVESTORS HAVE BEEN riveted by a mercurial stock market, bonds have rallied strongly. The Bloomberg Barclays U.S. Aggregate Bond index, a proxy for investment-grade bonds, has returned 7.2% over the 12 months that ended July 12. The "Agg" and similar indexes serve as benchmarks for so-called core bond funds: broadly diversified collections of high-quality debt. Lately, such funds have proved why they deserve space in a diversified portfolio. Each time the stock market has dipped over the past year, the Agg has held up, returning 2.3% during the 18.2% stock slide in late 2018 and 1.8% during a 5.7% downdraft in May.

Not all core bond funds are created equal, though all of them predominantly hold intermediate-term bonds (those with maturities ranging from two to 10 years). Few have delivered more-consistent returns at a better price than **VANGUARD INTERMEDIATE-TERM BOND INDEX**. The fund tracks an index of government and corporate bonds that are five to 10 years from maturity—a variation of the Agg. Intermediate-Term Bond currently holds roughly 55% of assets in U.S. Treasuries (which carry virtually no risk of default), with the remainder in investment-grade corporate debt. Vanguard's tilt toward high-quality debt relative to its average peer (which keeps 23% of assets in Treasuries and holds a small stake in junk bonds) has benefited the fund at crucial times. During the 2008 financial crisis, the fund outpaced 80% of core bond funds.

The fund is more sensitive than its peers to interest rate moves. That hurts performance when interest rates rise but boosts results when rates fall (bond prices and interest rates move in opposite directions). The portfolio's 6.1-year average duration (a measure of interest rate sensitivity) implies that a one-percentage-point move in interest rates would boost or cut the fund's net asset value by 6.1%. That the Federal Reserve is mulling rate cuts this year bodes well.

The fund's Admiral shares charge 0.07% a year, well below the peer average of 0.62%. The fund ranks among the top half of peers in eight of the past 10 calendar years, including so far in 2019. Its 15-year annualized return of 5.0% beats 99% of core bond funds. **RYAN ERMEY**

rermey@kiplinger.com

INTERMEDIATE CORE BOND MUTUAL FUNDS

Ranked by one-year returns

Rank/Name	Symbol	1-year total return	Current Yield	Max. sales charge	Exp. ratio
1. Vanguard Interm-Tm Bd Index Adm	VBILX	9.2%	2.4%	none	0.07%
2. Fidelity Investment Grade Bond	FBNDX	7.6	2.5	none	0.45
3. Diamond Hill Core Bond A	DHRAX	7.5	2.4	3.50%	0.76
4. Western Asset Core Bond A	WABAX	7.4	2.5	4.25	0.82
5. Nationwide Loomis Core Bond A	NWJGX	7.4	2.4	2.25	0.90
6. Baird Aggregate Bond Inv	BAGSX	7.3	2.4	none	0.55
7. Sterling Capital Total Return Bond A	BICAX	7.3	2.5	5.75	0.70
8. BlackRock Core Bond Inv A	BCBAX	7.3	2.4	4.00	0.68
9. BlackRock CoreAlpha Bond Inv A	BCRAX	7.3	2.5	none	0.53
10. Guidestone Med-Duration Bond Inv	GMDZX	7.2	2.8	none	0.66
CATEGORY AVERAGE		6.6%	2.4%		

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	$696.1	8.3%	10.7%	none
2. Vanguard Total Intl Stock Idx Adm	VTIAX	367.5	0.1	2.5	none
3. Vanguard 500 Index Adm	VFIAX	366.9	9.9	11.1	none
4. Fidelity 500 Index	FXAIX	198.3	9.9	11.2	none
5. American Growth Fund of America A	AGTHX	197.7	4.4	11.7	5.75%
6. American EuroPacific Growth A	AEPGX	163.0	1.6	4.6	5.75
7. American Balanced A	ABALX	149.1	7.0	7.7	5.75
8. Fidelity Contrafund	FCNTX	121.8	7.3	13.3	none
9. American Washington Mutual A	AWSHX	120.6	9.9	10.1	5.75
10. American Income Fund of America A	AMECX	110.8	6.0	5.8	5.75
S&P 500-STOCK INDEX			9.9%	11.2%	
MSCI EAFE INDEX			0.7%	2.5%	

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	$187.4	7.2%	2.5%	none
2. Pimco Income A	PONAX	127.8	6.3	3.5	3.75%
3. Vanguard Total Intl Bd Idx Adm	VTABX	112.2	7.7	0.5	none
4. Met West Total Return Bond M	MWTRX	75.5	7.1	2.5	none
5. Vanguard Interm-Term Tax-Ex Inv	VWITX	68.2	6.5	1.7	none
6. Pimco Total Return A	PTTAX	66.0	6.7	3.0	3.75
7. Vanguard Short-Term Inv-Grade Inv	VFSTX	60.2	5.2	2.4	none
8. Dodge & Cox Income@	DODIX	59.6	7.0	3.7	none
9. DoubleLine Total Return Bond N	DLTNX	52.9	5.7	3.4	none
10. Lord Abbett Short Duration Income A	LALDX	50.1	4.7	2.8	2.25
BLOOMBERG BARCLAYS US AGGREGATE BOND INDEX			7.2%	2.6%	
B OF A MERRILL LYNCH MUNICIPAL MASTER INDEX			6.7%	2.2%	

As of July 12. †For all share classes combined. @Only share class. Unless otherwise indicated, funds come in multiple share classes; we list the share class that is best suited for individual investors. MSCI EAFE tracks stocks in developed foreign markets. SOURCES: Bank of America Merrill Lynch, Morningstar Inc., Vanguard.

MONEY

SIMPLIFY YOUR FINANCES

Our strategies to tie up the loose ends of your financial life will free up both time and cash.

Streamline Your Portfolio

If you've got more tickers in your mutual fund portfolio than the local cardiac ward, it's probably time to simplify. A portfolio of 20 stock funds will likely mirror the stock market as a whole—and if that's the case, you could reduce your costs and save some time with a pared-down portfolio.

The one-fund option. If you like the simplicity of putting all your eggs in one basket, **VANGUARD WELLINGTON** (SYMBOL VWELX) is the basket to own. The venerable fund, launched in July 1929, invests in a mix of stocks and bonds and is a member of the Kiplinger 25—the no-load funds we like the most. Wellington has a value tilt, meaning it searches for stocks and bonds that Wall Street has undervalued. Currently the fund has 53.9% of its portfolio in U.S. stocks, 11.7% in international stocks and 31.9% in

Portfolios

THE THREE-FUND SOLUTION

Consider using these core funds to build simple portfolios. The asset allocations reflect varying risk tolerances. You'll most likely want less money invested in stocks and more in bonds as you get closer to retirement or other savings goals. The funds are interchangeable within asset categories—you can swap one U.S. stock fund for another, for example. You might prefer buying funds within the same family (and saving on transaction fees). For a simple portfolio using our favorite exchange-traded funds, see page 18.

Growth

80% Stocks | 20% Bonds

Vanguard Total Stock Index (VTSAX)	55%
Fidelity Zero International Index (FZILX)	25%
Schwab U.S. Aggregate Bond Index (SWAGX)	20%

Moderate risk

60% Stocks | 40% Bonds

Schwab Total Stock Market Index (SWTSX)	45%
Vanguard Total International Stock Index (VTIAX)	15%
Fidelity U.S. Bond Index (FXNAX)	40%

Conservative

40% Stocks | 60% Bonds

Fidelity Zero Large Cap Index (FNILX)	30%
Vanguard Total International Stock Index (VTIAX)	10%
Vanguard Total Bond Market Index (VBTLX)	60%

bonds. The fund has averaged an 11.1% gain the past 10 years, or about 2.1 percentage points more per year than the average fund in its category. An alternative: **VANGUARD STAR** (VGSTX), which invests in a diversified handful of other Vanguard funds.

Another solution is a target-date fund, which adjusts its holdings based on when you plan to retire (see "Building a Better 401(k)," on page 58). Simply choose the fund with the date closest to your retirement year. T. Rowe Price has consistently good target-date funds; **T. ROWE PRICE RETIREMENT 2030** (TRRCX), for example, ranks in the top 1% of its category over the past 10 years.

Two or three funds. Vanguard investors can create a low-cost basic portfolio with just two index funds. Start with **VANGUARD TOTAL WORLD STOCK** (VTWSX), which represents all the stocks in the world—53.8% of assets are invested in U.S. stocks and 44.8% are in non-U.S. shares. You won't have to worry about how to split your money between U.S., foreign and emerging-markets stocks, and you'll pay just 0.17% in expenses. For your bond allocation, stir in **VANGUARD TOTAL BOND INDEX** (VBTLX), which charges 0.05% in expenses.

If you want a bit more control, you can go with three funds: a U.S. stock fund, an international fund and a bond fund. Vanguard investors, for example, should consider mixing **VANGUARD TOTAL INTERNATIONAL STOCK INDEX** (VTIAX), which charges 0.11%, with **VANGUARD TOTAL STOCK INDEX** (VTSAX), a U.S. large-cap index fund that charges 0.04% a year.

Other low-cost index funds to consider for a three-fund plan include **FIDELITY ZERO LARGE CAP INDEX** (FNILX). Introduced in 2018, the fund charges no annual expenses and uses a proprietary index that tracks Standard & Poor's 500-stock index closely (but not exactly). **FIDELITY ZERO INTERNATIONAL INDEX** (FZILX) will invest your money abroad with no annual expenses.

Similarly, **SCHWAB INTERNATIONAL INDEX** (SWISX) will give you foreign exposure to developed markets for just 0.06% in annual expenses, and **SCHWAB TOTAL STOCK MARKET INDEX** (SWTSX) will add a diversified U.S. stock portfolio for just 0.03%. **SCHWAB U.S. AGGREGATE BOND INDEX FUND** (SWAGX) will get you all the fixed income you need for 0.04%. **FIDELITY U.S. BOND INDEX** (FXNAX) is another good choice.

For some sample mix-and-match portfolios, see the box at left. If you'd like to add a money fund to the mix, our favorite is **VANGUARD PRIME MONEY MARKET** (VMMXX), which charges 0.16% in expenses and yields 2.3%.

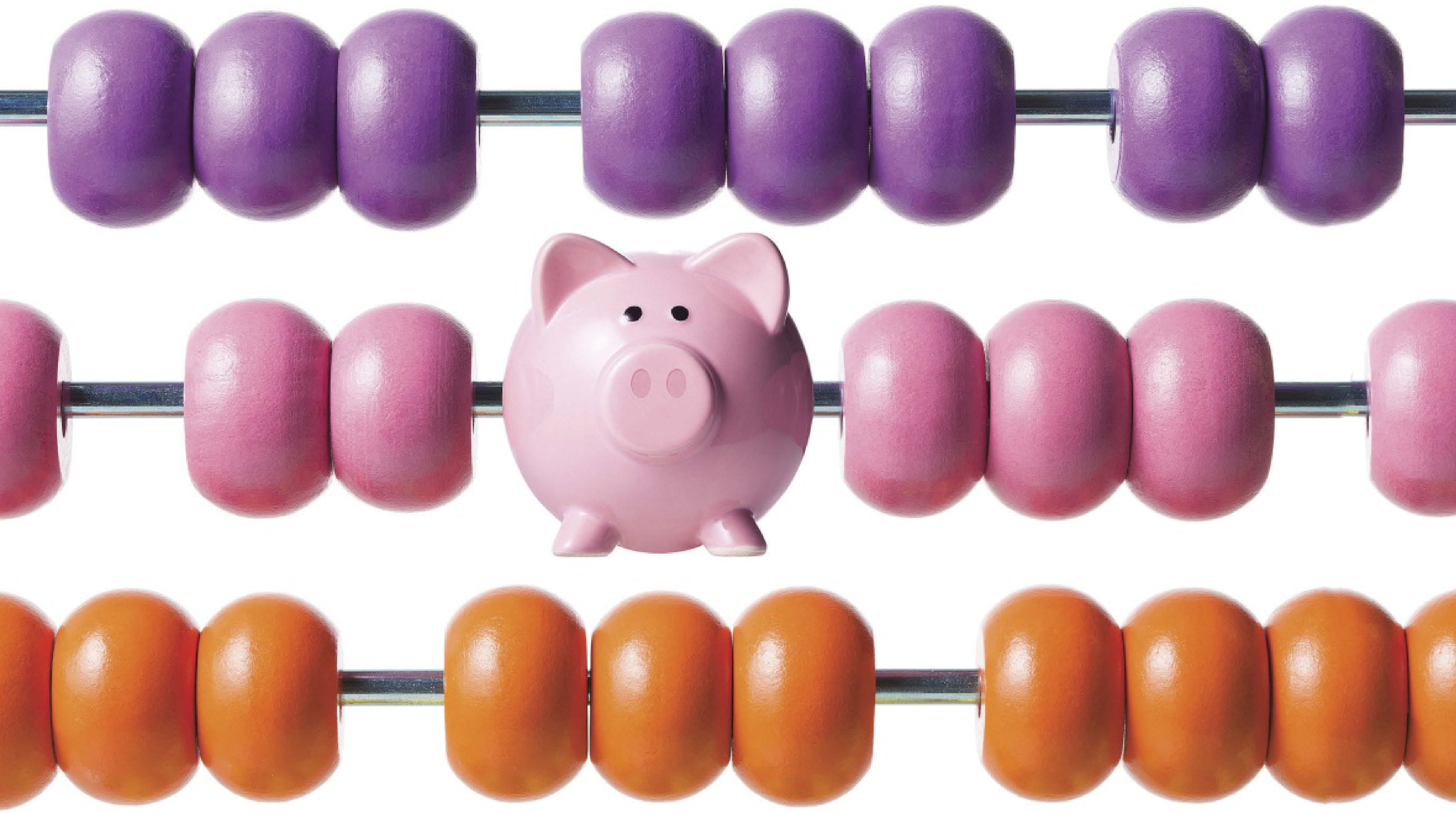
JOHN WAGGONER

PUT IT ON AUTOPILOT

One of the best features of a 401(k) is the ability to invest at regular intervals, a practice known as dollar-cost averaging. It's not merely convenient; it ensures you'll buy more shares when the market is low and fewer when it's high. If you don't have a 401(k), ask your brokerage or fund company about an automatic investment plan. Nearly every financial institution in the world will be happy to take money from your bank account at regular intervals.

You can set up regular withdrawals, too. The investment company will send you a check for the amount you want on a monthly, quarterly or custom basis. Most companies will also help you calculate your required minimum distributions from your retirement account.

Finally, if you're looking for regular (but not guaranteed) income in retirement, consider a managed payout fund. The **VANGUARD MANAGED PAYOUT FUND** (SYMBOL VPGDX) aims to distribute about 4% of your account each year. **T. ROWE PRICE RETIREMENT INCOME 2020 FUND** (TRLAX) targets an annual payout of approximately 5%. Schwab's Monthly Income funds offer a range of payout options, from 1% to 8% a year. **JW**



ISTOCKPHOTO.COM (AND PREVIOUS PAGE)

Make Budgeting Easier

If budgeting apps with tons of features and intricate rules about how you can dispense your money seem like overkill, turn to an app that just tells you how much you can spend. For example, **GOODBUDGET** puts the old-school envelope system into action by allowing you to stuff virtual envelopes representing different spending categories and simultaneously track the cash you have on hand. The free version gets you 10 "regular" plus 10 "annual" or "goal" envelopes, and the ability to track one virtual spending account; **GOODBUDGET PLUS** ($6 per month or $50 per year) gives you unlimited envelopes and accounts.

To see a snapshot of how much money you have available while you're on the go, try **POCKETGUARD**. After connecting your accounts and setting up a monthly savings goal, the app will calculate how much leftover money you have to spend each day, week or month after you pay all bills and subscriptions. It will also analyze your spending in the form of a pie chart and let you set spending limits on each category. **POCKETGUARD PLUS** ($3.99 per month, or $34.99 per year) lets you create your own budget categories, incorporate cash transactions and register multiple goals.

