JULY 2016
MONEY.COM

Best Cell Phone Plans 2016 P. 56

Money

Get Healthy, Get Wealthy

23 Ways to Get Fit for Less—and Boost Your Finances at the Same Time P. 44

+

Great Apps for Retirees P. 35

Beach Reads: Best Books About Money P. 70

How the Election Will *Really* Affect Your Investments P. 62

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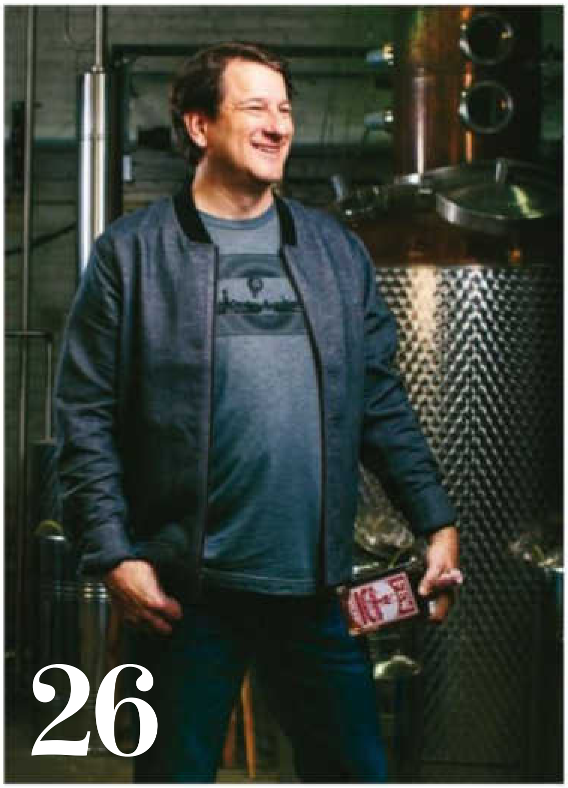
Money FEATURES

Contents

PHOTOGRAPH BY GETTY IMAGES


IT'S LIKE
SEEING YOUR
FAVORITE BAND.
THE NIGHT THEY
BECAME YOUR
FAVORITE BAND.
IT'S LIKE THAT.
THE 2017 MKZ.
The best performances are often the most unexpected. And perhaps that explains the allure of the new Lincoln MKZ—which not only wears a refreshingly bold look on its face, but has an unforgettable 400 horsepower* engine at its heart.
Lincoln.com/MKZ
THE LINCOLN MOTOR COMPANY
*2017 MKZ equipped with available 3.0L engine and AWD. Horsepower rating achieved with 93-octane fuel.

Contents



PHOTOGRAPH BY ALYSSA SCHUKAR, STYLING BY BETH BERLIN, GROOMING BY NICOLE CAP

“Now that we have the firepower we need, we can really chase the dream.”

—Paul Hletko, **Entrepreneurial Spirits, page 26**

Cover photograph by
THE VOORHES
Food styling by Tina Bell Stamos

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HOW TO WIN BIG IN THE GIG ECONOMY

MONEY has everything you need to know to protect your finances—and your sanity—when working as a freelancer, consultant, or contractor. Get expert advice on how to manage health care costs, minimize taxes, and maximize earnings. Plus: the seven habits of effective freelancers. **money.com/gigeconomy**

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MONEY 101

The first installment in this new animated video series explains the magical wealth-building powers of compound interest. **money.com/videos**

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COLUMNIST

ALLAN SLOAN
shares his perspective on what's happening in financial markets and the U.S. economy.

PHOTOGRAPHS BY GETTY IMAGES (2); COURTESY OF SUBJECT (SLOAN)


BINGE-READING.
IT'S ABOUT TO BE A THING.

EDITOR'S NOTE

Write the Editor: editor@moneymail.com

Good for Your Body *And Your Wallet*

PERSONAL FINANCE ADVICE is often doled out in language more suited to the gym than to money management. You need to pump up your savings, slim down your spending, run your portfolio not like a sprint but a marathon. And like a lot of fitness drills, financial regimens may be good *for* you, but they don't always feel good *to* you. Giving maximum effort (in the gym or at the office) produces great benefits but can also tire you out. Avoiding splurges (when you're eating or spending) works wonders but may leave you feeling deprived.

As it happens, the connection between getting fit physically and financially goes beyond words—and not every improvement plan in either realm requires sacrifice or Herculean effort. The latter is my favorite takeaway from this month's cover story, "Get Healthy, Get Wealthy" (page 44). A growing body of research documents a strong link between healthy behaviors and personal prosperity, and not just because being in shape helps keep medical costs down. As the story shows, your physical and mental health also affect how much you earn and how well you manage money. Moreover, the cures for problems that affect both fitness and finance can be enjoyable rather than tedious. Among them: getting more sleep, lowering stress, relaxing, becoming more mindful, even going on vacation.

Sleep another hour or two? Get in more downtime? Go to Turks and Caicos for a week (my latest fantasy vacation location)? Sign me up. As someone who usually gets just five to six hours of shut-eye a night and who hasn't taken a week off in ages, I felt inspired by the story to get on a healthier, more enriching track. (Yes, even editors of personal finance magazines need remedial work for trouble spots from time to time.)

As long as I'm being frank, there's another area where I could use some help: my cell phone bill, inflated by my otherwise wonderful children streaming music and videos with abandon. Count me thrilled to find a far-lower-cost plan for "data-hungry kids" among the choices in our annual feature, "Find Your Best Cell Phone Plan" (page 56).

Another must-read in the issue: "How the Election *Really* Affects Your Investments" (page 62), about how presidential politics drives our portfolio choices (and probably shouldn't). With the campaign heating up and so much at stake, I found the insights and advice fascinating. I hope you do too.

Diane Harris

DIANE HARRIS
twitter.com/dianeharris

A RUN FOR THE MONEY Staffers in the unofficial MONEY Runners Club make their own connection between fitness and finance: (from left) Rachel Elson, Katie Meyer, Kerry Close, George Mannes, Kate Santichen, Scott Medintz, and Kaitlin Mulhere. For more on the link between money and your health, **see the cover story on page 44.**

ILLUSTRATION BY ALEXANDRA COMPAIN-TISSIER; PHOTOGRAPH BY SHAYLA HUNTER

LETTERS & COMMENTS

Write to MONEY: letters@moneymail.com

RE: THE 21 MOST VALUABLE CAREER SKILLS [JUNE]

Without a doubt the skill that has always helped me get jobs and switch careers is writing. I always say, "Every company needs a writer." I have been fortunate to work as a marketing writer, a proposal writer, and a technical writer, all in different fields: education, health care, finance, and insurance. It has been my saving grace. DAWN DAVIS, *New York City*

BOOST YOUR 401(k)

There's another important age on the road to retirement ["The Right Times to Act," June]. If you are maxing out your 401(k) contribution, at age 50 you can make catch-up contributions to your plan. The maximum catch-up amount is an additional $6,000 in 2016, and that applies even if your contribution limit is affected by your plan's highly compensated employee test.

BENJAMIN ZELOOF
Bridgewater, N.J.

PROPERTY TAX BITE

I was disappointed that "How to Beat New-Home Bills" [June] didn't mention property taxes. I may have reconsidered purchasing my home if I'd known my annual property tax bill would exceed $7,000.

BEPIN MGUSHI
Omaha

A WEDDING FOR LESS

We apologize for not voting in your survey "How much do you think should be spent on a wedding?" [The Stats, June], but we wouldn't have fit into your categories. We gave each of our children $5,000 for his/her wedding. If they spent more, they made up the difference. If they spent less, the difference was theirs. Two spent more. The youngest bought her dress secondhand and the invitations online. The reception was at our house, catered by our local college's food service. She had enough money left to help pay for a honeymoon in Maui.

ROBERT AND DEBBIE WISMER
Millersville, Pa.

OUR FAVORITE COMMENT

I found that "21 Most Valuable Career Skills" left out some important ones. High on my list: being a superior golfer *and* being gracious when you beat everyone; telling good jokes; and doing simple magic tricks at a bar or the break room. In the chaos of everyday living, fine people skills are No. 1. ALAN MATSUDA, *Honolulu*

ONLINE COMMENTS ABOUT RECENT *MONEY* STORIES

I see this all the time at work. Horrible, unethical, but not illegal.

SYED JUNAID ALAM: Re: "Payday Loans Leave Man $50K in Debt"

References, baby, references.

@BLUEMOON1943: Re: "*Hamilton* star explains why you should always quit a job politely"

Even worse losses if Mark Cuban were elected!

MARK KALENIAN Re: "Mark Cuban predicts huge, huge losses if Trump is elected"

I've no problem waiting a few seconds longer to prevent credit card fraud. I've been a victim of it in the past.

@TKNTERRY Re: "The problem with those annoying chip cards"

Your "dream school" shouldn't make you go swimming in debt

BRANDON SU Re: "My son was accepted to a college he can't afford. Now what?"

ILLUSTRATIONS BY ADAM HAYES; THOMAS BARWICK/GETTY

JULY 2016

FIRST

Average household credit card debt

Families haven't owed this much since the Great Recession—and that's an average, according to CardHub. The Federal Reserve has found that high-income families who carry a balance owe more: $8,300 a year, on average, for folks making $115,000 to $160,000. With a typical 18% APR, that's almost $1,500 in yearly debt costs, enough to fly to Paris. Here's how to cut your costs *tout de suite.*

CARD TRICKS

MOVE YOUR MONEY Already in the red? Buy time by moving your balance to a card with an interest-free window. Most charge 3% of what you transfer, but the Chase Slate doesn't, if you shift the balance within two months of signing up. You then get 15 months interest-free.

PLAN THE CREDIT If you're looking to finance a larger purchase and think you'll be able to pay it off in less than two years, consider the Citi Simplicity. It offers an industry-leading 21-month period of 0% interest.

QUIT THE CARDS If you're still in debt after the first two options, check out a personal loan. Bankrate says the average rate is 11.2%, a big savings over an 18% APR credit card. A 700-plus FICO score will help you qualify for the cheapest terms. And remember to set up—and stick to—a repayment plan to avoid a debt quagmire, says NerdWallet's Sean McQuay. —TAYLOR TEPPER

PROP STYLING BY BEN MILLAR

Photograph by **DAVID SYKES**

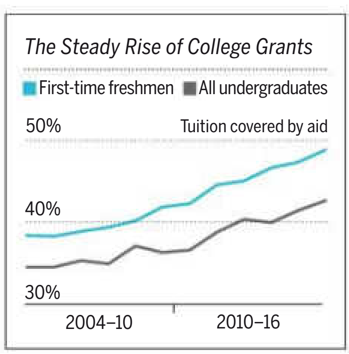
NEED CAREER POINTERS? *MONEY's skills package is full of good advice. Find it at* **money.com/bestskills.**

EDUCATION

Private College Tuition Discounts Rise—Again

ALMOST 90% OF FULL-TIME freshmen received some kind of discount on tuition last year, and the average aid package at private colleges took care of 55% of tuition and fees.

The National Association of College and University Business Officers' (NACUBO) annual tuition survey found that colleges overall gave out close to 42¢ in grants to all undergraduates for every dollar of their tuition sticker price.



SOURCE: *National Association of College and University Business Officers*

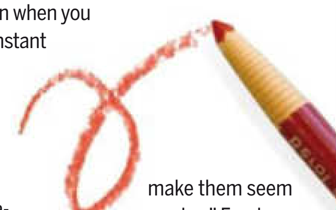
Private colleges have long discounted their tuition to draw students, and the rate has been on the rise since the early 1990s, when it was about 26%. This year's rate is a record high. Ken Redd, NACUBO's director of research and policy analysis, says that the record award levels are a reminder to parents to apply for financial aid. Odds are your family will qualify for help. —KAITLIN MULHERE

CAREERS

DROP THESE SKILLS FROM YOUR RÉSUMÉ

Ever wonder why you didn't hear back on that dream job? Maybe your résumé was weighed down by underwhelming skills.

Some skills should be avoided—by everyone—because they correlate with lower pay, even when you hold constant factors like age, experience, job title, and location, according to an analysis from MONEY and compensation data and software company PayScale.com.



Skills such as filing, data entry, and bookkeeping are too general to be an asset, says Lydia Frank, PayScale's editorial director. "It's implied knowledge," Frank says.

However, some specific skills, such as competency with the older Delphi programming language, suggest that the applicant isn't keeping current. "If that's the pinnacle of a job applicant's knowledge, it may make them seem weaker," Frank says. For more tips, read "What Your Résumé Should Look Like in 2016" on Money.com.
—MEGAN LEONHARDT

QUOTED

"Our great postwar Ponzi scheme is heading straight for the shoals."

Economics professor and Get What's Yours *co-author* ***Laurence Kotlikoff,*** *predicting that Social Security will soon become insolvent if the government doesn't alter the payment structure*

PHOTOGRAPH BY LACEY BROWNE

Illustration by MATT HARRISON CLOUGH

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READERS TO THE RESCUE

“I tried for a promotion at work but failed. Do I have to quit now?”

SEE “GET HEALTHY, GET WEALTHY” (PAGE 44)

FACEBOOK QUESTION OF THE MONTH

WHAT WOULD YOU DO TO IMPROVE YOUR HEALTH IF MONEY WERE NO ISSUE?

“See a nutritionist on a regular basis.”
—TINA SBRAGIA

“Take a one-month sabbatical to an ocean and get regular massages.”
—KALYN S. LUBINSKY

“Hire a personal trainer.”
—TAMARA HOFFMANN SHIPP

“Live on 100 acres in the woods for clean air. Right now, I live in a polluted city!”
—LEIGH NUZUM

“I can’t afford my physical therapy deductible. If I had unlimited money, that would be the first place I’d start.”—PATTY ALMASY

“Have my own 25-meter swimming pool—with a slide.”
—SHEILA KAUR SANGHAR

“Shop at Whole Foods.”—CHOW YUEN

I have not gotten promotions that I applied for but was later promoted to a position that I didn’t apply for, which turned out to be a great fit. Don’t jump ship because of one setback.
ROBERT NEWCOMBE
Los Angeles

If you are going to leap, make sure you have a landing spot. Finding a new job will be difficult if you approach a prospective employer as someone who left their job in a huff.
RICHARD SAUNDERS
Eagleville, Pa.