Or use budget templates from **MICROSOFT EXCEL, GOOGLE SHEETS** or **APPLE NUMBERS**, including templates for different circumstances, time frames and occasions (weddings, holiday shopping, remodeling). For extra convenience, look for templates that allow you to enter your planned and actual costs into preset categories and that automatically do the math to figure out how your costs stack up against your income. If you would rather make calculations yourself and deal with expenses only, you'll find an array of basic downloadable budget templates at Mint.com. **MIRIAM CROSS**

AUTOMATE REBATES

Price-protection services comb your e-mail inbox for order confirmations and shopping receipts from major retailers and for hotel reservations from selected booking sites. Then they search for price drops and claim the refund for you.

EARNY.COM works with more than 15 retailers, as well as all Citibank cards and Mastercards (for up to four claims per year). It deducts a 25% fee from each refund, or you can pay $9.99 for a monthly subscription (the free "Lite" plan covers Walmart purchases only). If you link credit card accounts that offer price protection, you can also get refunds on purchases from Amazon. **PARIBUS.COM** (free) will monitor your inbox for receipts from more than 25 major retailers, but it doesn't monitor credit card accounts. **PATRICIA MERTZ ESSWEIN**

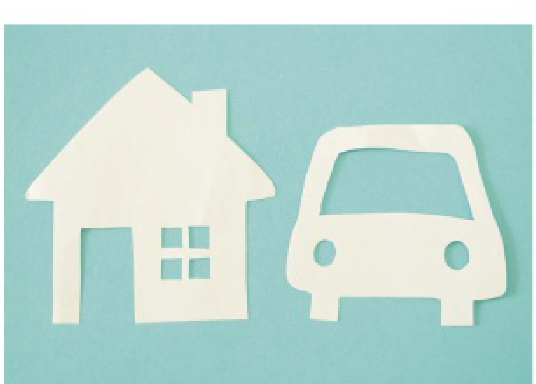

Saving is a journey. Take a shortcut.
Is your savings plan off track? Find your way at Synchrony Bank. We're proud to offer a NerdWallet Best Savings Account, along with the safety of FDIC insurance and highly rated customer service.*
It's banking in sync with you.


synchrony
60-MONTH CD
2.80% APY*
$2,000 minimum opening deposit
HIGH YIELD SAVINGS
2.15% APY*
no minimum balance
Visit us at synchronybank.com or call 1-800-753-6592.
*Annual Percentage Yields (APYs) are accurate as of 7/17/19 and subject to change at any time without notice. Fees may reduce earnings. Visit synchronybank.com for current rates, terms and account requirements. Offers apply to personal accounts only:
CDs: A minimum of $2,000 is required to open a CD and must be deposited in a single transaction. A penalty may be imposed for early withdrawals. After maturity, if you choose to roll over your CD, you will earn the base rate of interest in effect at that time.
HIGH YIELD SAVINGS: Rates are variable and subject to change any time without notice after the account is opened. No minimum opening deposit required.
AWARD: © 2016, 2017, 2018 and TM, NerdWallet, Inc. All rights reserved.
© 2019 Synchrony Bank
Member FDIC

Insure Your Car and Home Under One Roof

Getting your home and auto insurance from one company is convenient *and* can save you money. "It's easier to review your policies with one insurer and see at a glance if your limits and deductibles are appropriate for your needs," says Penny Gusner, consumer analyst at Insurance.com. You'll deal with one entity when paying bills and tracking claims, and some insurers, including Esurance, Progressive and Safeco, impose only one deductible for claims that involve both your car and home—say, if a storm causes a tree to fall and damage both pieces of property. According to Insurance.com, the average bundling discount for auto and home insurance in the U.S. is 11.4% off the auto premium (9.6% for auto and condo combos, and 5% for auto and renters). The overall discount is usually divided between the two policies.

Many insurers offer a bigger discount if you bundle more policies, such as life insurance or coverage for an RV, motorcycle or boat. Even companies that don't underwrite a certain type of insurance may partner with other insurers to offer that coverage and a bundling discount. But bundling won't always result in savings, so shop for policies individually as well as in a bundle. **MC**



TAKE THE STRESS OUT OF TRAVEL PLANNING

Sorting through multiple plane, train and bus schedules before a trip can be overwhelming. For an easier way to see your options, plug your origin and destination points (cities, landmarks and even addresses anywhere in the world) into the search box on **ROME2RIO** (www.rome2rio.com). The site will calculate routes by plane, train, bus, ferry and car and estimate the price range for each mode of transportation.

As your itinerary falls into place, forward your confirmation e-mails to travel-organization app **TRIPIT** (www.tripit.com). (You can also sync your inbox or add details manually.) The free version of TripIt helps you navigate among different locations, search for amenities near your hotel and assess the safety of a neighborhood. And it will automatically create a schedule to help keep your vacation on track. **TRIPIT PRO** ($49 per year) also sends you real-time flight alerts, airplane seat openings and gate changes; advises you on when to leave for the airport based on traffic reports; and provides searchable airport maps that will direct you to everything from the nearest sushi restaurant to a merchant that sells aspirin. You can also find useful tidbits about the country you're visiting, including its type of electric sockets, vaccination requirements and tipping etiquette. **MC**

SHUTTERSTOCK. ISTOCKPHOTO.COM

Keep Tabs on Your Investments

Budgeting apps such as Mint are great for tracking income and outgo, but they are notoriously inadequate when it comes to compiling and analyzing investments that may be spread across a number of taxable and tax-deferred accounts. But a couple of investing firms have services that organize and track your investments in one place. A view of your whole portfolio will show you if your overall asset allocation aligns with your tolerance for risk and whether your investment mix is on track to reach your goals.

If you sign up for a free account with **PERSONAL CAPITAL** (www.personalcapital.com) and link investing accounts by entering log-in credentials at the site, you can see your entire portfolio's allocation and performance. You can view the combined portfolio categorized by asset class, stock sector or individual holdings. The "You Index" feature shows how your portfolio has performed compared with U.S. stock and bond indexes or a basket of foreign stocks. An investment checkup tool recommends adjustments to asset allocation based on your investing profile.

PORTFOLIOANALYST (www.interactivebrokers.com/pa; free) from online brokerage Interactive Brokers is still a work in progress but provides a portfolio snapshot when you link outside accounts. The Portfolio Checkup breaks down your portfolio by asset class, sector and country and allows users to compare returns with dozens of benchmarks. You can also generate custom reports. **RYAN ERMEY**

ELIMINATE PAPER CLUTTER

You can clear out space in bulging file drawers and permanently tame the paper monster if you follow our four-step plan:

Toss files you no longer need. Because the IRS generally has three years from the date of your return—or the date you file it, if later—to initiate an audit, it's a good idea to keep all of your tax records at least that long. But hold on to copies of tax returns indefinitely. Keep records of your investments and property for at least three years after you sell. Self-employed people should generally keep their 1099 forms reporting business income, their receipts and other records of business expenses for at least six years. (For more advice on which tax records to save, see "How Long Should You Keep Tax Records?" at kiplinger.com/links/taxfiles.) For other files, see the guide published by the Federal Trade Commission at www.consumer.ftc.gov/articles/0527-shredding-infographic.

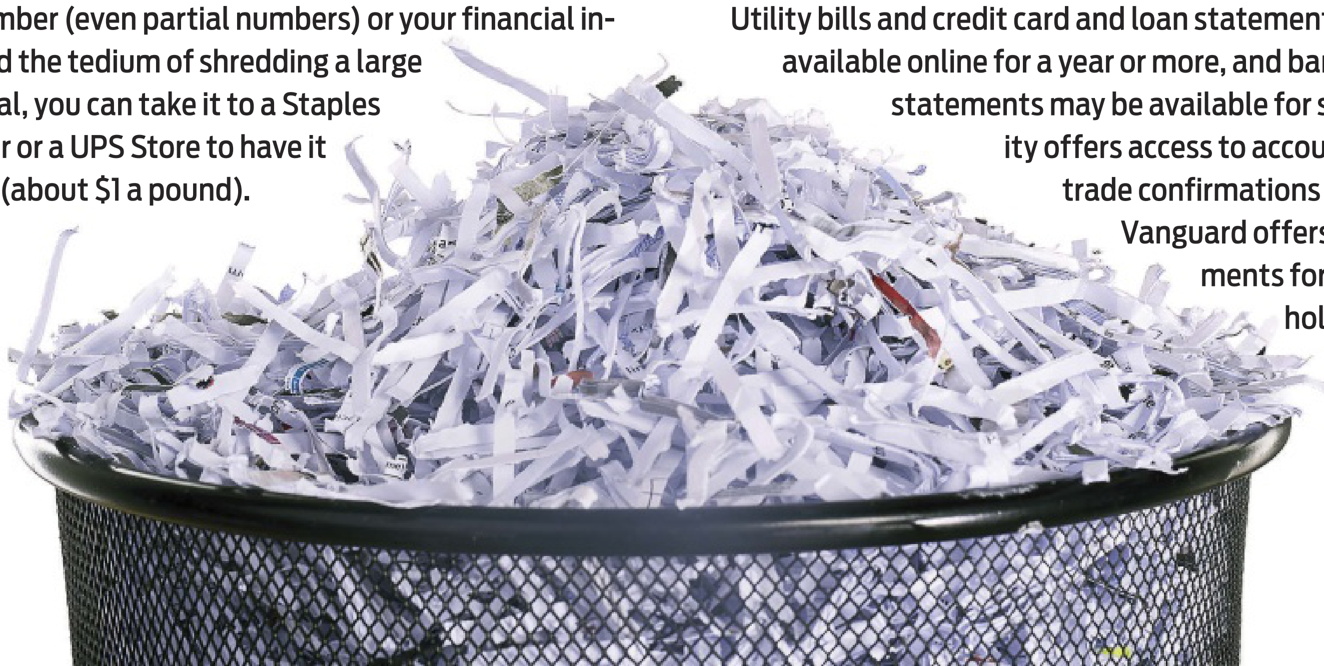
Shred sensitive files. Use a cross-cutting shredder to destroy anything with personal information, such as your account numbers, your Social Security number (even partial numbers) or your financial information. To avoid the tedium of shredding a large quantity of material, you can take it to a Staples Copy & Print Center or a UPS Store to have it securely shredded (about $1 a pound).

Digitize it. Save PDFs of scanned images on your computer (for tips on organizing the extra e-mails, see "Conquer Your Inbox," on the next page), then back up your files on an external hard drive and in the cloud, where you can access them even if your PC succumbs to malware or goes missing. You can get limited space in the cloud for free, but if you need more capacity, you'll pay a monthly or annual fee (see kiplinger.com/links/cloud).

A few tools will make scanning easier: The **FUJITSU SCANSNAP IX1500** (about $420 on Amazon.com) scanner feeds up to 50 pages at a time, creates searchable PDFs, handles two-sided scanning and links to several cloud services. Photograph documents with your phone and convert them to PDFs on the go with the app **CAMSCANNER** (free for the basic account; $4.99 per month for the premium version, or $35.99 in your first year and $49.99 annually thereafter).

Enroll in e-delivery. The best way to reduce the influx of paper statements, documents and other sources of file overload is to enroll in electronic delivery from your bank, brokerage, creditors and utilities. When new statements are ready for you to view or pay, most businesses will send an e-mail reminder.

Utility bills and credit card and loan statements are generally available online for a year or more, and bank and investing statements may be available for several years. Fidelity offers access to account statements and trade confirmations for up to 10 years; Vanguard offers access to statements for six years and, for holders of accounts with less than $10,000, waives the annual service fee of $20. **PME**



ISTOCKPHOTO.COM (2)

Manage and Pay Down Debt

If you're carrying debt on a few credit cards, transfer the balances to a single, low-rate card for one monthly payment and a lower interest rate. The **AMERICAN EXPRESS EVERYDAY** card recently offered 0% on a balance transfer for 15 months (then 15.24% to 26.24%) if you make the transfer within 60 days of opening the account, and it charges no balance-transfer fee. The **LAKE MICHIGAN CREDIT UNION PRIME PLATINUM VISA** recently carried a rate as low as 8.5% and has no balance-transfer fee (join LMCU by donating $5 to the ALS Association).

Or consider a personal loan. "The structured, predictable monthly repayment plan will help you to stick to a budget and get out of debt by a specific date," says Miron Lulic, founder and CEO of SuperMoney, a loan shopping site. The average personal-loan rate for someone with excellent credit is 9.8%, according to Bankrate.com. A third option: Pay off credit card debt with a home-equity line of credit. HELOCs recently carried an average 7.43% rate, according to Bankrate.

Consolidating or refinancing student loans can make sense, particularly if you have high-rate private loans; you may pay as little as a 2% to 3% variable rate if you have great credit and a healthy debt-to-income ratio. You can compare offers from online lenders such as Earnest, LendKey and SoFi at SuperMoney.com and LendingTree.com. If you have multiple federal loans, you can consolidate them into one federal loan, but you won't capture a lower interest rate—you'll pay a weighted average of the rates on each previous loan.

If you lengthen the loan term, you'll likely fork over more in interest overall. Still, consolidation can be a good move if you want to lower your monthly payment, says Andrew Pentis, of Student Loan Hero, a site that helps borrowers manage student loans. You may capture a lower rate by refinancing federal loans with a private lender, but you'll lose many of the benefits that federal loans offer, such as loan forgiveness, income-driven repayment, deferment and forbearance. "It's the wrong decision for many borrowers," says Pentis. **LISA GERSTNER**

CONQUER YOUR INBOX

The joy of getting to "inbox zero" won't last long if you let e-mail build up again. Professional organizer Andrew Mellen recommends these inbox-taming steps:

Create separate addresses for personal and professional correspondence as well as for personal business (such as subscriptions, receipts, bills and statements). Next, set up folders where you can stash categories of e-mails you want to keep. For example, a single folder called Finances may be sufficient, or you may want a subfolder for each of your financial advisers or institutions. Be as specific as you need to be to find something quickly.

Set rules to file old and new e-mails automatically to the correct folders, based on the sender, subject or content. Most popular e-mail providers allow you to do this. Delete anything that you don't need to keep in each folder. Anytime you recognize a new trend in your e-mail, add to or edit your rules.

Unsubscribe. Mellen likes the free app Unroll.Me (https://unroll.me) to easily unsubscribe from unwanted subscription e-mails that clog your inbox. Check the ones you want to receive and Unroll.Me will create and deliver a daily digest of them when you choose.

Set up a dashboard. If you use Chrome as your web browser, Sortd for Gmail (www.sortd.com) provides a dashboard that overlays your inbox. Use it to create lists of to-dos or priorities, then drag and drop e-mails into them. The basic plan is free, but you can upgrade to pro after a 14-day free trial for $6 per month.

Set up action schedules. With Boomerang for Gmail (www.boomeranggmail.com), you can read an e-mail and set a time to review it if you need to delay action on it, draft an e-mail and schedule it to be sent later (say, when the recipient is most likely to see it), and get reminders to follow up on e-mails you've sent or received. The basic plan is free; after a 30-day free trial, the personal plan is $4.99 per month, the pro plan is $14.99 per month, and the premium plan is $49.99 per month. **PME**

Consolidate Your Credit Cards

Stick with one issuer... If you use multiple credit cards from one issuer, you can maximize rewards. For example, if you have American Express cards that offer Membership Rewards points, such as **AMEX EVERYDAY**, you can use all your points collectively for a single redemption. With Chase credit cards offering Ultimate Rewards points, you can pool your points among your own cards or with one household member. Use the **CHASE SAPPHIRE PREFERRED** card ($95 annual fee), for example, to earn two points per dollar on travel and dining purchases, **CHASE FREEDOM** to capture five points per dollar on up to $1,500 spent quarterly in rotating categories—such as gas stations, grocery stores, and streaming services such as Netflix and Pandora—and **CHASE FREEDOM UNLIMITED** to collect three points per dollar on all purchases the first year (on up to $20,000 spent) and 1.5 points per dollar thereafter. When you're ready to redeem points, move them all to your Sapphire Preferred account, which allows you to trade points for travel bookings through the Ultimate Rewards shopping portal at a heightened value of 1.25 cents per point or to transfer the points to loyalty programs of partner airlines and hotels.

...Or just one great card. Pick a card that offers plentiful rewards on all purchases and you won't have to stay on top of multiple bills or monitor for fraud on several accounts. We like **CITI DOUBLE CASH**, which offers 1% cash back when you make a purchase plus 1% when you pay the bill, for a total of 2% on all spending. (Citi is slashing benefits; see "Credit Card Perks Are Being Squeezed," on page 57.)

If you travel abroad regularly, consider **CAPITAL ONE QUICKSILVER**, which pays back 1.5% on all spending and charges no foreign-transaction fee. Or go with a card that offers higher rebates in the areas where you spend the most. **AMERICAN EXPRESS BLUE CASH PREFERRED** ($95 annual fee) provides 6% cash back on supermarket purchases (up to $6,000 spent yearly, then 1%), and it recently added more than 20 video- and music-streaming services to the 6% category. Plus, the card has added transit expenses (including fares for buses, trains, taxis, Uber and Lyft, as well as tolls and parking fees) to its 3% category, alongside gas-station purchases. All other spending earns 1%. **LG**

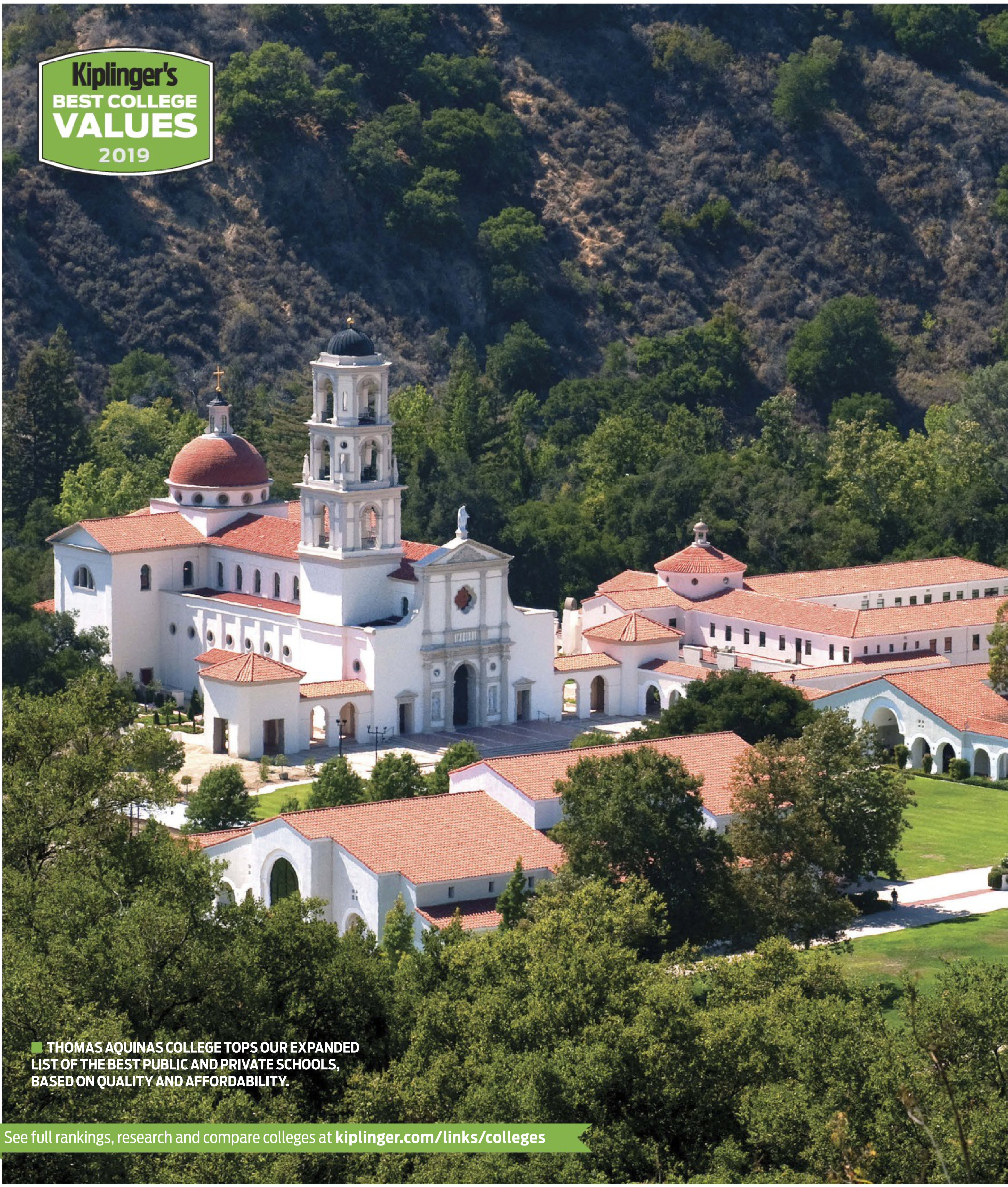
GET HELP FROM A FINANCIAL PRO

A planner can take a load off your shoulders by taking care of certain tasks—managing your portfolio, for instance—and guiding you to smart financial strategies, allowing you to skip doing some of the research yourself. Planners can also suggest ways to streamline investments or other accounts.

James Kinney, a certified financial planner and owner of Financial Pathways, in Bridgewater, N.J., says a client came to him recently with 21 investment accounts holding 267 investment positions. "The complexity wasn't accomplishing anything that couldn't be done with a handful of good, well-diversified index funds," says Kinney. Bobbie Munroe, a CFP and president of Supporting Your Choices, in Havana, Fla., says that clients often have several workplace retirement accounts from previous employers, and she helps consolidate them into one IRA or current workplace retirement account. A planner can also make life easier by working with a client's other financial professionals—say, organizing and sending tax-related documents to a client's accountant, says Munroe.

As you choose an adviser, look for someone who has meaningful credentials that require the adviser to pass rigorous exams. A **CERTIFIED FINANCIAL PLANNER (CFP)** provides broad planning and expertise. A **CERTIFIED PUBLIC ACCOUNTANT (CPA)** is well-versed in taxes; a CPA with the personal financial specialist (PFS) credential may be especially helpful. A **CHARTERED FINANCIAL ANALYST (CFA)** focuses on investments. Although some other reputable designations are out there, others are flimsy and require little background or education. You can look up details on many designations at www.finra.org/investors/professional-designations. **LG**

ISTOCKPHOTO.COM



THOMAS AQUINAS COLLEGE TOPS OUR EXPANDED LIST OF THE BEST PUBLIC AND PRIVATE SCHOOLS, BASED ON QUALITY AND AFFORDABILITY.

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

Kiplinger's

Best College Values 2019

Our expanded ranking names hundreds of colleges where you can get a quality education at an affordable price. **BY KAITLIN PITSKER**

When *Kiplinger's* began ranking colleges for best value two decades ago, concerns about the price of college weren't in the spotlight. Since then, the cost of attending college has skyrocketed. Over the past 20 years, the average cost of tuition and fees at private four-year colleges has increased 58% after adjusting for inflation. And costs for students attending in-state public colleges have more than doubled, according to the College Board. Today's sky-high sticker prices, growing student debt and relatively flat family incomes have sparked a national conversation and will likely be an issue in the 2020 presidential campaign.

With so many variables at play, it's vital to start your college search by looking at the full array of college options, rather than sticking to high-profile or nearby schools that may already be on your radar (see the snapshot of Hamilton College, on page 50). To that end, *Kiplinger's* presents an expanded version of our annual best college values list.

This year, we name 400 schools to our best values list, plus 100 schools that narrowly missed our list but also deliver a great value. As in recent years, we feature a combined list that ranks the top values for all U.S. colleges and universities, plus lists of the best values in private universities, private liberal arts colleges (ranked separately to account for their different missions) and public colleges.

OUR REVISED APPROACH

All the schools on our list meet our definition of value: a high-quality education at an affordable price. We start by analyzing academic measures, including the student-to-faculty ratio, the test scores of incoming freshmen, and the percentage of students who return for sophomore year (see "How We Rank the Schools," on page 52).

We award the most points for four-year graduation rates because graduating on time helps keep costs down. But that isn't a reality for many students. To reflect the benefit that comes from earning a degree—even if it takes more than four years—we've revised the rankings to award a handful of points for five- and six-year rates. We also reward schools that do a first-rate job of graduating students with financial need.

On the monetary side, we look for schools with affordable sticker prices, generous financial aid and low student debt at graduation. For our combined list, we rank public colleges using the out-of-state cost of attendance to help you better compare them with private schools and other out-of-state public schools. Another change: Our rankings now compare the average first-year financial aid award to that of all undergraduates, rewarding schools that avoid giving generous aid packages to incoming students only to reduce them in subsequent years.

We're placing less emphasis on several factors, including a school's admission rate and test scores for incoming freshmen. Both have become less meaningful because some schools try to drive down admission rates by encouraging more students to apply, and many have made submitting SAT and ACT scores optional.

THIS YEAR'S WINNERS

Thomas Aquinas College, a pint-size liberal arts school located 65 miles northwest of Los Angeles, on the edge of the Los Padres National Forest, ranks first on our combined best-values list as well as our list of private liberal arts colleges. Thomas Aquinas, which tops our rankings for the first time, racks up points on the financial side of the equation with a sticker price that's about half that of many schools on our best-values list. Like many institutions in the upper tier of our rankings, Thomas Aquinas meets 100% of students' demonstrated financial need, awarding need-based aid to 70% of students. And although nearly 90% of students report taking loans, the average debt among those who borrow is less than $20,000—less than the national average at both private and public schools.

This Catholic college, which recently opened a second campus in Massachusetts, has no academic majors, minors or electives. Instead, the school combines the traditions and teachings of the Catholic Church with a "Great Books" curriculum focused on the original writings of philosophers, historians, mathematicians, poets, scientists and theologians.

Among private universities, Yale University leads the pack for the third time. This Ivy League institution earns points for its superb academics, including an impressive 88% four-year graduation rate, six-to-one student-faculty ratio and competitive, 7% admission rate. Despite an annual sticker price of about $71,000, a Yale education is within reach for many families. Half of students—some from families with income of $250,000 a year or more—receive need-based financial aid. Substantial awards for eligible students cut the school's sticker price to less than $18,000. And at Yale, loans aren't part of the equation. The school meets 100% of students' demonstrated financial need with scholarships and grants. The average debt among the 16% of students who report borrowing on their own is $13,050.

The University of North Carolina at Chapel Hill retains its best in-state

THE UNIVERSITY OF NORTH CAROLINA RETAINS ITS TOP SPOT ON OUR LIST OF BEST-VALUE IN-STATE PUBLIC COLLEGES.

PAGES 46–48 COURTESY THOMAS AQUINAS COLLEGE; THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

YALE UNIVERSITY, NUMBER 1 ON OUR LIST OF PRIVATE UNIVERSITIES, IS SURPRISINGLY AFFORDABLE THANKS TO SUBSTANTIAL FINANCIAL AID PACKAGES.

COURTESY YALE UNIVERSITY

value title, leading the pack of public colleges for the 18th-straight time (as many times as *Kiplinger's* has ranked public colleges). It also nabs the top honors for best out-of-state value. Strong academics, including an 84% four-year graduation rate (among the highest of all the public colleges on our list) help the Tar Heels cement their spot at the top. UNC's sticker prices for in-state and out-of-state students are comparable to those of other public colleges, but generous need-based aid awards make UNC a bargain for students who qualify.

CALCULATING COSTS

For the 2018-19 academic year, the average sticker price at private nonprofit colleges, including tuition, fees, and room and board, is $48,510 a year, a 3.2% increase from a year ago. The average sticker price at four-year public institutions rose 2.8%, to $21,370, for in-state students, and 2.6%, to $37,430, for out-of-state students, according to the College Board.

Many of the schools in our rankings post sticker prices north of $60,000 or even $70,000 a year. But most families will pay far less. All of the schools in our rankings offer significant need-based aid, and many also offer non-need-based aid (often called merit aid) to students with strong academic records or other accomplishments. And in many cases, schools with the biggest sticker prices offer the most financial aid.

For that reason, it's more important than ever to look beyond the sticker price when trying to figure out what your family can afford. The figures for average cost after financial aid listed in our rankings are a good starting point to determine what your family may ultimately pay.

If you're concerned that your family may not qualify for much need-based aid but your student is a high achiever, look for schools that offer merit aid. As your student narrows the field of potential colleges, visit each school's website to drill down into the specifics of their financial aid policies and estimate what your student may receive. For example, about six dozen schools have adopted programs that exclude loans from financial aid awards. Some, such as Haverford College (number

Academic Showstopper

Spotlight: Hamilton College

Hamilton College, perched atop a hill and surrounded by the rolling farmlands of central New York, is a fixture on *Kiplinger's* best college values list. Named for the founding father celebrated in the Broadway musical, the small liberal arts school attracts stellar students. Strong academics and robust financial aid awards help Hamilton secure its place in this year's rankings (number 11 on our combined list and number six among liberal arts colleges). More than 80% of incoming freshmen report scoring 30 or higher on the ACT. The school's 90% four-year graduation rate is among the highest of all 400 colleges on our list. And Hamilton is among a small group of schools that admit students without regard to their ability to pay and that meet 100% of students' demonstrated financial need.

Moreover, many of Hamilton's nearly 2,000 students are attracted to the flexible liberal arts curriculum, wooded 1,350-acre campus and close-knit community. The school's open curriculum sets few degree requirements beyond those required for a student's major. "Students are changing jobs, fields and industries more than ever before, and they need the flexibility and creativity that comes from a liberal arts education," says Hamilton president David Wippman.

GENEROUS FINANCIAL AID AWARDS LANDED HAMILTON AT NUMBER 6 ON OUR LIST OF TOP LIBERAL ARTS SCHOOLS.

Face time with teachers. No matter which courses students pick, a nine-to-one student-faculty ratio means they'll get plenty of face time with professors, many of whom also host students for dinner in their homes. As they crisscross the school's main thoroughfare, students are careful not to step on the bronze map; legend has it that those who do will not graduate.

To help students launch a successful career, Hamilton offers plenty of academic support and career services programs. Each summer, the school provides more than $300,000 to support students working in low-paying or unpaid internships; more than 80% of Hamilton students complete at least two internships before graduation. Many will find their first job through the school's robust alumni network.

Hamilton posts an annual sticker price of nearly $70,000, but generous need-based financial aid awards can make Hamilton surprisingly affordable. Half of the students—some from families that earn $300,000 a year or more—receive need-based aid, and the average award for students who qualify cuts the school's total cost to about $27,000 a year. Hamilton includes only federally subsidized loans in financial aid awards for domestic students. These debts come with low interest rates, and interest won't accrue as long as a student is enrolled in school.

9 on our combined list), limit no-loan programs based on family income; others, such as Amherst College (number 13) and Princeton University (number 5), extend the program to all students who receive financial aid.

The programs don't eliminate student debt entirely because aid awards are based on a school's estimate of what a family can pay. Still, the percentage of students who borrow is much smaller at no-loan schools, and those who graduate with loans typically have balances well below the national average ($32,600 among students who borrowed at private schools and $26,900 at public schools in 2016–17, according to the College Board).

To receive federal grants, loans and work-study funds, you'll need to fill out the Free Application for Federal Student Aid (FAFSA) each year your child is in school. Many private schools will also have you fill out the CSS Profile, a more detailed application that uses different calculations to determine your student's eligibility for institutional grants and scholarships.

You can get a rough idea of the amount of financial aid your family may qualify for by using the FAFSA4caster tool (https://fafsa.ed.gov/spa/fafsa4c). Once you have the short list of schools that your student is interested in attending, use each school's net price calculator.

The tool varies from one school to the next, but after providing some information about your student and your family's financial situation, you'll be able to see what families like yours paid to attend the previous year, after grants and scholarships. ■

CONTACT THE AUTHOR AT KPITSKER@KIPLINGER.COM.