In my last supervisor’s job, I had several employees apply for higher-grade positions. I did select some. Most, however, lacked the requisite experience or abilities. The ones who responded positively discussed their strengths and weaknesses and how they might work their way up next time were the ones I valued and groomed for advancement.
BOB HOWARD
Los Angeles

You have to grow up to go up. Use this opportunity to get better, not bitter.
KENDRA GARCIA
Nashville

If they hired from the outside you should stay. But if a co-worker got the job, look elsewhere. The company doesn’t envision you in its future.
CAROLINE BOL
Santa Clarita, Calif.

Use this as an opportunity to demonstrate your value to the company. Your commitment to the team and willingness to help others ascend will be easily recognized.
TIM SMITH
Evanston, Ill.

THE EXPERT SAYS

Don’t come across as disgruntled. Make the boss part of the solution. Have an open dialogue and ask for an assessment of your job performance. Focus on the positive by asking how you can improve. That said, keep an eye outside the door. Your next promotion might come from beyond your company.
VICKI SALEMI
Career expert, Monster.com

Want solutions to a financial dilemma in your life? Email your question to social@moneymail.com. *To join our reader panel, go to* moneymatterspanel.com.

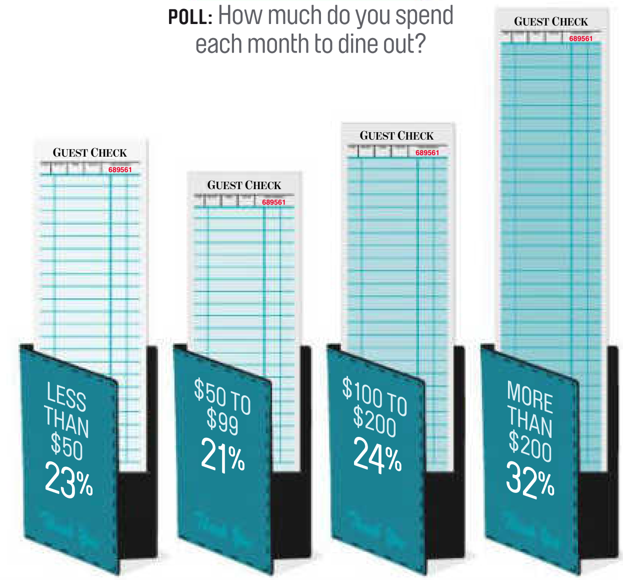
ILLUSTRATION BY MATT HARRISON CLOUGH

Question: ***How much do you plan to spend on back-to-school supplies?***
To cast your vote, go to ***facebook.com/moneymagazine.***

Paying the Restaurant Bill

MONEY **READERS WEIGH IN**

POLL: How much do you spend each month to dine out?



EATING OUT COST MORE LAST YEAR. BUT EATING IN GOT CHEAPER.

+2.7%
Restaurants

–0.5%
Groceries

FREE EATS? SIGN UP HERE

Tasty incentives for joining some chains' email lists.

1. *California Pizza Kitchen:* Small entrée
2. *Benihana:* $30 gift certificate
3. *Rubio's:* Free taco

AVG. MONTHLY RESTAURANT TAB, PER HOUSEHOLD

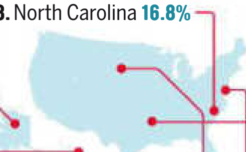
$223

TOP SPENDERS: WASHINGTON, D.C. ($355/MO.)

BLUE-CHIP TIPPERS (AND THE OTHER KIND)

BEST-TIPPING STATES (AVG. TIP)

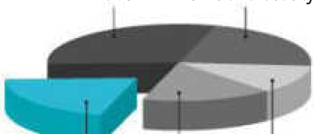
1. Alaska **17%**
2. Arkansas **16.9%**
3. North Carolina **16.8%**



WORST-TIPPING STATES

1. Delaware **14%**
2. Hawaii **15.1%**
3. South Dakota **15.3%**

WHERE ALL YOUR CASH GOES (% OF DISPOSABLE INCOME)



REWARDS CARDS THAT OFFER THE MOST CASH BACK FOR EATING OUT

2.5%	Chase Sapphire Preferred
2%	Wells Fargo Propel 365 American Express
2%	Citi ThankYou Preferred Card

JUST BECAUSE IT'S A CHAIN RESTAURANT DOESN'T MEAN IT'S CHEAP

Eddie V's	$88 AVG. MEAL PER PERSON
Capital Grille	$71.25
Fleming's	$69

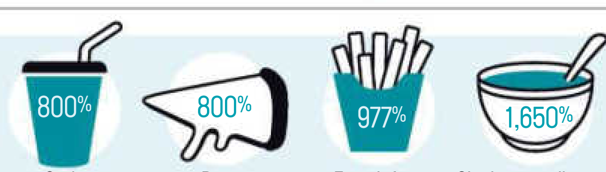
CHEAPEST: RED ROBIN $12.17

THE ALMIGHTY DOLLAR $IGN

8%

How much more people spend at restaurants when the menu omits the word "dollar" or the "$" symbol

MENU ITEMS WITH SUPERSIZE PRICE MARKUPS



NOTE: MONEY reader poll conducted in May 2016, surveying 861 readers. SOURCES: National Restaurant Association, Bureau of Labor Statistics; Square; Morgan Stanley; NerdWallet, MONEY research; Restaurants.com; MONEY; Cornell University

ILLUSTRATION BY THE WORKS

“Our military is coming home. Let’s help them find their next career.”

— General (Ret.) David H. Petraeus

Offer Career Advice to Those Who Have Served

ACP AdvisorNet is an online community providing volunteers the unique opportunity to engage directly with veterans in a meaningful way.

It’s simple: all you need is professional experience, a computer and 15 minutes. Join us and answer questions posted by veterans about their career development. Browse the community to find veterans to connect with one-on-one.

Each day, new veterans sign up seeking career guidance. Join **ACP AdvisorNet** today to make a difference.

www.acp-advisornet.org

ACP AdvisorNet is a program of American Corporate Partners (ACP). ACP is a non-profit organization assisting veterans in their career transition from the armed forces to the civilian workforce.

FIRST
TECH

Download Free Fun in the Sun

Want your summer vacation entertainment for next to nothing? Many libraries have agreements with websites that let you check out electronic versions of books, movies, music, and more—for free. All you need is a library card, a little explanation from the librarian, and a big beach blanket (to keep the sand out of your devices). —RICK BROIDA

For more of MONEY's technology coverage and reviews, go to ***money.com/tech.***

Average cost of an ebook: $10.81

BOOKS

HOW IT WORKS Most library ebooks are offered in Kindle and/or "epub" format, meaning they are accessible on just about any device with a screen: phone, tablet, e-reader, or computer. **THE RULES** Like that of its print counterparts, ebook availability is limited to the number of copies your library owns, so you could end up waiting for new releases. Most ebooks also must be "returned" within one to two weeks (though in the digital world they simply vanish from your devices). **BEYOND THE LIBRARY** Apple, Amazon, Google Play, and other ebook sellers offer some free downloads. You're not likely to find bestsellers, but there are some fun reads.

AUDIOBOOKS

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Typical cost to download a song: $1

MUSIC

HOW IT WORKS Freegal is a service that offers library-card holders a fixed number of song and music-video downloads a week—you'll find pop, jazz, and classical. **THE RULES** Songs are delivered in MP3 format. You can play them on most devices—and keep them. **BEYOND THE LIBRARY** The Google Play store frequently offers free music from well-known artists. Head to DealNews.com and set up an alert for "Google Play free music."