USING THE TABLES

How We Rank the Schools

THE FORMULA

55% QUALITY MEASURES

45% FINANCIAL MEASURES

TO COME UP WITH our best values, we start with data on nearly 1,200 public and private four-year schools from Peterson's Undergraduate Database, then add our own reporting. This year, we expanded our list to include 400 schools, plus 100 schools that just missed our list but also deliver great value. We narrow the list based on measures of academic quality. We then rank each school using cost and financial aid measures. Quality criteria account for 55% of total points, and cost criteria account for 45% (in the explanations below, criteria in boldface appear in the tables). Starting on the next page, we include a combined list of the 50 best values in private liberal arts colleges, private universities and public colleges. We also present separate rankings of the top 50 private universities, top 50 liberal arts colleges and top 50 public colleges. (For the full lists of top schools in each category, visit kiplinger.com/links/colleges.)

COMPETITIVENESS

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

GRADUATION RATES

On the quality side, our rankings give the most weight to the **four-year graduation rate** to reward colleges that help students get undergraduate degrees on time and within budget. To reflect the benefit that comes from earning a degree—even if it takes more than four years—we award a handful of points for five- and six-year graduation rates. We award extra points to schools that do a stellar job of graduating students with financial need.

ACADEMIC SUPPORT

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

COST AND FINANCIAL AID

To evaluate costs, we give the most points to schools with the lowest **total cost** (tuition, fees, room and board, and books). In the combined rankings, we use out-of-state costs for the public schools to provide an apples-to-apples comparison with private schools. On the public-school list, we rank the schools according to **in-state costs** and calculate **out-of-state costs** separately for the out-of-state rank. We then add points to schools that reduce the price through **need-based aid** (grants but not loans) and to those that knock down the price through **non-need-based aid.** We also compare the average financial aid award for first-year students with that of all undergraduates, rewarding schools that avoid giving generous awards to incoming students only to reduce them later. Some schools fail to cover the gap between expected family contribution and the aid they provide. We reward schools with the highest **percentage of need met**, and we give points to schools based on the **percentage of students without need who receive non-need-based aid**.

STUDENT INDEBTEDNESS

Schools that provide enough financial support to keep students' **average debt at graduation** to a minimum deserve credit, and we award points accordingly. We also factor in the **percentage of students who borrow**. The lower the number, the better the score.

Salary yardstick

To offer a glimpse of what your child's payday may look like a decade after starting college, we show the median earnings of workers who started at a particular college 10 years earlier and who received federal financial aid. The figures come from the U.S. Department of Education (http://collegescorecard.ed.gov). The data don't consider whether the workers graduated from college or went on to graduate school, nor do they reflect salary differences between those who studied, say, English rather than engineering. Because of these limitations, we don't include the salary figures in calculating each school's rank. Still, the information offers a way to gauge earnings outcomes and a starting point for your estimates.

Additions and exclusions

Our rankings focus on traditional four-year schools with broad-based curriculums, along with student housing. Schools that offer great value but focus on special or narrow academic programs, such as the military service academies, are excluded.

Schools we couldn't rank

In our continuing effort to provide the most accurate and complete data available, we have excluded schools that did not supply us with all the data we need to calculate their ranking. For a list of excluded schools, visit kiplinger.com/links/faq.

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

Kiplinger.com

MORE TOP SCHOOLS

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

To promote your school's rankings, please visit kiplingerreprints.com/special-features.

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

The Kiplinger Top 50

ALL COLLEGES		QUALITY MEASURES				FINANCIAL MEASURES							
Rank	Name	Undergrad. enroll.	Admission rate/Yield	Freshman retention rate	4-yr. grad. rate	Total cost	Avg. cost after need-based aid	% of need met	Avg. cost after non-need-based aid	% of students need aid*	% of students non-need aid†	Avg. debt at grad.	Salary yardstick#
1	**Thomas Aquinas College**, Santa Paula, Calif.	370	72%/65%	90%	**73%**	$34,450	$20,865	100%	$34,450	70%	0%	$19,319	$42,100
2	**University of North Carolina at Chapel Hill**	18,862	24/45	97	**84**	47,307	29,700	100	39,383	43	7	22,214	55,600
3	**Swarthmore College**, Swarthmore, Pa.	1,641	11/39	98	**89**	69,422	20,761	100	18,998	55	2	20,209	56,700
4	**Yale University**, New Haven, Conn.	5,746	7/69	99	**88**	70,570	17,158	100	70,570	50	0	13,050	83,200
5	**Princeton University**, Princeton, N.J.	5,394	6/66	98	**89**	63,800	12,435	100	63,800	58	0	9,005	74,700
6	**Washington and Lee University**, Lexington, Va.	1,827	22/39	97	**89**	68,330	24,564	100	29,242	43	13	22,651	76,100
7	**Davidson College**, Davidson, N.C.	1,810	20/45	95	**90**	66,819	21,377	100	43,755	51	16	22,599	58,900
8	**Duke University**, Durham, N.C.	6,692	10/54	97	**88**	72,193	24,637	100	3,737	44	4	23,819	84,400
9	**Haverford College**, Haverford, Pa.	1,296	20/39	97	**87**	72,434	23,539	100	72,434	47	0	15,000	60,700
10	**MIT**, Cambridge, Mass.	4,547	7/76	99	**85**	68,142	22,572	100	68,142	57	0	20,048	104,700
11	**Hamilton College**, Clinton, N.Y.	1,897	24/35	96	**90**	69,490	26,522	100	69,490	50	0	19,281	60,200
12	**Harvard University**, Cambridge, Mass.	6,766	5/83	97	**84**	68,580	17,881	100	48,516	54	0‡	15,114	89,700
13	**Amherst College**, Amherst, Mass.	1,836	13/39	96	**90**	72,166	20,325	100	72,166	60	0	19,075	65,000
14	**Pomona College**, Claremont, Calif.	1,703	8/54	98	**89**	70,496	20,427	100	65,496	54	0‡	17,408	58,100
15	**Middlebury College**, Middlebury, Vt.	2,560	17/42	96	**86**	70,980	23,541	100	65,980	44	0‡	19,382	58,200
16	**Wesleyan University**, Middletown, Conn.	2,976	16/38	95	**85**	70,904	23,698	100	27,473	43	1	22,930	54,700
17	**Vassar College**, Poughkeepsie, N.Y.	2,353	24/34	96	**85**	72,270	24,076	100	72,270	62	0	19,439	54,600
18	**Bowdoin College**, Brunswick, Maine	1,829	10/55	98	**88**	69,460	21,938	100	68,460	48	4	25,482	65,500
19	**California Institute of Technology**, Pasadena	961	8/41	98	**79**	69,210	23,413	100	69,210	52	0	16,777	85,900
20	**Carleton College**, Northfield, Minn.	2,078	21/38	96	**89**	69,697	29,022	100	65,135	54	11	21,035	54,200
21	**Grinnell College**, Grinnell, Iowa	1,712	29/26	96	**84**	68,546	27,202	100	50,102	63	53	19,392	49,100
22	**College of the Holy Cross**, Worcester, Mass.	3,051	40/31	95	**91**	68,290	31,454	100	35,267	52	3	26,258	71,000
23	**Smith College**, Northampton, Mass.	2,521	32/37	93	**82**	70,724	24,905	100	54,446	61	19	24,501	46,200
24	**Williams College**, Williamstown, Mass.	2,061	15/44	98	**86**	70,750	18,977	100	70,750	50	0	16,230	59,000
25	**University of Florida**, Gainesville, Fla.	35,247	42/47	96	**68**	39,809	32,197	97	37,092	44	10	22,192	56,000
26	**Rice University**, Houston, Texas	4,001	16/37	97	**83**	62,550	22,265	100	41,771	38	18	26,556	65,400
27	**Bates College**, Lewiston, Maine	1,787	22/44	95	**89**	71,168	28,364	100	71,168	43	0	20,715	59,200
28	**Dartmouth College**, Hanover, N.H.	4,410	10/58	97	**88**	72,309	23,537	100	72,309	51	0	19,571	75,500
29	**Brown University**, Providence, R.I.	6,988	8/59	98	**86**	71,911	26,267	100	63,453	42	0‡	25,471	67,500
30	**Vanderbilt University**, Nashville, Tenn.	6,885	11/47	97	**86**	68,144	20,850	100	43,700	50	20	23,973	69,000
31	**Stanford University**, Stanford, Calif.	7,062	5/82	98	**75**	68,572	20,533	100	58,138	47	1	20,205	94,000
32	**Kenyon College**, Gambier, Ohio	1,677	34/24	93	**87**	70,340	28,082	100	53,692	40	24	22,025	48,700
33	**Columbia University**, New York, N.Y.	6,231	6/62	99	**88**	75,271	21,392	100	75,271	50	0	25,402	83,300
34	**Skidmore College**, Saratoga Springs, N.Y.	2,680	25/27	93	**84**	70,214	25,614	94	56,964	41	1	23,916	49,700
35	**University of Notre Dame**, Notre Dame, Ind.	8,576	19/55	98	**92**	69,851	30,930	100	56,334	48	9	29,254	78,400
36	**Georgetown University**, Washington, D.C.	7,463	16/47	96	**90**	71,813	29,555	100	71,813	36	0	23,387	93,500
37	**St. Olaf College**, Northfield, Minn.	3,035	43/31	92	**85**	59,690	26,137	96	43,453	73	71	27,002	50,400
38	**Washington University in St. Louis**, Mo.	7,675	16/37	97	**88**	70,849	27,104	100	65,544	38	12	22,592	70,100
39	**University of Pennsylvania**, Philadelphia	10,033	9/71	98	**86**	72,518	26,341	100	72,518	45	0	23,224	85,900
40	**Wellesley College**, Wellesley, Mass.	2,508	22/48	95	**78**	71,000	23,625	100	71,000	56	0	18,370	60,800
41	**Centre College**, Danville, Ky.	1,450	76/21	91	**80**	53,680	23,213	86	31,223	58	89	24,917	45,500
42	**Florida State University**, Tallahassee, Fla.	33,008	49/37	94	**63**	33,349	22,490	65	28,362	42	24	23,777	46,400
43	**Colgate University**, Hamilton, N.Y.	2,873	28/32	94	**88**	70,905	22,536	100	70,905	36	0	24,761	63,600
44	**Northwestern University**, Evanston, Ill.	8,278	9/55	98	**84**	72,798	26,078	100	67,875	45	7	19,718	69,000
45	**Wheaton College**, Wheaton, Ill.	2,391	85/40	93	**80**	47,400	26,229	84	40,042	54	48	27,543	48,400
46	**University of Richmond**, Va.	3,194	33/24	93	**83**	65,960	24,129	100	42,951	42	32	27,125	64,500
47	**Harvey Mudd College**, Claremont, Calif.	844	15/36	98	**86**	75,803	35,665	100	63,107	49	38	25,041	88,800
48	**Cornell University**, Ithaca, N.Y.	14,907	13/56	97	**86**	70,954	30,414	100	70,954	47	0	25,542	77,200
49	**Macalester College**, St. Paul, Minn.	2,174	41/25	96	**85**	67,668	26,798	100	52,417	66	37	24,880	47,600
50	**University of Chicago**, Ill.	6,264	9/72	99	**88**	76,380	29,920	100	67,310	42	26	23,401	68,100

Cost data as of June 26. *Percentage of all undergraduates who received need-based aid. †Percentage of all undergraduates without need who received non-need-based aid. #Based on the median earnings of workers who started at a particular college 10 years earlier and who received federal financial aid. The data don't consider whether the student graduated or went on to graduate school. ‡Number of students who received non-need-based aid is less than 0.5%. SOURCES: Peterson's Undergraduate Database (Copyright © 2019 Peterson's LLC. All rights reserved.) and U.S. Department of Education College Scorecard.

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

The Top 50 Private Universities

PRIVATE UNIVERSITIES		QUALITY MEASURES				FINANCIAL MEASURES							
Rank	Name	Undergrad. enroll.	Admission rate/Yield	Freshman retention rate	4-yr. grad. rate	Total cost	Avg. cost after need-based aid	% of need met	Avg. cost after non-need-based aid	% of students need aid*	% of students non-need aid†	Avg. debt at grad.	Salary yardstick#
1	**Yale University**, New Haven, Conn.	5,746	7%/69%	99%	**88%**	$70,570	$17,158	100%	$70,570	50%	0%	$13,050	$83,200
2	**Princeton University**, Princeton, N.J.	5,394	6/66	98	**89**	63,800	12,435	100	63,800	58	0	9,005	74,700
3	**Duke University**, Durham, N.C.	6,692	10/54	97	**88**	72,193	24,637	100	3,737	44	4	23,819	84,400
4	**MIT**, Cambridge, Mass.	4,547	7/76	99	**85**	68,142	22,572	100	68,142	57	0	20,048	104,700
5	**Harvard University**, Cambridge, Mass.	6,766	5/83	97	**84**	68,580	17,881	100	48,516	54	0‡	15,114	89,700
6	**California Institute of Technology**, Pasadena	961	8/41	98	**79**	69,210	23,413	100	69,210	52	0	16,777	85,900
7	**Rice University**, Houston, Texas	4,001	16/37	97	**83**	62,550	22,265	100	41,771	38	18	26,556	65,400
8	**Dartmouth College**, Hanover, N.H.	4,410	10/58	97	**88**	72,309	23,537	100	72,309	51	0	19,571	75,500
9	**Brown University**, Providence, R.I.	6,988	8/59	98	**86**	71,911	26,267	100	63,453	42	0‡	25,471	67,500
10	**Vanderbilt University**, Nashville, Tenn.	6,885	11/47	97	**86**	68,144	20,850	100	43,700	50	20	23,973	69,000
11	**Stanford University**, Stanford, Calif.	7,062	5/82	98	**75**	68,572	20,533	100	58,138	47	1	20,205	94,000
12	**Columbia University**, New York, N.Y.	6,231	6/62	99	**88**	75,271	21,392	100	75,271	50	0	25,402	83,300
13	**University of Notre Dame**, Notre Dame, Ind.	8,576	19/55	98	**92**	69,851	30,930	100	56,334	48	9	29,254	78,400
14	**Georgetown University**, Washington, D.C.	7,463	16/47	96	**90**	71,813	29,555	100	71,813	36	0	23,387	93,500
15	**Washington University in St. Louis**, Mo.	7,675	16/37	97	**88**	70,849	27,104	100	65,544	38	12	22,592	70,100
16	**University of Pennsylvania**, Philadelphia	10,033	9/71	98	**86**	72,518	26,341	100	72,518	45	0	23,224	85,900
17	**Northwestern University**, Evanston, Ill.	8,278	9/55	98	**84**	72,798	26,078	100	67,875	45	7	19,718	69,000
18	**Cornell University**, Ithaca, N.Y.	14,907	13/56	97	**86**	70,954	30,414	100	70,954	47	0	25,542	77,200
19	**University of Chicago**, Ill.	6,264	9/72	99	**88**	76,380	29,920	100	67,310	42	26	23,401	68,100
20	**Boston College**, Chestnut Hill, Mass.	9,358	32/26	95	**88**	71,192	30,902	100	48,728	41	4	20,915	72,500
21	**Gonzaga University**, Spokane, Wash.	5,209	65/25	94	**78**	56,278	34,072	80	40,441	52	86	29,692	56,100
22	**Emory University**, Atlanta, Ga.	6,937	22/27	93	**82**	66,986	27,415	99	40,061	43	8	28,262	66,000
23	**Bentley University**, Waltham, Mass.	4,272	44/26	92	**87**	67,490	36,303	93	47,744	41	36	31,889	86,900
24	**Yeshiva University**, New York, N.Y.	2,728	63/53	92	**76**	56,974	28,747	89	36,620	54	53	22,808	58,500
25	**Tufts University**, Medford, Mass.	5,541	15/45	97	**87**	71,942	29,179	98	67,942	37	4	27,367	75,800
26	**Johns Hopkins University**, Baltimore, Md.	5,464	12/43	97	**88**	71,316	31,680	100	49,893	50	2	26,193	73,200
27	**Lehigh University**, Bethlehem, Pa.	5,075	25/35	96	**77**	67,530	27,058	97	54,806	41	8	35,440	81,900
28	**Clark University**, Worcester, Mass.	2,240	56/13	86	**77**	55,700	29,012	87	36,901	53	69	34,305	49,100
29	**Wake Forest University**, Winston-Salem, N.C.	5,102	28/37	94	**84**	70,854	26,516	100	58,062	31	13	35,434	63,800
30	**Elon University**, Elon, N.C.	6,045	67/25	89	**78**	48,449	32,973	62	40,560	32	32	30,458	51,900
31	**Franciscan Univ. of Steubenville**, Ohio	2,200	84/35	87	**66**	37,330	24,136	61	30,402	58	69	34,222	37,700
32	**Brandeis University**, Waltham, Mass.	3,635	34/21	94	**83**	71,835	32,229	96	57,502	47	20	33,522	57,900
33	**University of Rochester**, N.Y.	6,546	34/24	97	**74**	71,174	29,068	96	56,050	49	55	29,013	61,200
34	**Samford University**, Birmingham, Ala.	3,373	83/27	87	**65**	43,200	27,341	69	32,352	38	72	27,539	49,900
35	**University of Southern California**, Los Angeles	19,170	16/37	96	**77**	73,270	36,774	100	53,061	35	28	29,080	74,000
36	**Saint Louis University**, St. Louis, Mo.	7,411	64/19	90	**70**	57,374	30,074	78	39,927	54	74	21,292	56,500
37	**Trinity University**, San Antonio, Texas	2,428	38/22	89	**72**	57,440	26,066	93	36,891	45	87	40,800	54,900
38	**Pepperdine University,** Malibu, Calif.	3,604	40/18	90	**77**	70,502	33,784	74	52,656	47	49	31,410	65,500
39	**Santa Clara University**, Santa Clara, Calif.	5,499	54/17	94	**85**	68,538	39,562	77	52,353	36	43	28,808	72,600
40	**Tulane University**, New Orleans, La.	6,571	21/25	93	**73**	71,210	36,214	96	45,119	32	56	33,717	61,700
41	**Fairfield University**, Fairfield, Conn.	4,113	61/15	90	**79**	64,210	36,638	84	49,806	43	65	32,186	72,100
42	**New York University**, New York, N.Y.	26,417	28/34	93	**75**	70,808	39,069	64	65,212	44	7	29,923	61,900
43	**University of Miami**, Coral Gables, Fla.	10,832	36/20	91	**72**	65,334	35,481	86	46,509	39	44	25,000	60,100
44	**Brigham Young University**, Provo, Utah	31,233	52/79	90	**23**	19,716§	14,699	33	15,318	41	41	14,998	59,700
45	**Carnegie Mellon University**, Pittsburgh, Pa.	6,896	22/37	96	**76**	72,283	34,752	94	57,141	38	8	31,077	83,600
46	**Creighton University**, Omaha, Neb.	4,255	72/16	89	**73**	52,152	30,517	79	35,928	51	76	35,766	59,700
47	**Villanova University**, Villanova, Pa.	6,966	36/23	95	**87**	68,428	36,023	75	51,931	44	13	34,752	77,900
48	**John Carroll University**, University Heights, Ohio	3,052	85/23	86	**72**	54,464	29,415	80	34,273	67	77	30,860	53,800
49	**Boston University**, Boston, Mass.	18,080	25/23	93	**82**	70,668	34,613	84	49,913	36	9	40,089	65,300
50	**Drake University**, Des Moines, Iowa	3,098	69/20	87	**73**	53,024	32,399	77	37,074	58	72	34,600	58,300

Cost data as of June 26. *Percentage of all undergraduates who received need-based aid. †Percentage of all undergraduates without need who received non-need-based aid. #Based on the median earnings of workers who started at a particular college 10 years earlier and who received federal financial aid. The data don't consider whether the student graduated or went on to graduate school. ‡Number of students who received non-need-based aid is less than 0.5%. §For non-Mormons; $14,096 for Mormons. SOURCES: Peterson's Undergraduate Database (Copyright © 2019 Peterson's LLC. All rights reserved.) and U.S. Department of Education College Scorecard.

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

The Top 50 Liberal Arts Colleges

LIBERAL ARTS COLLEGES		QUALITY MEASURES				FINANCIAL MEASURES							
Rank	Name	Undergrad. enroll.	Admission rate/Yield	Freshman retention rate	4-yr. grad. rate	Total cost	Avg. cost after need-based aid	% of need met	Avg. cost after non-need-based aid	% of students need aid*	% of students non-need aid†	Avg. debt at grad.	Salary yardstick#
1	**Thomas Aquinas College**, Santa Paula, Calif.	370	72%/65%	90%	73%	$34,450	$20,865	100%	$34,450	70%	0%	$19,319	$42,100
2	**Swarthmore College**, Swarthmore, Pa.	1,641	11/39	98	89	69,422	20,761	100	18,998	55	2	20,209	56,700
3	**Washington and Lee University**, Lexington, Va.	1,827	22/39	97	89	68,330	24,564	100	29,242	43	13	22,651	76,100
4	**Davidson College**, Davidson, N.C.	1,810	20/45	95	90	66,819	21,377	100	43,755	51	16	22,599	58,900
5	**Haverford College**, Haverford, Pa.	1,296	20/39	97	87	72,434	23,539	100	72,434	47	0	15,000	60,700
6	**Hamilton College**, Clinton, N.Y.	1,897	24/35	96	90	69,490	26,522	100	69,490	50	0	19,281	60,200
7	**Amherst College**, Amherst, Mass.	1,836	13/39	96	90	72,166	20,325	100	72,166	60	0	19,075	65,000
8	**Pomona College**, Claremont, Calif.	1,703	8/54	98	89	70,496	20,427	100	65,496	54	0‡	17,408	58,100
9	**Middlebury College**, Middlebury, Vt.	2,560	17/42	96	86	70,980	23,541	100	65,980	44	0‡	19,382	58,200
10	**Wesleyan University**, Middletown, Conn.	2,976	16/38	95	85	70,904	23,698	100	27,473	43	1	22,930	54,700
11	**Vassar College**, Poughkeepsie, N.Y.	2,353	24/34	96	85	72,270	24,076	100	72,270	62	0	19,439	54,600
12	**Bowdoin College**, Brunswick, Maine	1,829	10/55	98	88	69,460	21,938	100	68,460	48	4	25,482	65,500
13	**Carleton College**, Northfield, Minn.	2,078	21/38	96	89	69,697	29,022	100	65,135	54	11	21,035	54,200
14	**Grinnell College**, Grinnell, Iowa	1,712	29/26	96	84	68,546	27,202	100	50,102	63	53	19,392	49,100
15	**College of the Holy Cross**, Worcester, Mass.	3,051	40/31	95	91	68,290	31,454	100	35,267	52	3	26,258	71,000
16	**Smith College**, Northampton, Mass.	2,521	32/37	93	82	70,724	24,905	100	54,446	61	19	24,501	46,200
17	**Williams College**, Williamstown, Mass.	2,061	15/44	98	86	70,750	18,977	100	70,750	50	0	16,230	59,000
18	**Bates College**, Lewiston, Maine	1,787	22/44	95	89	71,168	28,364	100	71,168	43	0	20,715	59,200
19	**Kenyon College**, Gambier, Ohio	1,677	34/24	93	87	70,340	28,082	100	53,692	40	24	22,025	48,700
20	**Skidmore College**, Saratoga Springs, N.Y.	2,680	25/27	93	84	70,214	25,614	94	56,964	41	1	23,916	49,700
21	**St. Olaf College**, Northfield, Minn.	3,035	43/31	92	85	59,690	26,137	96	43,453	73	71	27,002	50,400
22	**Wellesley College**, Wellesley, Mass.	2,508	22/48	95	78	71,000	23,625	100	71,000	56	0	18,370	60,800
23	**Centre College**, Danville, Ky.	1,450	76/21	91	80	53,680	23,213	86	31,223	58	89	24,917	45,500
24	**Colgate University**, Hamilton, N.Y.	2,873	28/32	94	88	70,905	22,536	100	70,905	36	0	24,761	63,600
25	**Wheaton College**, Wheaton, Ill.	2,391	85/40	93	80	47,400	26,229	84	40,042	54	48	27,543	48,400
26	**University of Richmond**, Va.	3,194	33/24	93	83	65,960	24,129	100	42,951	42	32	27,125	64,500
27	**Harvey Mudd College**, Claremont, Calif.	844	15/36	98	86	75,803	35,665	100	63,107	49	38	25,041	88,800
28	**Macalester College**, St. Paul, Minn.	2,174	41/25	96	85	67,668	26,798	100	52,417	66	37	24,880	47,600
29	**Colorado College**, Colorado Springs, Colo.	2,107	15/44	94	82	69,202	23,951	100	54,466	32	9	25,470	45,400
30	**Mount Holyoke College**, South Hadley, Mass.	2,210	51/30	91	81	65,608	30,541	100	44,544	64	36	23,827	48,600
31	**Bryn Mawr College**, Bryn Mawr, Pa.	1,334	38/32	92	76	69,860	27,616	100	52,553	52	35	25,448	54,600
32	**Dickinson College**, Carlisle, Pa.	2,382	49/21	90	80	69,569	29,974	98	59,282	56	34	25,881	57,400
33	**Claremont McKenna College**, Claremont, Calif.	1,338	10/53	97	84	72,310	25,986	100	55,357	40	9	21,421	72,900
34	**Denison University**, Granville, Ohio	2,341	37/22	91	84	65,670	26,838	91	43,808	54	88	27,823	48,800
35	**Berea College**, Berea, Ky.	1,670	35/72	80	49	8,054§	666	95	8,054	97	0	7,468	33,700
36	**Barnard College**, New York, N.Y.	2,604	15/51	95	87	73,407	29,423	100	73,407	38	0	23,276	57,900
37	**Whitman College**, Walla Walla, Wash.	1,510	52/18	94	79	66,282	29,911	93	55,003	41	51	23,254	51,300
38	**Rhodes College**, Memphis, Tenn.	1,988	51/21	91	79	60,418	28,667	90	37,792	49	84	27,576	53,600
39	**Scripps College**, Claremont, Calif.	1,059	33/35	92	83	72,756	35,224	100	56,089	35	31	19,639	54,100
40	**Lafayette College**, Easton, Pa.	2,594	31/26	95	86	70,270	26,871	100	41,370	29	11	32,974	68,600
41	**Gettysburg College**, Gettysburg, Pa.	2,409	46/25	90	80	67,990	31,837	90	54,734	66	58	31,323	56,100
42	**Pitzer College**, Claremont, Calif.	1,112	16/43	95	76	71,900	27,852	100	67,192	38	2	20,947	48,700
43	**Trinity College**, Hartford, Conn.	2,221	34/28	89	77	72,660	25,504	100	43,922	47	10	25,958	66,100
44	**Connecticut College**, New London, Conn.	1,817	38/22	91	80	70,970	31,537	100	57,856	56	14	31,884	54,900
45	**Franklin & Marshall College**, Lancaster, Pa.	2,283	34/28	92	81	72,000	25,898	100	59,875	54	2	27,011	58,900
46	**Colby College**, Waterville, Maine	1,917	16/31	94	89	70,200	23,425	100	69,767	42	1	34,745	58,100
47	**Union College**, Schenectady, N.Y.	2,267	37/24	92	79	72,387	34,639	100	60,646	47	52	34,221	65,400
48	**St. Lawrence University**, Canton, N.Y.	2,412	48/25	92	82	69,730	32,158	87	50,818	63	87	32,627	50,100
49	**DePauw University**, Greencastle, Ind.	2,158	67/17	89	76	63,724	26,490	91	43,162	58	93	23,635	54,000
50	**Kalamazoo College**, Kalamazoo, Mich.	1,436	73/18	90	82	59,097	26,374	93	36,954	70	84	31,789	48,700

Cost data as of June 26. *Percentage of all undergraduates who received need-based aid. †Percentage of all undergraduates without need who received non-need-based aid. #Based on the median earnings of workers who started at a particular college 10 years earlier and who received federal financial aid. The data don't consider whether the student graduated or went on to graduate school. ‡Number of students who received non-need-based aid is less than 0.5%. §All admitted students received a four-year tuition scholarship of $39,400 for the 2018–19 academic year. SOURCES: Peterson's Undergraduate Database (Copyright © 2019 Peterson's LLC. All rights reserved.) and U.S. Department of Education College Scorecard.