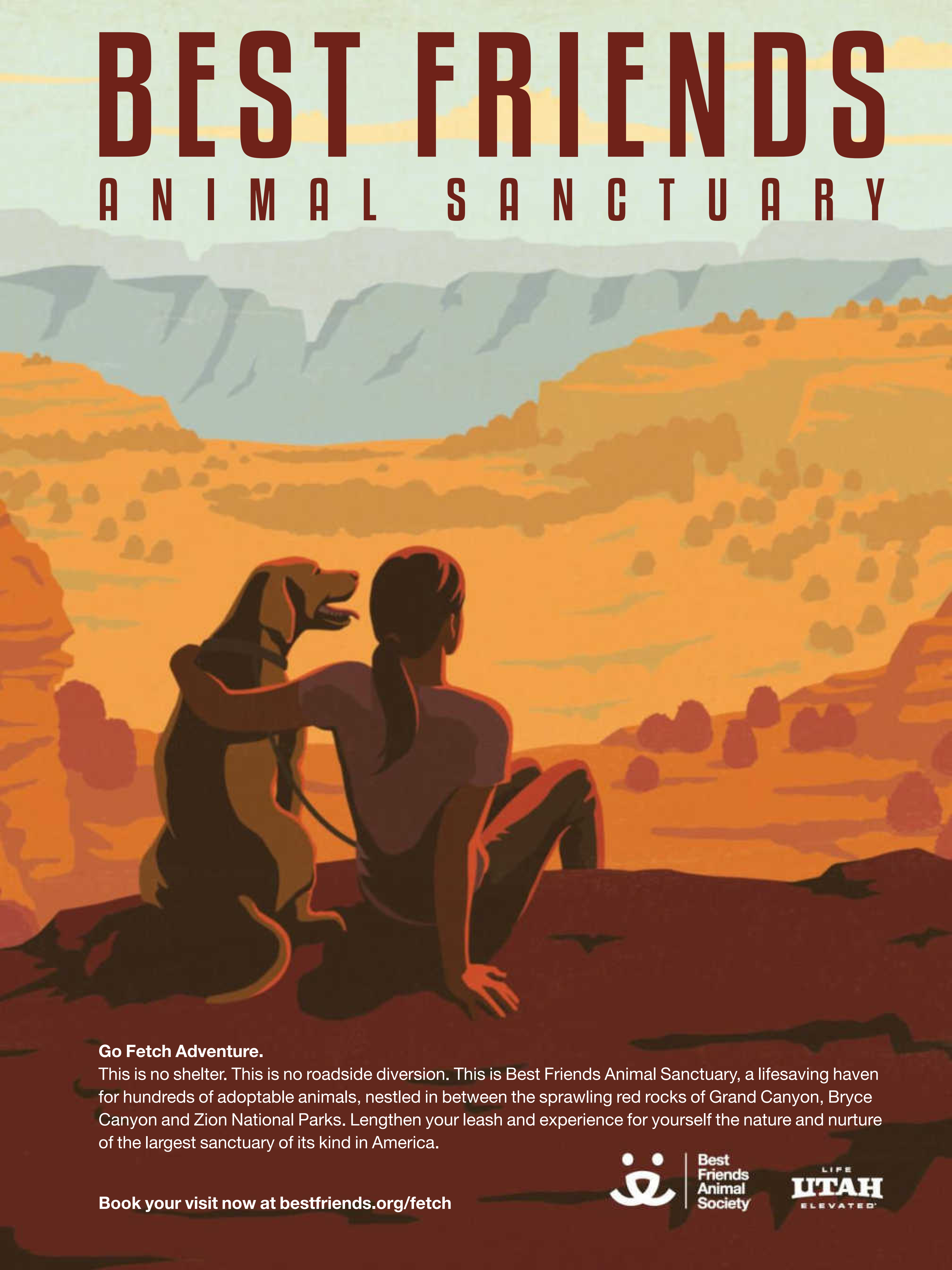
MAGAZINES

HOW IT WORKS Download an app from Flipster and Zinio, the services most libraries use. There are current and back issues of hundreds of mainstream titles. **THE RULES** Magazines don't usually expire the way ebooks do, but you have to take out issues individually. **BEYOND THE LIBRARY** Services like Magzter and Texture offer unlimited reading for a flat rate ($8 to $10 a month).