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

The Top 50 Public Colleges

PUBLIC COLLEGES		QUALITY MEASURES			FINANCIAL MEASURES							
					In-state costs		Out-of-state costs					
In-State Rank/Name		Under-grad. enroll.	High scorers on SAT (CR/M) or ACT*	4-yr. grad. rate	Total	After need-based aid	Rank†	Total	After need-based aid	Percentage of students who borrow	Average debt at graduation	Salary yard-stick#
1	**University of North Carolina at Chapel Hill**	18,862	94%	84%	$21,124	$3,517	1	$47,307	$29,700	40%	$22,214	$55,600
2	**University of Florida**, Gainesville	35,247	85/83	68	17,531	9,919	2	39,809	32,197	38	22,192	56,000
3	**University of California**, Berkeley	30,307	83/80	76	31,194	10,294	8	60,186	39,286	35	18,197	64,700
4	**University of Virginia**, Charlottesville	16,655	93/89	88	30,294	8,165	4	62,470	40,341	35	24,501	61,200
5	**University of Washington**, Seattle	31,331	73/78	65	25,215	9,665	10	50,596	35,046	35	19,880	57,700
6	**University of Michigan**, Ann Arbor	29,821	99	77	27,844	8,196	11	61,932	42,284	41	25,712	63,400
7	**University of California**, Los Angeles	30,990	84/79	75	31,040	10,551	9	60,032	39,543	43	22,013	60,700
8	**University of Texas at Austin**	40,492	83/79	58	22,114	12,657	27	49,084	39,627	43	24,883	58,200
9	**Florida State University**, Tallahassee	33,008	95	63	18,183	7,324	3	33,349	22,490	47	23,777	46,400
10	**University of Maryland**, College Park	29,868	87/88	67	24,274	14,296	16	48,895	38,917	42	28,122	62,900
11	**University of Wisconsin—Madison**	32,196	95	61	23,313	11,507	25	49,563	37,757	45	27,979	56,200
12	**College of William and Mary**, Williamsburg, Va.	6,285	93/87	85	37,061	20,766	6	58,933	42,638	36	24,072	58,500
13	**Purdue Universit**y, West Lafayette, Ind.	31,006	65/69	51	21,182	8,400	22	39,984	27,202	42	27,617	55,100
14	**Binghamton University** (SUNY)	13,708	92/94	73	25,862	16,506	7	42,702	33,346	51	27,022	61,600
15	**University of California**, Irvine	29,307	67/72	70	30,326	10,595	21	59,318	39,587	55	19,745	58,400
16	**University of Georgia**, Athens	28,848	92	63	22,854	13,537	13	41,428	32,111	44	23,403	50,500
17	**North Carolina State University**, Raleigh	24,150	96	50	21,261	11,287	24	40,604	30,630	52	24,053	52,500
18	**Appalachian State University**, Boone, N.C.	17,017	50/40	51	16,368	8,438	20	31,175	23,245	56	22,855	38,800
19	**University of California**, San Diego	28,587	50/75	55	28,651	8,722	40	56,725	36,796	48	21,430	59,900
20	**Va. Polytechnic Inst. and State Univ.**, Blacksburg	27,193	72/71	63	23,704	16,607	23	41,992	34,895	49	30,221	62,500
21	**University of California**, Santa Barbara	22,186	85/81	70	31,095	11,066	30	60,087	40,058	51	20,665	55,300
22	**Truman State University**, Kirksville, Mo.	5,898	80	59	17,529	9,705	5	24,381	16,557	57	24,938	44,500
23	**New College of Florida**, Sarasota	835	86/58	57	17,380	7,448	34	40,408	30,476	34	16,297	NA
24	**Indiana University**, Bloomington	33,429	83	63	22,077	10,632	50	46,852	35,407	45	28,792	47,700
25	**Texas A&M University**, College Station	53,065	63/66	54	22,626	12,057	51	48,294	37,725	43	23,505	58,000
26	**University of Illinois at Urbana—Champaign**	32,884	87	70	28,890	14,310	12	45,460	30,880	45	25,550	61,500
27	**Calif. Polytechnic State Univ.**, San Luis Obispo	21,297	80/80	47	25,555	21,992	19	37,435	33,872	42	21,852	66,900
28	**University of Minnesota**, Twin Cities	35,433	91	64	26,005	15,561	17	41,683	31,239	58	26,568	51,900
29	**Ohio State University**, Columbus	45,946	93	59	24,328	14,003	32	44,344	34,019	53	28,158	46,100
30	**University of Central Florida**, Orlando	56,972	67/59	40	17,185	11,389	41	33,284	27,488	50	21,818	45,400
31	**James Madison University**, Harrisonburg, Va.	19,975	52/40	58	23,146	15,659	46	39,546	32,059	50	27,656	56,600
32	**University of North Carolina**, Wilmington	14,502	63	54	18,903	12,883	36	32,968	26,948	60	24,605	41,600
33	**University of Connecticut**, Storrs	19,241	76/78	70	29,554	18,248	26	51,922	40,616	60	28,222	58,400
34	**University of South Florida**, Tampa	31,772	64/57	51	19,220	11,672	15	30,134	22,586	55	21,860	43,500
35	**University of California**, Davis	30,145	53/65	58	31,364	12,603	58	60,359	41,598	49	19,124	58,200
36	**Pennsylvania State University**, University Park	40,835	66/66	67	31,864	25,235	33	48,268	41,639	54	37,307	50,100
37	**University of California**, Santa Cruz	17,577	69/68	53	31,505	10,475	55	59,519	38,489	64	22,804	46,900
38	**University of Delaware**, Newark	18,946	67/61	73	27,542	18,036	28	48,172	38,666	62	34,144	57,000
39	**SUNY Geneseo**	5,495	58/54	68	23,261	20,863	14	33,041	30,643	60	25,148	48,800
40	**University of South Carolina**, Columbia	26,362	86	59	24,069	18,880	47	44,751	39,562	52	28,972	44,900
41	**College of New Jersey**, Ewing	6,955	70/67	73	31,368	19,767	18	43,083	31,482	62	37,787	58,500
42	**University of Iowa**, Iowa City	24,503	69	54	21,389	14,181	84	43,355	36,147	49	28,405	51,900
43	**University of Massachusetts**, Amherst	23,388	71/72	67	30,274	19,566	31	48,957	38,249	68	31,860	51,400
44	**New Mexico Inst. of Mining and Tech.**, Socorro	1,471	74	20	17,410	11,351	77	31,908	25,849	42	23,065	50,000
45	**Stony Brook University** (SUNY)	17,364	73/83	53	24,223	15,582	42	41,893	33,252	54	26,219	57,600
46	**University of Wisconsin—La Crosse**	9,655	61	42	15,384	10,712	52	24,053	19,381	68	26,768	48,000
47	**University of Washington**, Bothell	5,365	34/36	43	23,915	9,695	112	49,296	35,076	48	18,850	57,700
48	**St. Mary's College of Maryland**	1,570	55/38	70	28,808	18,568	29	44,570	34,330	53	21,911	52,200
49	**Baruch College** (CUNY)	15,253	67/82	41	23,804	17,230	44	35,074	28,500	14	12,117	57,200
50	**Rutgers University—New Brunswick**, N.J.	35,641	71/77	60	29,030	17,906	45	45,338	34,214	55	32,601	57,900

Cost data as of June 26. *Percentage of 2017-18 freshman class who scored 600 or higher on critical reading/math SATs or 24 or higher on ACT. †For the complete list of out-of-state rankings, visit kiplinger.com/links/outofstate. #Based on the median earnings of workers who started at a particular college 10 years earlier and who received federal financial aid. The data don't consider whether the student graduated or went on to graduate school. NA Not available. SOURCES: Peterson's Undergraduate Database (Copyright © 2019 Peterson's LLC. All rights reserved.) and U.S. Department of Education College Scorecard.

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

CREDIT CARDS

Credit Card Perks Are Being Squeezed

FOR YEARS, CREDIT CARD issuers have been trimming benefits. In the newest round, Citi is discontinuing several perks starting September 22: It will no longer offer trip cancellation and interruption protection or Price Rewind, which searches for lower prices on products you've purchased with the card and reimburses the difference. Under the terms of Price Rewind, you must register for a price search within 60 days of purchase; the program will accept submissions until November 20.

> **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**.

Other reductions vary by card. **CITI DOUBLE CASH**, which offers a total of 2% cash back, will also remove car-rental and travel-accident insurance, return protection, purchase protection and an extended warranty. Some cards will also cut baggage delay and loss protection, trip delay protection, medical evacuation, travel and emergency assistance, and roadside assistance. Log in to your account online or call Citi to find out how your card is affected.

For price matching, you can use a tool such as Paribus (see "Simplify Your Finances," on page 34). American Express offers return protection, which refunds you up to $300 per item within 90 days of purchase if a merchant will no longer accept a return. It also offers an extended warranty and purchase protection for items that are damaged or stolen—depending on the card, Amex will repair, replace or reimburse you up to $1,000 to $10,000 per item (within 120 days of purchase in most states).

For travel benefits, **CHASE SAPPHIRE PREFERRED** ($95 annual fee) and **CHASE SAPPHIRE RESERVE** ($450) are tops. They both have primary car-rental insurance, so you can claim the benefit without first using your own policy. Other perks: up to $3,000 reimbursed per passenger for lost luggage and $100 a day for up to five days for essentials in delayed baggage; $10,000 per person in cancellation and interruption coverage; $500 per ticket for expenses related to a delayed trip; and travel accident insurance ($500,000 with Preferred and $1 million with Reserve). The Reserve card comes with medical evacuation coverage, too.

LISA GERSTNER
lgerstner@kiplinger.com

TOP-YIELDING SAVINGS

Taxable Money Market Mutual Funds	30-day yield as of July 9	Minimum investment	Website (www.)
Vanguard Prime Inv (VMMXX)	2.37%	$3,000	vanguard.com
Gabelli US Treas AAA (GABXX)	2.33	10,000	gabelli.com
Vanguard Federal (VMFXX)	2.33	3,000	vanguard.com
Northern MMF (NORXX)*	2.25	2,500	northerntrust.com

Tax-Free Money Market Mutual Funds	30-day yield as of July 8	Tax eq. yield 24%/35% bracket	Minimum investment	Website (www.)
Vanguard Muni Inv (VMSXX)	1.61%	2.12%/2.48%	$3,000	vanguard.com
M Stanley T-F Daily Inc (DSTXX)*	1.54	2.03/2.37	5,000	morganstanley.com
BNY Mellon Ntl Muni (MOMXX)	1.52	2.00/2.34	10,000	bnymellon.com
Fidelity Muni MMF (FTEXX)	1.42	1.87/2.18	5,000	fidelity.com

Savings and Money Market Deposit Accounts	Annual yield as of July 17	Minimum amount	Website (www.)
Northpointe Bank (Mich.)†	2.55%	$25,000	northpointe.com
Vio Bank (Fla.)†	2.52	100	viobank.com
Salem Five Direct (Mass)†	2.51	none	salemfive.com
Investors eAccess (N.J.)†#‡	2.50	none	investorsbankeaccess.com

Certificates of Deposit 1-Year	Annual yield as of July 17	Minimum amount	Website (www.)
Banesco USA (Fla.)†	2.70%	1,500	banescousa.com
Nationwide by Axos Bank (Calif.)†	2.70	500	nationwide.axosbank.com
Comenity Direct (Utah)†§	2.65	1,500	direct.comenity.com
First Natl Bank of America (Mich.)†§	2.65	1,000	fnba.com

Certificates of Deposit 5-Year	Annual yield as of July 17	Minimum amount	Website (www.)
Thrivent FCU (Wis.)&	3.25%	$1,000	thriventcu.com
State Department FCU (D.C.)&	3.09	500	sdfcu.org
Dover FCU (Del.)&	3.05	25,000	doverfcu.com
U.S. Senate FCU (D.C.)&	3.05	20,000	ussfcu.org

*Fund is waiving all or a portion of its expenses. †Internet only. #Money market deposit account. ‡Customers Bank, Northern Bank Direct (Money Market) and Western State Bank (Money Market) offer a similar yield. §Merrick Bank offers a similar yield. &Must be a member; to become a member, see website. SOURCES: Bankrate, DepositAccounts, Money Fund Report (iMoneyNet).

TOP CHECKING ACCOUNTS

Must meet activity requirements*

High-Yield Checking	Annual yield as of July 17	Balance range†	Website (www.)
Consumers Credit Union (Ill.)#	5.09%‡	$0–$10,000	myconsumers.org
America's Credit Union (Wash.)#	5.00	0–1,000	youracu.org
La Capital FCU (La.)#	4.25	0–3,000	lacapfcu.org
TAB Bank (Utah)#§	4.00	0–50,000	tabbank.com

*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. §Orion FCU, Premier Members Credit Union and T-Mobile Money offer a similar yield. 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	1.90	1.90	2.52
Six-month Treasury bills	2.04	2.20	2.19
Five-year Treasury notes	1.83	1.85	2.76
Ten-year Treasury notes	2.06	2.09	2.86

SOURCE: U.S. Treasury

As of July 17, 2019.
- EE savings bonds purchased after May 1, 2005, have a fixed rate of interest.
- Bonds bought between May 1, 1995, and May 1, 2005, earn a market-based rate from date of purchase.
- Bonds purchased before May 1, 1995, earn a minimum of 4% or a market-based rate from date of purchase.

WHEN JONATHAN LEUNG SIGNED UP FOR HIS COMPANY'S 401(K) HE CHOSE A TARGET-DATE FUND, WHICH MAKES SENSE FOR YOUNG WORKERS.

Building a Better 401(k)

Funneling all your retirement contributions into a target-date fund isn't always the best strategy. BY SANDRA BLOCK

IN THIS ERA OF DO-IT-YOURSELF retirement planning, your quality of life in retirement will probably depend on how much you've stashed in your 401(k) or similar employer-sponsored retirement plan. Fortunately, a raft of plan enhancements, ranging from automatic enrollment to set-it-and-forget-it portfolios, have reduced the risk that you'll misuse this valuable asset. But that doesn't mean you can't do more to get the most from your plan.

Hands down, the most effective way to increase your plan's performance is to divert as much as you can from your paycheck. Your savings will grow even faster if your employer offers a company match—on average, employers match 4.7% of pay—which is why it's critical to contribute at least enough to pocket that free money.

But once you've established a savings routine, you have to figure out how to invest the money. One option that's increasingly popular with 401(k) plan participants is a target-date fund. With these funds, you select a year that's closest to the year you think you'll retire and let someone else manage your mix of stocks and bonds. As you get closer to retirement, your allocation of stocks and bonds will gradually become more conservative. Half of 401(k) plan participants invest at least some of their money in target-date funds, according to the Investment Company Institute.

Jonathan Leung, 25, a software engineer for Amazon, opted for a target-date fund when he signed up for the company's 401(k) plan in 2017. The fund invests 90% of his savings in stock funds and 10% in bond funds. Vanguard, which administers his plan, offered other options, but "I wanted my plan to be on autopilot," he says. Leung initially contributed 4% of his paycheck in order to qualify for the maximum company match, which is half of contributions up to 4%; after he got a raise, he increased his contribution to 15%.

For young workers like Leung, a target-date fund makes sense, financial planners say. The fund invests most of his savings in stocks, which is appropriate for someone who's still many years from retirement, and it

PHOTOGRAPH BY BROOKE FITTS

will automatically rebalance to maintain its target allocation.

Another argument for using a target-date fund, even if you're in your thirties or forties, is that it will prevent you from making moves you'll regret later. Investors who manage their own investments are often tempted to bail during downturns, which can torpedo long-term returns. "The more people trade, the worse their returns are," says Jamie Hopkins, director of retirement research for Carson Wealth, a wealth management firm.

Guaranteed Income

Think Twice About Annuities in Your Plan

The average large 401(k) plan offers 27 investment options, including stock funds, bond funds and target-date funds, according to a survey by the Investment Company Institute and BrightScope. Soon you may see another option on the menu: annuities.

Congress is considering legislation that would make it easier for 401(k) plans to offer equity-index, variable and other types of annuities. The provision is included in the SECURE Act (Setting Every Community Up for Retirement Enhancement), which passed the House in May and is pending in the Senate (see "A Kinder, Gentler IRA," July).

By law, 401(k) plans can offer annuities, but only about 10% of them do, in part because employers are afraid they could be sued if the insurance company behind the annuity fails to pay claims. (Annuities are more common in 403(b) plans, typically offered to teachers and nonprofit workers.) The legislation would protect employers from such lawsuits as long as they meet specific conditions.

Proponents of the measure—primarily insurance companies—say it would give employees an investment option that would convert to a stream of income once they retire, similar to the type of payments retirees receive from a traditional pension.

The legislation would also make annuities inside 401(k) plans portable, so workers who leave their jobs could roll them into another plan or IRA without incurring surrender charges and other fees.

Pros and cons. Annuities help address anxiety over income security, but many planners question whether an annuity is an appropriate investment for most 401(k) participants. Some annuities come with high fees—which the legislation doesn't address—that will weigh down your returns. "It could be a very expensive way to invest inside your 401(k)," says Jamie Hopkins, director of retirement research for Carson Wealth, a wealth management firm. That could change if major providers decide to add annuities to the 401(k) plans they administer and put pressure on costs, Hopkins says. BlackRock, which has $6.5 trillion in assets under management, is considering adding annuities to the 401(k) plans it manages.

If the idea of a regular paycheck in retirement appeals to you, there are other ways to accomplish that goal. After you retire, you can use a portion of your savings to buy an immediate annuity. With these annuities, you give an insurance company a lump sum in exchange for a monthly paycheck for a specific period or the rest of your life. A less-expensive option is a deferred-income annuity, which provides a guaranteed source of income once you reach a certain age. For example, a 65-year-old could purchase an annuity that starts making payouts at age 80. An insurance broker can help you shop for the best deal, or you can compare payouts at online brokerage sites such as www.immediateannuities.com.

CREATE YOUR OWN PORTFOLIO?

That said, if your 401(k) offers a good mix of low-cost investments and you're willing to do some research (or work with a financial adviser), you may get better returns by creating your own portfolio. And even if you decide you'd rather follow a set-it-and-forget-it strategy, you may want to reassess your target-date portfolio as you approach retirement.

A typical target-date fund has what's known as a glide path, which represents the shift in the fund's allocation of stocks, bonds and other investments over time. But that's where this one-size-fits-all strategy runs into trouble, because it may not take into account when you actually retire, says Ashley Coake, a certified financial planner with Cultivate Financial Planning, in Radford, Va. Some target-date funds keep shifting their mix decades past the target year; others stop at the target year.

Suppose you're 60 and decide you want to retire earlier than you had planned—say, in a couple of years—but you're invested in a fund with a target date of 2030. You'll need to review your investment with an eye toward the earlier retirement date. For instance, you may want to consider shifting some or all of your assets slowly from the 2030 fund into a 2020 or 2025 target date fund, which would be more conservatively positioned. Otherwise, depending on the 2030 fund, you could still have a significant percentage of your savings in stocks. If the market heads into bear territory in the next year or two, you may not have enough time to recover your losses before you start taking withdrawals. Those losses could be exacerbated if the fund automatically rebalances and sells stocks during the downturn, says Andy Mardock, a CFP with ViviFi Planning, in Bend, Ore.

Some older workers could end up

with the opposite problem: a too-conservative asset mix. "Even at retirement, people are going to live another 20 to 30 years," says Tracie McMillion, head of global asset allocation strategy for Wells Fargo Investment Institute. "They still need growth assets to continue to grow the pool from which they can draw income and keep up with inflation," she says.