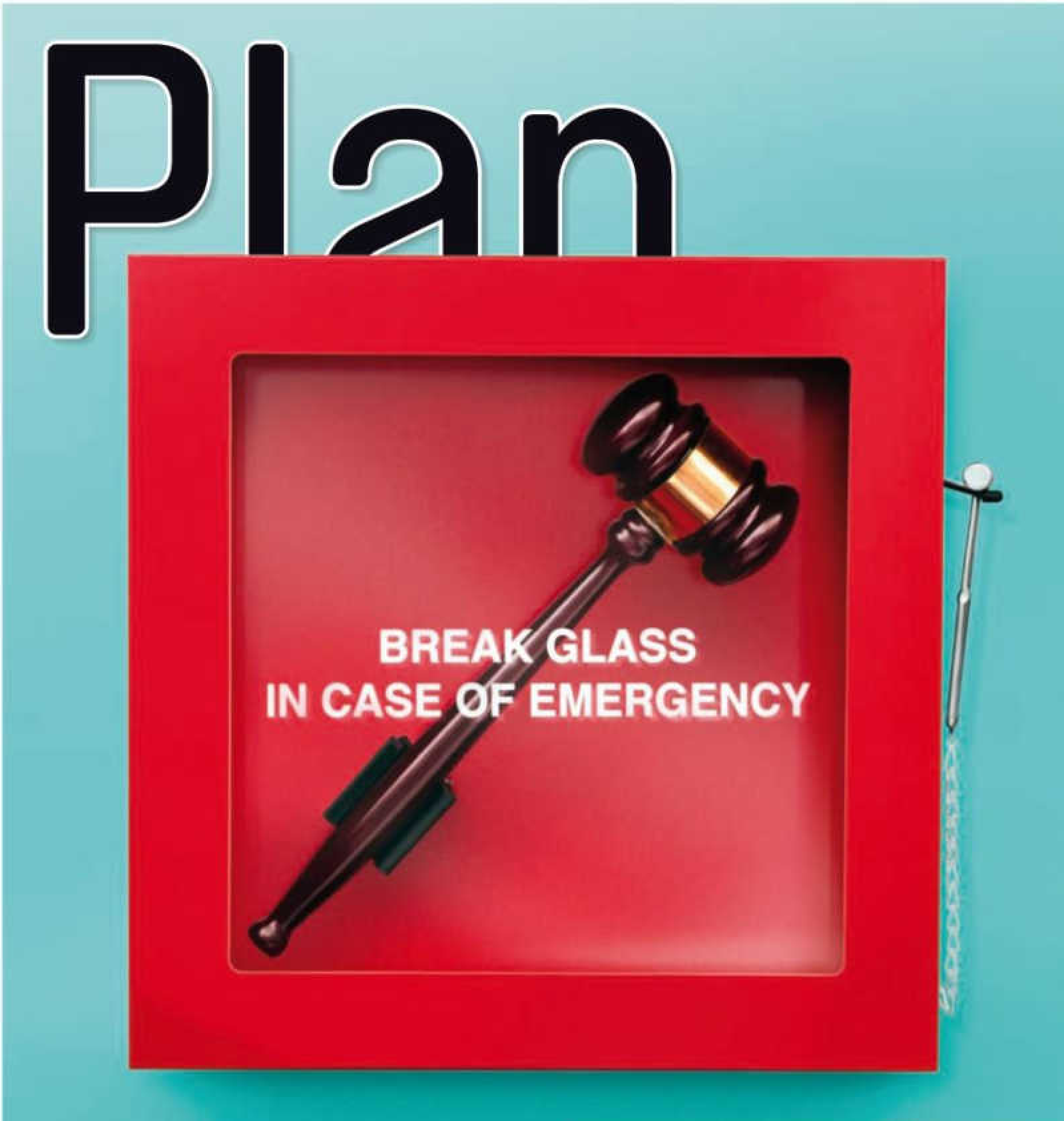
TV/MOVIES

HOW IT WORKS The Hoopla app lets you download video to your mobile device for off-line viewing. The content is family-friendly, but don't expect first-run selections. **THE RULES** Loans are accessible for 72 hours. **BEYOND THE LIBRARY** Amazon Prime subscribers can download select movies and TV shows at no extra charge. M

PHOTOGRAPHS BY GETTY IMAGES; SHUTTERSTOCK.


BEST FRIENDS
ANIMAL SANCTUARY
Go Fetch Adventure.
This is no shelter. This is no roadside diversion. This is Best Friends Animal Sanctuary, a lifesaving haven for hundreds of adoptable animals, nestled in between the sprawling red rocks of Grand Canyon, Bryce Canyon and Zion National Parks. Lengthen your leash and experience for yourself the nature and nurture of the largest sanctuary of its kind in America.
Best Friends Animal Society
LIFE UTAH ELEVATED
Book your visit now at bestfriends.org/fetch

Plan



Arm Yourself for a Dispute

PROPOSED RULES COULD CURB FORCED ARBITRATION. BUT FOR NOW, EXPECT A FIGHT. *by* **Megan Leonhardt**

PROP STYLING BY KELLY ARSENAULT

YOUR CHECKING ACCOUNT BALANCE is wiped out because of a massive fraud. The bank failed to protect you, but you can't sue. Why? You've signed a contract barring you from taking it to court.

If that sounds surprising, you have company. Three out of four people surveyed by the Consumer Financial Protection Bureau last year did not know whether they had signed away their right to bring a lawsuit against a financial company. That's because these restrictions—known as mandatory arbitration clauses—are usually hidden in contract fine print. Yet they're

Photograph by DANIEL EHRENWORTH

pervasive. If you watch videos on Netflix or shop on Amazon, you're governed by one of these clauses. Ditto, most likely, if you have a cell phone plan with a major provider; you may even see them in nursing-home and employment contracts.

The clauses force you to use a private forum to settle disputes—giving up the judicial system for one that, opponents say, has an inherent bias against consumers. "The problem with arbitration is that the arbitrators often come down on the side of the company and have cozy relationships with industry," says consumer class action attorney Carl Mayer.

To address the issue, the CFPB recently proposed a ban on credit card and lending contracts that bar users from participating in class actions. If approved, a rule could take effect as soon as next year, eventually letting millions more people take disputes to court.

Yet even if the rule moves ahead, it won't apply retroactively. For now, you need to know when you're stuck and how to fight back.

INTERPRET THE LEGALESE

If you find yourself in a financial dispute—a billing conflict, say, or a breach-of-contract claim—start by checking whether you signed away your legal options. Look up the agreement on the company's website (Google "user agreement" plus the company's name), or call customer service to get a copy. Then scan the document for any language referring to "arbitration" or "dispute resolution."

Striking out? Try the Consumer Clause Registry, a database managed by the American Arbitration Association. The site lets you search the arbitration clauses of more than 3,500 businesses, but it's clunky and you're going to have to jump through multiple screens.

Some companies do let you opt out of forced arbitration clauses, but you usually need to do so soon after signing up. (Translation: Once you're doing battle, it's probably too late.) With new providers, look for opt-out instructions within the contract, says Sabrina Rose-Smith, a partner with Goodwin Procter who handles corporate disputes.

CONSIDER SMALL CLAIMS

Even if you've signed an arbitration clause, check whether the amount at stake is below your state's small-claims threshold; most contracts have an exception for such claims. Legal site Nolo has a 50-state chart of the various dollar limits, which range from $2,500 to $25,000. If you're below that threshold, use the small-claims process, lawyers say.

Above that, you're most likely heading to arbitration. Your customer agreement should spell out how to proceed. Typically you'll need to send the company a letter within a set time period, outlining the conflict and requesting arbitration, Rose-Smith says.

KNOW WHEN TO GET HELP

Even in arbitration, you're entitled to legal representation. And if you're fighting over a big enough amount—in a wrongful-termination case against an employer, for instance, or a dispute over a nursing-home patient's death—hiring an attorney can pay off.

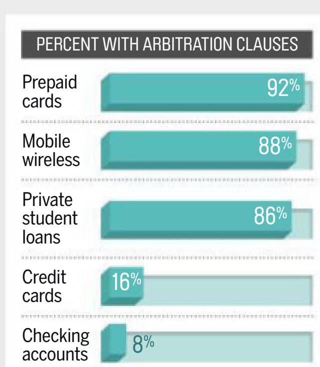
People with lawyers were more likely to reach an agreement with a provider, instead of having an arbitrator determine a final award, the CFPB found when reviewing cases with known outcomes. That's important because when arbitrators decided, consumers won only 20% of the time—and recovered less than a third of the amount asked, on average.

One downside: Even if you win, you may wind up on the hook for attorney fees. So for arbitration proceedings where less than $50,000 is at stake, engaging a lawyer can be cost-prohibitive. To limit upfront costs in those cases, Mayer recommends trying to hire an attorney on a contingency basis.

He also suggests that consumers look for younger, less expensive counsel. "Don't be afraid to call the legal clinic of a local law school to see if they will help," he says. "If not, maybe the dean can recommend some recent grads who are hungry to take on a small case." ■

Where Your Hands Are Tied

Forced arbitration is far more common in some contract types.



NOTE: *Based on analysis of 780 customer agreements in financial services.* ***SOURCE:*** *CFPB Arbitration Study, 2015*

A familiar scene at many colleges, the campus tour (here, at Harvard)

Cutting Through the College Hype

TOURING CAMPUSES THIS SUMMER? FOCUS MORE ON MONEY, LESS ON CO-ED SHOWERS. *by Kaitlin Mulhere*

CAMPUS TOURS ARE a carefully choreographed part of colleges' marketing efforts. But they're also a great opportunity for students and parents to push past the sales pitch and get the facts they need to make smart financial decisions.

So, in addition to sunscreen and comfortable walking shoes, bring along some serious questions for both college officials and your student guides. The latter, armed with actual experience attending the school, are an especially rich source of real-world information, on everything from which meal plan to pick (three-a-day or bare bones, if most students eat off campus) to which academic or extracurricular costs turned out to be surprising budget busters.

To get the financial scoop, be sure to include these questions:

How well have recent alumni fared in the job market? Colleges' career services or admissions offices love to display lists of prestigious companies that have hired their grads, notes Francine Block, a college admissions consultant in Holland, Pa. But you'll learn more by asking to see job and grad-school placement data for the past five years—and finding out how many graduates the school actually tracks. A college may claim that 90% or more of its recent graduates are currently employed or working toward advanced degrees, but that figure may represent only a tiny fraction of alumni who responded to a survey.