If you're in your fifties and have your 401(k) invested in a target-date fund, you may want to move your savings into a combination of stock and bond funds that more closely aligns with your goals, Mardock says. Your retirement plan may provide tools that will help you determine how much you'll need to earn from your investments to support your retirement lifestyle. Or you can sit down with a financial planner to design a plan that works for you. Some 401(k) providers offer a free consultation with a certified financial planner.

On the other hand, if you're decades from retirement, you may want a more aggressive mix of stocks and bonds than your plan's target-date fund delivers. One option is to keep your target-date fund as your core holding and add a fund or two from your 401(k) plan's roster that will increase your stock allocation. This strategy also provides a way to add assets that aren't included in your target-date portfolio, such as funds that invest in real estate, commodities or emerging markets.

You can also design your own portfolio, using, say, an index fund that tracks Standard & Poor's 500-stock index as a core holding, accounting for anywhere from 40% to 60% of your portfolio, and fleshing out the rest with international holdings, fixed-income investments and whatever tactical investments fit with your tolerance for risk.

If you decide to manage your own portfolio, you need to rebalance at least once a year to make sure your mix of stocks and bonds doesn't stray from your goals. Otherwise, your portfolio could become riskier—or more conservative, depending on how the market has performed—than you intended. Many 401(k) plans will automatically rebalance your plan at specific intervals, such as quarterly or annually.

KipTip

FEES MATTER

Even half a percentage point in investing fees can cost you thousands of dollars over your lifetime. Target-date funds are typically structured as "funds of funds," which means you'll usually pay the cost of the underlying funds along with an additional management fee. Thanks to competition, though, fees for target-date funds have come down.

The average expense ratio for target-date funds fell to 0.62% in 2018 from 0.66% in 2017, according to Morningstar, which attributed the decline to growing demand for low-cost investment options. Vanguard, which has a long history of low-cost investments, has come to dominate the target-date market, with nearly 40% of market share. Fidelity Investments has also helped push down costs, recently slashing fees on its most popular target-date funds by 14%. To get the complete picture, look for a line labeled "Acquired Fund Fees and Expenses," which will show you the combined expense ratio of the target-date fund and the underlying funds.

The decline in target-date fund fees is in line with a drop in overall 401(k) fees over the past 20 years. The average expense ratio for a 401(k) stock fund is 0.45%, down from 0.77% in 2000, according to the Investment Company Institute.

That doesn't mean you should become complacent about the costs of your plan. Some plans offer two or more funds for the same type of asset, one low-cost and another with higher expenses, says Ashley Coake, a certified financial planner with Cultivate Financial Planning, in Radford, Va. Other fees can also put a drag on your returns. Go to BrightScope.com to see how your plan compares with others with similar assets.

TAP THE POWER OF A ROTH

Money invested in traditional 401(k) plans is tax-deferred, which means you'll have to pay federal taxes on the money when you take it out. Depending on where you live, your state may take a chunk of your savings, too.

That's why many financial planners recommend diverting at least a portion of your savings to a Roth 401(k) plan if your employer offers that option (about 70% of employer-provided plans do). Money invested in a Roth 401(k) is after-tax but, as is the case with regular Roth IRAs, withdrawals are tax- and penalty-free as long as you've owned the account for at least five years and are 59½ or older when you withdraw the money.

Roth 401(k)s are a particularly powerful tool for young workers because they're in a position to reap many years of tax-free growth. It's also a smart strategy for savers who think they'll be in a higher tax bracket when they retire, Mardock says.

Even if you're farther along in your career, diversifying some of your contributions to a Roth 401(k) will give you more flexibility when you retire. As long as you roll your money into a Roth IRA, you'll have a pool of tax-free money that isn't subject to required minimum distributions at age 70½, which is the case for IRAs and regular 401(k) plans. And unlike regular Roths, Roth 401(k)s have no income-eligibility limits.

If you like the idea of a tax-free account but also want the tax deduction a traditional 401(k) provides, funnel some money to a Roth 401(k) and put the rest in a tax-deferred 401(k) plan. The maximum you can contribute to both plans in 2019 is $19,000, or $25,000 if you're 50 or older. ■

CONTACT THE AUTHOR AT SBLOCK@KIPLINGER.COM.

RETHINKING RETIREMENT

Claim Social Security at the Right Time

Retirees are forfeiting an average of $111,000 per household by filing for benefits early. BY EILEEN AMBROSE

ONE OF THE BIGGEST FINANCIAL DECISIONS you make on the road to retirement is when to claim Social Security benefits. You can take benefits as early as age 62, but that means your checks will be up to 30% less than if you wait until full retirement age (which is 66½ for today's 62-year-olds). Or, for every year you delay Social Security beyond your full retirement age, your benefit grows by 8% until age 70.

That's a lot of leeway—and a lot of room to make a decision that can trim benefits over a lifetime. In fact, according to a new study, today's retirees have rarely made the right call, with only 4% taking Social Security at the financially optimal time.

Put another way: Collectively, retirees stand to lose out on $3.4 trillion in income throughout their retirement—or about $111,000 per household. Almost all of that income is being forfeited because retirees are claiming benefits too early, concluded a study by United Income, an online investment management company. (Results were based on data from roughly 2,000 retiree households, including the age they claimed benefits, their assets, gender, health and more.)

What's best for you? There is no single optimal time to claim benefits for everyone. If you are in poor health and unlikely to have, say, two or three decades in retirement, claiming early may be best. Or perhaps you were forced into early retirement by a layoff and had no other choice but to claim early. But "for the vast majority of people, delaying until 70 is best," says Jason Fichtner, an author of the study and former chief economist at the Social Security Administration.

Given the dollars at stake, why do most retirees claim Social Security by age 63? "They hear the words 'early eligibility age of 62,' and they think that's the first day they're eligible without understanding that it's a reduced monthly benefit for life," says Fichtner.

He wants to change that mind-set. One way to do that, he says, is to revise how the SSA describes claiming. Instead of labeling 62 the "early eligibility age," the agency should name it the "minimum benefit age," while calling 70 the "maximum benefit age," he says. "What I want people to start thinking about is how they can minimize the risk of running out of money in retirement, especially given that longevity is increasing for so many people."

Kiplinger generally recommends that retirees wait until age 70 to claim benefits, if health and finances permit. But we often get pushback from readers, who argue that benefits should be taken early in case Congress cuts them in the future to shore up the program. Proposals to change Social Security generally exclude current retirees and workers 10 to 15 years away from retirement. And even if Congress does nothing to fix the program's solvency, retirees will receive about 80% of promised benefits—another reason to wait for a bigger payout, says Fichtner.

Others say they would be better off taking the money early and investing it. But Fichtner says investors would have to take on more risk to beat the benefit boost that retirees get by delaying Social Security. "The odds are you would have to be fully in equities and hope the market is good," he says.

James Bayard, a certified financial planner in Baton Rouge, La., hears these arguments from clients, too. They are often persuaded to delay benefits once Bayard runs the numbers.

He tells them how their benefit can grow each year they delay, and that future cost-of-living adjustments will be based on that bigger benefit. Once some spouses learn they will have only one Social Security check—the larger of the two—when one of them dies, they delay claiming. And when confronted with longevity statistics showing they may live longer than anticipated, Bayard says, "the vast majority of clients will say, 'Okay, let's play it safe.' " ■

CONTACT THE AUTHOR AT EAMBROSE@KIPLINGER.COM.

Now Is a Good Time to Refi

You may benefit even if you can't reduce your mortgage rate by a full percentage point.

BY PATRICIA MERTZ ESSWEIN

MORTGAGE RATES HAVE dropped to levels not seen since 2016, and homeowners are rushing to refinance. You can benefit even if you don't cut your rate by a full percentage point—a rule of thumb you can safely ignore. The question is whether you will stay in your home long enough to recoup the closing costs with savings on your monthly payments. For a quick answer, run the numbers using the refi break-even calculator at Bankrate.com.

Borrowers who closed on their loans in 2018 are leading the charge, according to Black Knight, a mortgage data, analytics and software provider. Say you got a $300,000 mortgage with a 30-year fixed rate of 4.5% last fall. If you refi to a rate of 3.8%—the national average rate reported by Freddie Mac in mid July—you would cut your monthly payment of principal and interest by $145, to $1,375, and you'd pay for your total closing costs (estimated at 2% of the loan balance) with monthly savings in 41 months.

Borrowers with adjustable-rate mortgages (ARMs) are refinancing to fixed rates in the highest numbers since 2007, presumably to lock in a low rate they'll never need to think about again. In mid July, the average rate for a 5/1 ARM (the interest rate is fixed for the first five years and adjusts annually after that) was 3.5%, and for a 7/1 ARM, the rate was 4%, according to Bankrate.com.

If you originally took out an FHA loan but have since improved your financial profile or accumulated 20% equity, you can refi into a loan backed by Fannie Mae or Freddie Mac and not only reduce your interest rate but also eliminate the cost of mortgage insurance, which applies permanently on most FHA loans.

If you want to build equity more quickly or pay off your mortgage sooner—say, in anticipation of retirement—you could refinance into another, cheaper 30-year mortgage and use the monthly savings to prepay your mortgage. Or, if you can handle a higher monthly payment, you could take a new mortgage with a shorter term of, say, 15 or 20 years. In mid July, the average 15-year rate was 3.2%.

Gather your information. You can find an estimate of the market value of your home at Zillow.com or Trulia.com. Or ask a real estate agent, who may get your business down the road, to provide a market valuation of your home based on recent comparable sales.

Next, check your credit. The stronger your qualifications (the more equity you have, the higher your credit score and the less debt you carry), the lower the interest rate you'll be able to get. Rates will be higher if you take cash out, take out a super-conforming mortgage (with a loan balance of $484,351 to $726,525), or are refinancing a multi-unit or investment property.

Well before you shop, double-check your credit reports from Equifax, Experian and TransUnion, the three major credit-reporting agencies (free annually at www.annualcreditreport.com) to ensure that no errors drag down your score. You may be

HARRY CAMPBELL/THEISPOT.COM

able to check your credit score for free on the website of your credit card issuer, and everyone can see their credit score at Discover .com. (See "6 Ways to Boost Your Credit Score—Fast" at kiplinger.com/links/credit boost.)

Shop a variety of lenders, including the originator of your existing loan; your current loan servicer, bank or credit union; Quicken Loans; or a mortgage broker who may be able to pass along wholesale rates to you (look for an independent broker at www.findamortgagebroker .com). If you need a jumbo mortgage and are a client with your bank's wealth advisory group, it may offer you the best deal, says Adam Smith, a mortgage broker in Denver. (The average jumbo rate in mid July was 4.1%, according to Bankrate.com.)

When you're shopping for a mortgage, multiple credit checks won't diminish your credit score if they occur within 30 days prior to calculating your score. And in the newest versions of the FICO score, those multiple inquiries made within a 45-day period count as only one inquiry.

Lenders will typically charge you from 1% to 3% of the loan balance to refinance. Closing costs will include the lender's origination fee, third-party costs (including the cost of an appraisal, title search and so on) and recording costs.

You could pay the closing costs out of pocket. But before you do, consider how you could deploy the money for a better return. If you have enough equity, you can add the closing costs to your loan balance and finance them. With rates so low, the impact on your monthly mortgage payment could be negligible. But a higher loan balance and loan-to-value ratio could tip you into a higher risk category with a higher interest rate.

Or you could pay a higher interest rate in exchange for a lender credit that offsets closing costs. You can use the Tri-Refi Calculator at HSH.com to estimate the difference in outcome, but your loan officer should help you make the right decision to maximize the benefit of the refi.

Once the refinancing is under way, don't open new credit lines or increase the balances of your existing credit because lenders will reverify your debt-to-income ratios just before closing. If the ratios exceed the lender's limit, it must requalify you.

Prove it. Before a lender can approve your loan, it must document and verify your employment, income, assets and more. But lenders are trying to streamline the process, from application to closing, with technology. For example, at Quicken, customers can import their account statements directly from their bank or brokerage.

You will need an appraisal of your home's value. Your lender may accept an automated valuation. But if it can't access enough data or you're taking cash out, the lender probably will send an appraiser to visit your home. ■

KipTip

Cashing Out

Homeowners have amassed nearly as much home equity as they had before the housing bust, but they have been cautious about extracting it. Although Fannie Mae and Freddie Mac will let you borrow up to 80% of your home's value, and FHA will let you go up to 95% if you've made your payments on time for 12 months (85% otherwise), most borrowers are being more conservative, borrowing only 65% to 70% of their home's value on average, says Bill Banfield, an executive vice president at Quicken Loans.

Freddie Mac says that homeowners who are tapping their home equity through cash-out refinancing are using the money to pay off more-expensive debt, make repairs or improve their homes, add to their savings, buy a car or other major purchase, or save or pay for college expenses.

Under the new tax law, if you don't use the money to substantially improve your home, the interest on that portion of the loan isn't deductible if you itemize.

CONTACT THE AUTHOR AT PESSWEIN@KIPLINGER.COM.

PRACTICAL PORTFOLIO | John Waggoner

Tap Into Market Sentiment

Find out what the herd thinks, then head in the other direction.

IN A STORY THAT MAY BE apocryphal, businessman, investor and Kennedy clan patriarch Joseph Kennedy Sr. sold all his stocks before the 1929 market crash when a shoeshine boy gave him a stock tip. If even shoeshine boys are buying stocks, Kennedy reasoned, enthusiasm for stocks must be at the peak.

That makes sense. At major stock market peaks, most people are bullish. At major bottoms, most people are bearish. Sentiment indicators try to figure out just how bullish the Wall Street herd is so that savvy investors can do the opposite.

The trick with following sentiment indicators is that you must look for *maximum* bullishness and bearishness. It's not enough to say, "My neighbor is buying stock in Amazon, so I'm going to sell mine," even if you think he's a clod. A better signal would be, "My neighbor is selling his house to buy Amazon, so I'm going to sell my shares." But that doesn't happen very often.

One popular sentiment indicator is the American Association of Individual Investors' weekly survey. The venerable investors' organization simply asks members whether they are bullish, neutral or bearish. As of mid July, according to the survey, 33.6% of investors were bullish, 38.9% were neutral, and 27.5% were bearish.

Topsy-turvy. In the upside-down world of sentiment indicators, an extremely high bullish response is a sell signal, and an extremely high bearish response is a buy signal. In this case, current sentiment indicators are telling us nothing particularly useful, except for the fact that AAII member investors are all over the map.

Mood Swings

HOW ARE INVESTORS FEELING NOW? MEH

When bullish or bearish sentiment reaches an extreme, it can signal a turning point for the market.

	% who are bullish	Date	% who are bearish	Date
Current	**33.6%**	**July 11, 2019**	**27.5%**	**July 11, 2019**
Highest	75.0	Jan. 6, 2000	70.3	March 5, 2009
Lowest	12.0	Nov. 16, 1990	6.0	Aug. 21, 1987
Average	**38.2%**		**30.3%**	

As of July 11. SOURCE: American Association of Individual Investors, www.aaii.com

And that's not enough to take action. Sentiment indicators work best at extremes, and we are nowhere near extremes (see the table above). As a rule of thumb, a bullish reading above 48% is a worrisome amount of bullishness, and 40% is an amount of bearishness that should pique your interest. (People tend to be optimistic.)

Those levels aren't foolproof. Periods of great bullishness can also be great times to invest. In the week of June 19, 1997, for example, AAII's survey hit a seemingly worrisome bullish level of 59%. A year later, Standard & Poor's 500-stock index was up 26%. Bullish sentiment didn't peak until the week of January 6, 2000, when it hit a high of 75% and an epic bear market began.

Other sentiment indicators include the *Advisors' Sentiment Report* from research service Investors Intelligence. The weekly poll measures sentiment among professional advisers. Currently, the ratio of bulls to bears is 3.10; a reading above 3 is cautionary, while under 1 is bullish.

Jim Stack, president of InvesTech Research, thinks that the University of Michigan's Consumer Confidence survey is probably a better sentiment indicator. "Consumer spending is two-thirds of gross domestic product, and where consumer sentiment goes, spending follows," he says.