How much does the college help with internships? Find out what resources the college has to assist with internship placements, résumé preparation, and interview coaching. Also see if it offers financial support, such as travel stipends, for interns. Colgate University, for example, has a fund to subsidize students in low-paid or unpaid internships. Students can apply for a couple hundred dollars to cover their airfare or as much as $4,500 for summer living expenses in a costly major city. Other schools have similar, though not always as generous, programs.

Where do upperclassmen live, and what does it cost? While your tour will probably stop by a freshman residence hall, you're unlikely to hear much about where students live for the other three (or more) years. Ask your guide if many of his or her friends live off campus and how much they pay in rent. This can help you double-check the college's estimates. Research from the University of Wisconsin at Madison found that a third of colleges gave off-campus housing projections that were at least $3,000 a year under the typical cost of living in that region.

How much can students earn by working on campus? The hourly pay for campus jobs can vary from the federal minimum wage of $7.25 to more than $10. Phil Trout, a high school college counselor in Minnetonka, Minn., recommends that families ask about the average amount of work/study included in the school's usual financial package. Recently he's seen awards ranging from about $1,200 a year to more than $4,000. M

For more advice on applying to college, visit the MONEY College Planner at ***money.com/colleges.***

PHOTOGRAPH BY CHUCK PEFLEY/ALAMY

> "I've been the primary salesperson, telling our story as loudly as I could."

Entrepreneurial Spirits

RECOVERING LAWYER **PAUL HLETKO** TOOK A SHOT AT THE SMALL-BATCH DISTILLERY BUSINESS—AND NOW POURS OUT $2.5 MILLION IN REVENUES. ***by Josh Hyatt***

PAUL HLETKO, *46, EVANSTON, ILL.*

THEN	PATENT ATTORNEY
NOW	WHISKEY AND GIN MAKER

BACK WHEN PAUL HLETKO was an attorney, he would unwind after work with a whiskey on the rocks. He enjoyed it so much—and liked lawyering so little—that he ultimately ditched the bar to open a craft distillery. "Being a lawyer is just miserable. Your whole life is spent fighting with people," Hletko says. "Even if you're very successful, you haven't built anything."

Fortunately, Hletko, 46, had a potentially marketable hobby. A craft-beer aficionado, he had long been brewing at his home in Evanston, Ill. What's more, Hletko's family had run a Czech brewery before World War II. Hletko

Photographs by ALYSSA SCHUKAR

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LIQUID ASSETS Few Spirits' line includes small-batch bourbon and rye whiskeys, as well as two types of gin.

knew that the microbrew market was probably tapped out. But small-batch distilling—with a more complex process, a longer time line, and more barriers to entry—was still a fledgling industry. "There was a lot more opportunity, which meant more profit to be made," he says.

One key hurdle: You can't just launch a liquor business in your garage. Home distilling is illegal, and setting up production is capital intensive. So before quitting his $250,000-a-year job, Hletko began using time after work to acquire licenses and equipment, study to become a master distiller, and, finally, draft a detailed business plan. He raised $500,000 from "friends, family, doctors, and lawyers," plus a $230,000 Small Business Administration loan, to lease a 2,700-square-foot production space (and, later, a 10,000-square-foot aging facility).

Production at Few Spirits—"we don't make a lot"—began in June 2011. With the blessing of his wife, Liz, a child psychologist, Hletko left his job soon after. "She knew I wasn't happy," he says.

Few's spirits retail for about $50 a bottle, but the payoff comes slowly; whiskey must be barrel-aged before it's bottled and sold. "It takes years to get your money back out," he says. To get by while the business got rolling, the father of three—now 10, 11, and 13—had counted on $50,000 in liquid savings, plus the $50,000 that Liz earns working part-time.

It wasn't enough. Over five years, he added a $65,000 home-equity line and $100,000 in credit card debt.

Sales grew as Hletko wooed retailers, distributors, and bartenders. "Our marketing budget was my travel budget," he says. "I was going out telling the story, one on one." He also identified people he considered influencers of his high-end audience—bloggers, journalists, aficionados—and sent them vials of whiskey to sample. By year two, Few had $100,000 in revenue, right around his projection for year four.

In part, Hletko benefited from exquisite timing. Craft distilling was just taking off, with liquor sales by small producers soaring to 3.5 million cases in 2015 from just 700,000 back in 2010, estimates the Distilled Spirits Council.

Yet with his inventory stuck in barrels, he needed more money to keep things running. In 2013, he raised $2.4 million from angel investors; last year, as sales hit $1.5 million, he got a $1.2 million bank loan. That's now paid off—as are his personal debts, and his initial investors—thanks to a deal Hletko struck recently, selling a "substantial stake" in Few to a nationwide sales and marketing firm.

In addition to a cash payout, the deal, which left him with a controlling interest, has another benefit. With 10 employees and $2.5 million in sales, Few had outgrown Hletko's ability to proselytize, and the new partnership gives the company more marketing muscle.

"I've been the primary salesperson," Hletko says. "Now that we have the firepower we need, we can really chase the dream." M

BY THE NUMBERS

$4.3M

MONEY RAISED While "people like the idea of owning a distillery," Hletko also gave investors a detailed plan. Secondary rounds got a boost when he blew past his own sales projections as craft spirits took off. "I figured if it happened in beer, it could happen in spirits," he says.

20%

EXPECTED 2016 GROWTH Hletko is spending this year laying groundwork for a bigger surge, by training a national sales force and upping production. The goal: Expand into key markets like Florida and Texas, and boost distribution in the 22 states where Few already has a presence.

$100,000

ANNUAL PAY After going five years without, Hletko started taking a salary this year. He thinks he'll approach his lawyer pay in five years, once Few hits $10 million in revenue. He would also like to restart his 401(k), now frozen at $250,000. But the pay cut has been an investment, Hletko says: "I'm building something that will, hopefully, have lasting value."

Q

INVESTING

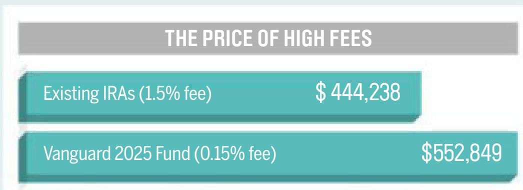
I pay 1.5% in fees on my IRAs. Should I look for a new firm to lower my cost? —MITCH BOURIN

A People often think of fees as innocuous, says **Christine Benz, Morningstar's director of personal finance.** "But they can be a serious amount of money."

If you don't need a lot of hand-holding, you can do much better than 1.5%. The cheapest strategy? Transfer your retirement accounts to a low-cost brokerage and set up a portfolio of low-cost mutual funds or ETFs. A target-date fund, such as one from Vanguard or T. Rowe Price, offers an element of free advice for retirement savers, says Benz, at an extremely reasonable price. Vanguard, for instance, charges just 0.15% annually for its target-date funds.

If you want help with strategy and have at least $50,000 in assets, one solution is Vanguard's Personal Advisor Services, which offers some basic guidance at the low cost of 0.30%.

Switching to a target-date fund can reduce your fees and have a big impact on your retirement savings over time.



NOTES: Assumes $135,000 current balance, 5% annualized returns, 20-year horizon, $6,000 annual investment. SOURCE: Bankrate ROI calculator

Q

CREDIT CARDS

We put our young adult son on two credit cards years ago. When can we remove him? —VALERIE

A Your son is benefiting from his connection to your credit, says **John Ulzheimer, formerly of FICO and Equifax.** Your accounts are likely his oldest, and the length of his credit history makes up 15% of his FICO score. Plus, the higher credit limits on your cards mean his credit utilization ratio—the percentage of available credit he's using—remains low, also helping his score.

"If you remove his name from those accounts then he will lose any value of those two cards," says Ulzheimer. The effect won't be devastating to his credit, says Ulzheimer, if your son already has credit under his own name and good repayment habits. But before removing him, make sure he's not about to apply for a loan or anything else that requires pulling his credit report (and score).

Q

REAL ESTATE

How can my mom cut her tax on a home sale? —JIMMY WONG, *Cloverdale, Calif.*

A Your mom, assuming she is single, is exempt from paying taxes on the first $250,000 she garners from the sale—as long as the home was her primary residence. (See IRS Publication 523, "Selling Your Home.")

When calculating her profit, be sure to factor in the original cost of the home, plus the additional cost of improvements made over the years. Doing so reduces her tax bill. But you'll need to document the improvements. You'll probably end up digging through old bank statements, receipts, and credit card statements, says **Michael Delgass, CEO of wealth management firm Sontag Advisory.** "Some people keep detailed records, others don't," says Delgass. "You might want to go to your building permit office to see if any permits were filed and also contact the home insurer." ■

By Sarah Max, Kerri Anne Renzulli, and Ruth Davis Konigsberg

Read more answers from Ask the Expert and submit your own question about personal finance at ***money.com/expert.***

How to Spot Fake Online Reviews

THE FAULT IS, LARGELY, IN THE STARS. USE THESE TIPS TO BECOME A SAVVIER SHOPPER. ***by Lisa Lee Freeman***

BAD NEWS FOR SHOPPERS who rely on web reviews: New research has demolished the illusion that star ratings realistically reflect product quality. "Average user ratings are only slightly better than a coin toss" in helping you make a decision, says Bart de Langhe, who teaches marketing at the University of Colorado at Boulder. His analysis of 1,272 products on Amazon found a "very low correlation" between ratings and quality.

One reason for the disconnect: fake user reviews. To crack down, Amazon has initiated three lawsuits over the past 15 months, most recently targeting companies that sell positive reviews to vendors. Both Amazon and Yelp also say they use algorithms to filter out suspicious posts—although some still slip through, says Boston University's Georgios Zervas, who has studied Yelp user reviews. He estimates that about one in four submitted reviews are fakes.

To avoid getting duped, experts suggest a skeptical approach.

Look past the stars. Don't focus on overall ratings or generic statements ("makes great coffee"), particularly for products without many reviews. "If it's a small sample, don't even look at the average rating," says de Langhe; he suggests a threshold of 100 if comparing two similarly rated products. It's better to focus on specific remarks—say, how easy the coffeemaker is to clean. And watch the wording: People paid to write bogus reviews are often given language to use, so be skeptical of ultra-positive or negative reviews with similar phrasing.

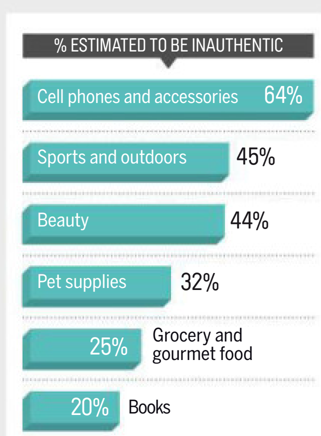
Be elitist. Don't take just anyone's word. On Amazon, use the "filter by" menu to show reviews labeled "verified purchase only." (It won't guarantee the reviewer didn't get a payoff, but at least it shows that a purchase was made.) Other sites also let you filter feedback—at Sears and Kmart, for instance, you can sort by "verified purchase," while Yelp lets you select only the regular reviewers it designates as "elite." Another suggestion: Check out a rater's other assessments. Lots of five-star reviews with short, generic comments? That's a red flag, says Zervas.

Plug it in. A new website, Fakespot, grades the reliability of Amazon reviews. Wondering if a toaster really deserves five stars? Copy the Amazon product page URL, paste it in at Fakespot, and click "analyze." The site replies with a letter grade that rates how much you should trust the review.

Get a second opinion. Even if you see plenty of reviews, check other sites. "There may be fakes on any platform," says Dina Mayzlin, associate professor of marketing at the USC Marshall School of Business. Mayzlin's 2013 study of hotel user reviews found discrepancies between Expedia, which restricts its reviewers to customers who "paid and stayed," and similar site TripAdvisor, which doesn't. "If you notice huge differences between platforms," she adds, "you need to be skeptical."

Suspicious Stars

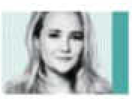
Cell phones and sports gear attract the most bogus reviews on Amazon, Fakespot finds.



__NOTE:__ Based on analysis of more than 230,000 Amazon reviews. __SOURCE:__ Fakespot

Tidy Up Your Money-Do List

YOU DON'T NEED A LOT OF FANCY APPS TO KNOCK OFF YOUR FINANCIAL ERRANDS. TO SIMPLIFY, USE YOUR EXISTING TOOLS AND SOME OF THESE EASY TRICKS.



by Alexa von Tobel

FINANCIAL CHORES CAN BE a triple challenge—the tasks are a hassle, deadlines are often firm, and the consequences of failure can be painful. The more you can organize and automate, though, the easier it will be to check off your to-do list. Here are a few of my favorite tricks:

SEPARATE YOUR IN-BOX

If you prefer to handle financial details online—I request email receipts whenever possible, for instance, and snap a photo of paper receipts and email them to myself—you don't want those essential items to get buried in your personal in-box.

To address the issue, I've created a separate Gmail account where I send all of my bills, statements, and receipts. I then set up folders (receipts, work expenses, bank statements), so I can file individual emails and find items easily—especially handy at tax time.

SYNC YOUR DEADLINES

Many people don't know that you can usually adjust credit card due dates to align them with other regular bills, like rent or mortgage. That lets you sit down just once a month, with all your statements in hand, to make your payments. (Or if you prefer, you could space out obligations in order to even out your cash flow.) Call customer service to request a date change; you may need to wait one or two cycles for the shift to take effect. Then set recurring reminders to help you hit those due dates.

While you're updating your online calendar, add other periodic nags for the tasks that aren't as easy to remember. You could block out a weekend half-day each February to kick off your tax prep, perhaps, or set a thrice-yearly prompt to check your credit report (at annualcreditreport.com). My husband and I also fix a date each January to discuss our financial goals for the coming year.

LABEL YOUR ACCOUNTS

For any savings goal, you should set a target amount and, ideally, a deadline. But you can go one step further: A 2011 study from the *Journal of Marketing Research* shows that people are more likely to succeed if they earmark funds for specific goals.

Your bank should let you break out separate accounts—say, for a beach vacation this winter, a replacement car next year, a bathroom renovation in a few years. Some even let you create plain-English labels for each ("new sofa," "Bahamas").

Commit to moving a specific amount into each account monthly—and if you need a push, automate the transfers. It may sting in the short term, but you'll appreciate it while you're lounging at the beach next January.