The University of Michigan has three indexes of consumer confidence. The most important one tracks expectations. Extremely low consumer expectations—an index reading below 65—marked market bottoms in 1982 and 2009. A euphoric reading of 117.7 ushered in the 2000–02 bear market, and a moderately high reading of 77.9 preceded the 2007–09 bear. Current level: 89.3.

Because sentiment can be so volatile and unpredictable, it falls into the category of indicators that are worth watching but not definitive. If you're investing when sentiment is high, you should probably limit your short-term expectations. If you're buying when sentiment is low, remember that it can always get lower. And unless you're a Joseph Kennedy, don't take your investment cues from the person who shines your shoes. ■

CONTACT THE AUTHOR AT JWAGGONER@KIPLINGER.COM.

REWARDS

Mazda CX-5

SAFE CARS FOR LESS THAN $30,000

We looked at the test results of late-model used cars to find the safest vehicles at the best price. **BY DAVID MUHLBAUM**

YOU WANT TO PUT YOURSELF (AND YOUR loved ones) in the safest vehicle possible, right? Here's the hitch: The absolute safest vehicle is almost always a brand-new model. That means used-car shoppers will likely have to make a few compromises.

Each year, automakers introduce more-effective active safety systems (such as automatic braking) to match the evolving testing standards of the Insurance Institute for Highway Safety. Likewise, newer models often have structural improvements that help them perform better in IIHS tests meant to closely simulate real-world collisions (such as hitting a utility pole). And the IIHS now puts added emphasis on headlight performance. To help cars earn a "good" headlight rating, manufacturers are using LEDs, which are proving more effective than traditional halogen bulbs, as well as curve-adaptive systems that steer the light to match the direction you move the wheel. So newer, and thus more expensive, generally means safer.

But what if you need wheels, care deeply about safety but don't want to buy new? We worked with annual rankings from the IIHS and price data from CarGurus.com to identify the safest vehicles you can buy for less than $30,000. However, our quest was safety *first*; it was not safety *only.* So we sought out cars that also enjoy good reputations for reliability and are popular choices in their segments.

When we could, we also included some models that have excellent safety ratings that you can get into for less than $20,000. They're sometimes older versions of our under-$30,000 picks.

SAFE SMALL SUVs

Mazda CX-5

Model years: 2018–19 (built after Nov. 2017)
Price: $26,700 (2018 Grand Touring AWD)

Small SUVs are the market's hottest niche as Americans abandon sedans for a few inches of additional ride height and the convenience of a hatchback. That popularity means less depreciation in the used-vehicle market, but you can still save thousands compared with buying a new model by looking at a vehicle that's a couple of years old.

With a used Mazda CX-5, you're not giving up anything on safety: The 2018 model tested as well as one you'd buy new. You could even go back to 2017, the first year of the current model's redesign, and get equal crashworthiness (how well the car's structure, air bags and seat belts work together to protect the occupants in a collision). But the 2017's headlights are only rated "acceptable," even though they share the same technology—LED projectors and the ability to shine around curves—of the later models. (Mazda seems to have made some tweaks to get more light down the road.)

Subaru Forester

Model year: 2019 (built after Nov. 2018)
Price: $30,700 (2019 Limited AWD)

Subaru made changes to its popular Forester in 2019 to improve its performance in the IIHS's demanding small-overlap test, which forces a much smaller part of the car's structure to dissipate crash energy (imagine hitting a wall with just the corner of your car).

Plus, all 2019 Foresters have the EyeSight collision-prevention system, which can slow or stop the car if there's an obstacle ahead. If you want the absolute best-rated Forester, you'll need to hunt down a model built after January 2019 for the LED projector beams that get a "good" rating from the IIHS. But the trim levels that include those lights (Limited or Touring) will likely cost a bit more than our $30,000 limit. How to find out the build date? It's usually on a certification sticker on the driver's door or an adjacent pillar.

Honda CR-V

Model years: 2017–18 (built after Nov. 2016)
Price: $29,700 (2018 Touring AWD)

The huge-selling Honda CR-V, a pioneer in the small SUV category now in its fifth generation, matches the Mazda, Subaru and Hyundai (below) for crashworthiness and collision avoidance. Only its headlights don't quite measure up, scoring "acceptable," and that's for the priciest Touring trim level. It's a testament to Honda's quality that these vehicles' used prices are on the higher side. A 2018 model just barely squeezes under our cap; it's also the same, safety-wise, as the slightly cheaper 2017 version. You can't go any older, though: 2017 was the first year of the model's redesign and the first year it was tested for passenger small-overlap crash safety.

Hyundai Tucson

Model years: 2016–18
Price: $22,200 (2017 Limited AWD with Ultimate package)

Any Hyundai Tucson from 2016 or later (and any Kia Sportage from 2017 or later) earns top scores from the IIHS for its crashworthiness. These Korean-made twins are now built on the same platform, so although any number of cosmetic variations exist, the crash structure is the same.

Subaru Forester

But as we've mentioned, safety rankings are now based on more than just the performance of the vehicle in an accident. They include crash-prevention systems as well as headlight performance. To put yourself in a Hyundai Tucson that gets the IIHS's top rating, Top Safety Pick Plus, you're going to have to do some careful, careful shopping. Look for a 2017 model with the Ultimate package to make sure it has the optional automatic emergency braking system and the best-rated headlights for that year. This combination is available for 2018 models, too, but there's no safety advantage in paying more. And if you want to pay less (under $20,000, say), the crashworthiness of a 2016 model, no matter which trim, is top-notch—and better than category competitors such as the 2016 Toyota RAV4 and 2016 Subaru Forester.

SAFE LARGE SUVs

Mazda CX-9

Model years: 2017–18 (built after Nov. 2016)
Price: $29,400 (2018 Touring AWD)
Our definition of "large SUV"—one with three rows of seats—encompasses some models that the IIHS categorizes as "midsize." Still, our pick in this category is the largest SUV offered by Mazda, the CX-9.

In the 2018 model year, the CX-9 came out a hair ahead of the competition because of its "good" rating for the passenger in the IIHS's small-overlap test. If you'd like to pick a 2017 model to save some money, note that Mazda made changes in the middle of that production year. Here's what the IIHS says: "Beginning with 2017 models built after November 2016, the deployment pattern of the side curtain air bags was modified to improve occupant protection in side impact, small-overlap frontal and moderate-overlap frontal crashes."

Want to spend even less? Finding a three-row SUV for less than $20,000 isn't easy. Models that feature the collision-avoidance technology and fancy headlights that the IIHS has given weight to in recent years usually cost substantially more.

But pulling up in a **2013 VOLVO XC90** will reassure the other parents in the soccer carpool that you're putting safety first—and crash tests continue to support the Swedish brand's reputation. It was rated "good" for the driver's side small-overlap test (the passenger side wasn't tested). Notably, this test rating extends all the way back to this model's introduction in 2003, so you can shop way back if you want to save big money without sacrificing any crashworthiness. But you should be aware that some older models of the XC90 have problematic transmissions.

SAFE SEDANS

Toyota Camry

Model years: 2018–19
Price: $26,300 (2018 Hybrid XLE)

As the popularity of SUVs of all sizes has surged, sedan sales have suffered—to the point that the domestic manufacturers are scaling back production or, in Ford's case, dropping them altogether. But if you can stomach the social opprobrium of a sedan (we're joking, mostly), you can get yourself into a number of cars with excellent IIHS safety ratings for well under $30,000.

First, the Toyota Camry. It has a well-deserved reliability reputation and safety to match. To get one with headlights rated "good," you'll need to hunt down a 2018 hybrid model in the top trim level (XLE) equipped with the adaptive headlight package. Based on CarGurus' pricing information, you could get a similarly equipped 2019 model for less than $30,000 as well.

Subaru Legacy

Model years: 2018–19
Price: $23,800 (2018 Limited equipped with EyeSight Driver Assist package)

The Subaru Legacy scores just as well with the IIHS as the Camry (and Subie fans will point to its standard all-wheel drive as providing an edge that this testing can't capture). You'll need to go no older than 2018 in order to get a model that's rated "good" for passenger-side crashworthiness (the previous generation wasn't put through this test), and make sure it has the EyeSight Driver Assist package for crash avoidance. The wagon version, the popular **SUBARU OUTBACK**, is the same vehicle from a safety perspective; it just has more room for your dogs.

Hyundai Sonata/Kia Optima

Model years: 2018–19
Price: $23,800 (2018 Kia Optima SX Turbo with Technology Package)

These brand twins from Hyundai Motor Group are built on the same platform. To get the best crashworthiness results, you'll need to look for models built after March 2017. There are too many trim levels for us to list; look for "Technology Package" on the options list, as well as LED projector headlights with all the bells and whistles.

Wondering where the Honda Accord is? While there's a ton to love about this sedan, among models in the most-recent generation, the headlights don't perform as well as those available in the Camry, Legacy or Sonata. But if you're looking to spend less than $20,000, the **2016–17 ACCORD** is a safe sedan worth considering, along with the **2016–17 MAZDA6** and the **2016–18 NISSAN ALTIMA.**

Ford F-150 SuperCrew

SAFE PICKUPS

Ford F-150 SuperCrew

Model year: 2018
Price: $27,600 (2018 XL RWD)

One thing's for sure with a pickup truck: You've got size on your side. But not many pickup trucks get good safety marks from the IIHS.

The Ford F-150 SuperCrew stands out as the only pickup truck in our price range to get "good" ratings for both driver and passenger side small-overlap testing. Note that this applies only to the SuperCrew, which has a cab with four full doors; the shorter SuperCab doesn't fare as well, and the regular cab wasn't tested. Prices start at $27,600 (for the XL trim, which is a vinyl-lined work truck you'd find a highway crew driving) and rise quickly as you add goodies that today's truck buyers favor.

If you'd like to spend less and get more features, look at the previous iteration of the F-150 SuperCrew; you could go all the way back to 2009. A fancy-pants 2009 Platinum trim version, with leather seats, would cost about $17,000. But note that this truck wasn't evaluated for the small-overlap test on either side. The **2010–13 TOYOTA TUNDRA DOUBLE CAB** matches the older Ford in safety testing. ■

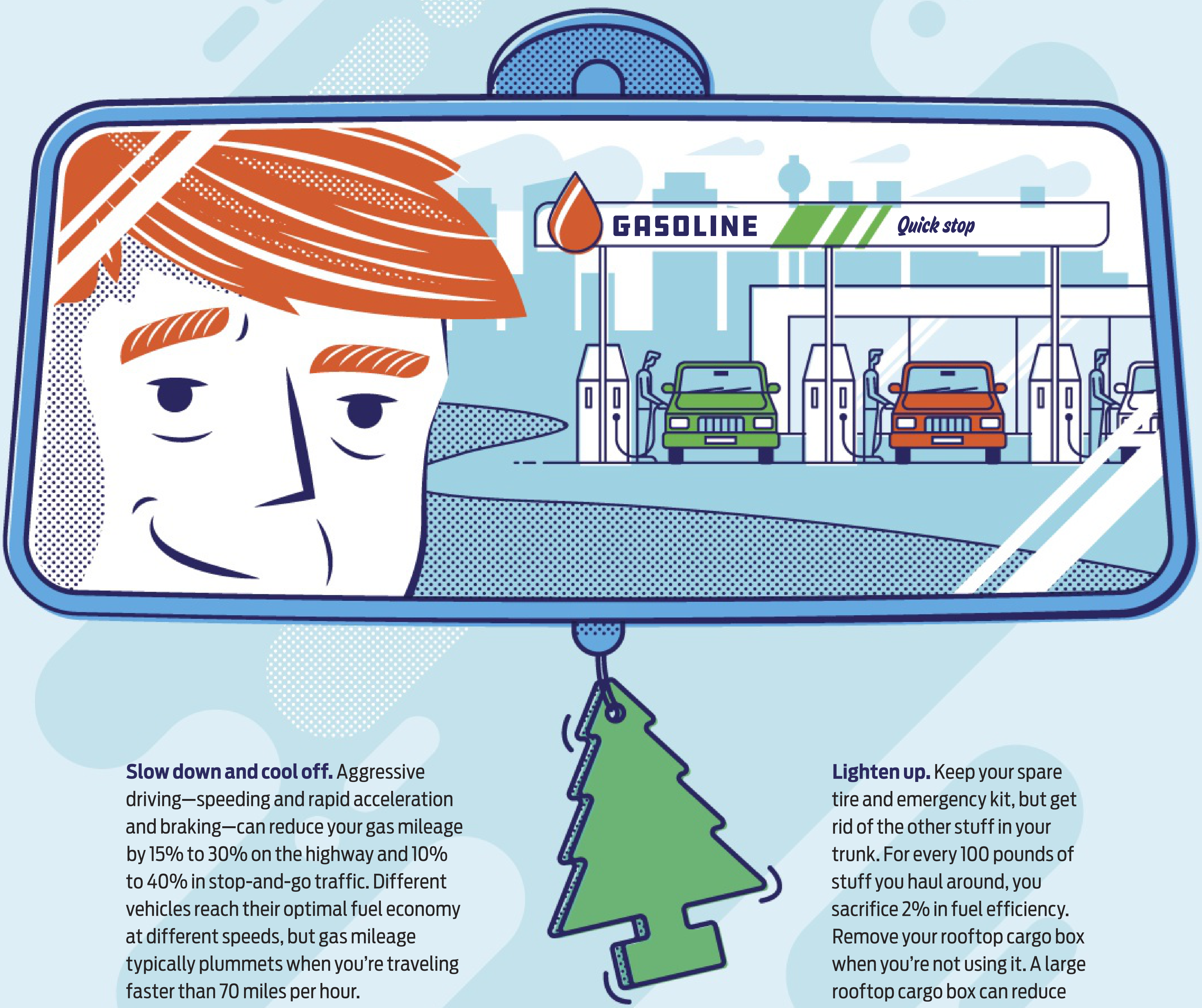
CONTACT THE AUTHOR AT DMUHLBAUM@KIPLINGER.COM.

The **Instant Market Value** prices we list are drawn from CarGurus.com and reflect its analysis of a "fair retail price" for a vehicle. Mileage, condition and other variables reflect market conditions for each model. The prices listed are as of July 15, 2019 and rounded to the nearest $100.

TAKEAWAY

How to Reduce Pain at the Pump

Gas prices are still well below record highs, but they have been creeping up. There are a number of reasons for the increase: the shutdown of a major Philadelphia refinery following an explosion in June, rising tensions in the Mideast and OPEC production cuts. In addition, several states hiked gas taxes on July 1. Illinois, for example, doubled its gas tax to 38 cents from 19 cents a gallon. Here's how to lower the cost of fueling up.



Slow down and cool off. Aggressive driving—speeding and rapid acceleration and braking—can reduce your gas mileage by 15% to 30% on the highway and 10% to 40% in stop-and-go traffic. Different vehicles reach their optimal fuel economy at different speeds, but gas mileage typically plummets when you're traveling faster than 70 miles per hour.

Shop around. Use apps such as GasBuddy to find the lowest gas prices in your area (but don't schlep across town to save a few cents). Fill your tank early in the week. Gas prices tend to drift up near the end of the week but stay steady between Sunday and Tuesday.

Lighten up. Keep your spare tire and emergency kit, but get rid of the other stuff in your trunk. For every 100 pounds of stuff you haul around, you sacrifice 2% in fuel efficiency. Remove your rooftop cargo box when you're not using it. A large rooftop cargo box can reduce fuel economy by about 2% to 8% in city driving and 10% to 25% on the interstate. Get rid of the roof rack, too: Even when it has nothing on it, the additional drag reduces your fuel economy.

ILLUSTRATION BY STUDIO WARBURTON


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.
"The best home security system"
WIRECUTTER
APRIL 2018
"...SimpliSafe belongs at the top of your list..."
CNET EDITORS' CHOICE
3/28/18
"A seamless system"
PCMAG EDITORS' CHOICE
4/2/18
SimpliSafe
Free shipping for a limited time
at SimpliSafe.com/kip
SimpliSafe™