Columnist Alexa von Tobel is the founder of LearnVest. Catch her columns and videos at Money.com.

Illustration by ELLIOT STOKES

GAME-CHANGING TECHNOLOGY

Sherwin-Williams® redefines what paint can do and blends the best of beauty and science.

SHERWIN-WILLIAMS® CREATED a revolutionary product 140 years ago: the world's first premixed paint. In the 1940s, it launched another breakthrough, the first water-based paint. And the company made history again early this year when it introduced Paint Shield® microbicidal paint, the first paint that kills bacteria, including Staph (*Staphylococcus aureus*) and E.coli (*Escherichia coli*) within two hours of exposure on a painted surface.

"At the end of the day, it's totally breakthrough, but surprisingly the same," says Steve Revnew, Sherwin-Williams senior marketing vice president of product innovation. "You apply it like any other paint, and it gives you the color, high performance, nice 'eg-shel' finish, washability

and durability people want. But it also provides an added layer of protection."

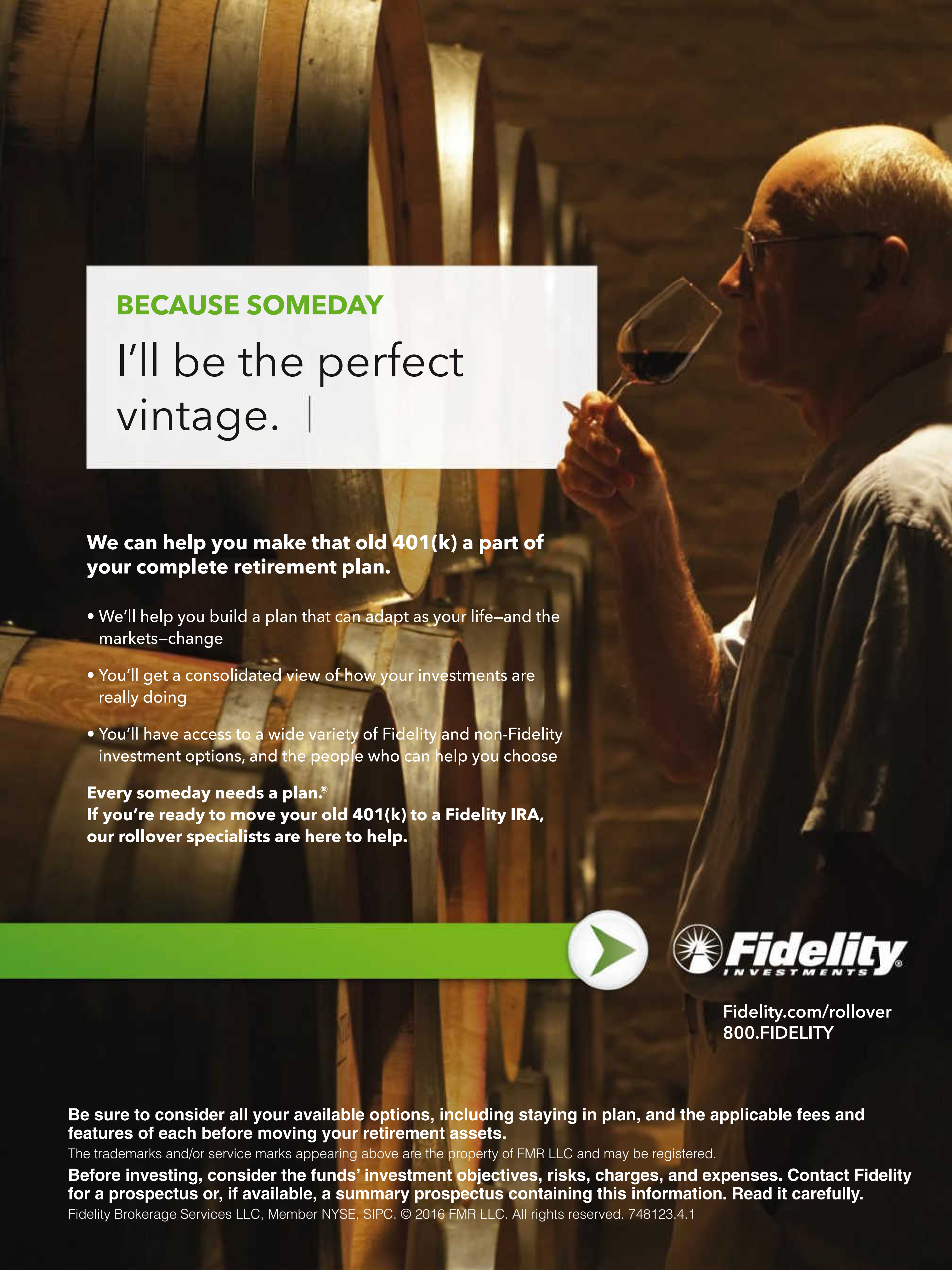
More than simply decorating a room and protecting the walls from the usual wear and tear of everyday life, Paint Shield® microbicidal paint actually kills bacteria on a painted surface within two hours of exposure. "This makes it one of the most significant technological breakthroughs in our nearly 150-year history of innovation," says Sherwin-Williams President and CEO John Morikis.

"Paint Shield® microbicidal paint works for you," explains Revnew. It doesn't just stop bacterial growth; it actually kills 99.9% of five common types of infectious bacteria found in homes and public facilities—including the aforementioned Staph (*Staphylococcus aureus*) and E.coli (*Escherichia coli*), but also MRSA (Methicillin-resistant *Staphylococcus aureus*), VRE (Vancomycin-resistant *Enterococcus faecalis*) and Enterobacter aerogenes—all within two hours of exposure on a painted surface. And it continues to kill 90% of bacteria for up to four years, as long as the surface integrity of the paint remains intact.

If you have an active family, want to take extra steps to fight bacteria in your surroundings, or are simply the type of person who is always looking for ways to improve your home, Paint Shield® microbicidal paint, which comes in 550 colors, merits a hard look. While it is obviously ideal for hospitals and healthcare facilities, locker rooms, schools, day care and senior citizen centers, cruise ships and the like, it's also perfect for kitchens, bathrooms and laundry rooms at home—anywhere unwanted bacteria is likely to proliferate.

PAINT SHIELD® MICROBICIDAL PAINT IS THE FIRST PAINT THAT KILLS BACTERIA WITHIN TWO HOURS OF EXPOSURE.

Now celebrating its 150th anniversary, Sherwin-Williams "is always focusing on innovative solutions that provide added benefits to our customers," says Revnew. The exclusive patented formula in Paint Shield® was developed through research and collaboration between Sherwin-Williams coatings scientists and expert microbiologists. It has received a U.S. patent and has the distinction of being the first EPA-registered microbicidal paint that kills difficult-to-treat, infection-causing bacteria. "By killing infectious pathogens on painted surfaces," says CEO Morikis, "Paint Shield® is a game-changing advancement in coatings technology."


BECAUSE SOMEDAY
I'll be the perfect vintage.
We can help you make that old 401(k) a part of your complete retirement plan.
• We'll help you build a plan that can adapt as your life–and the markets–change
• You'll get a consolidated view of how your investments are really doing
• You'll have access to a wide variety of Fidelity and non-Fidelity investment options, and the people who can help you choose
Every someday needs a plan.®
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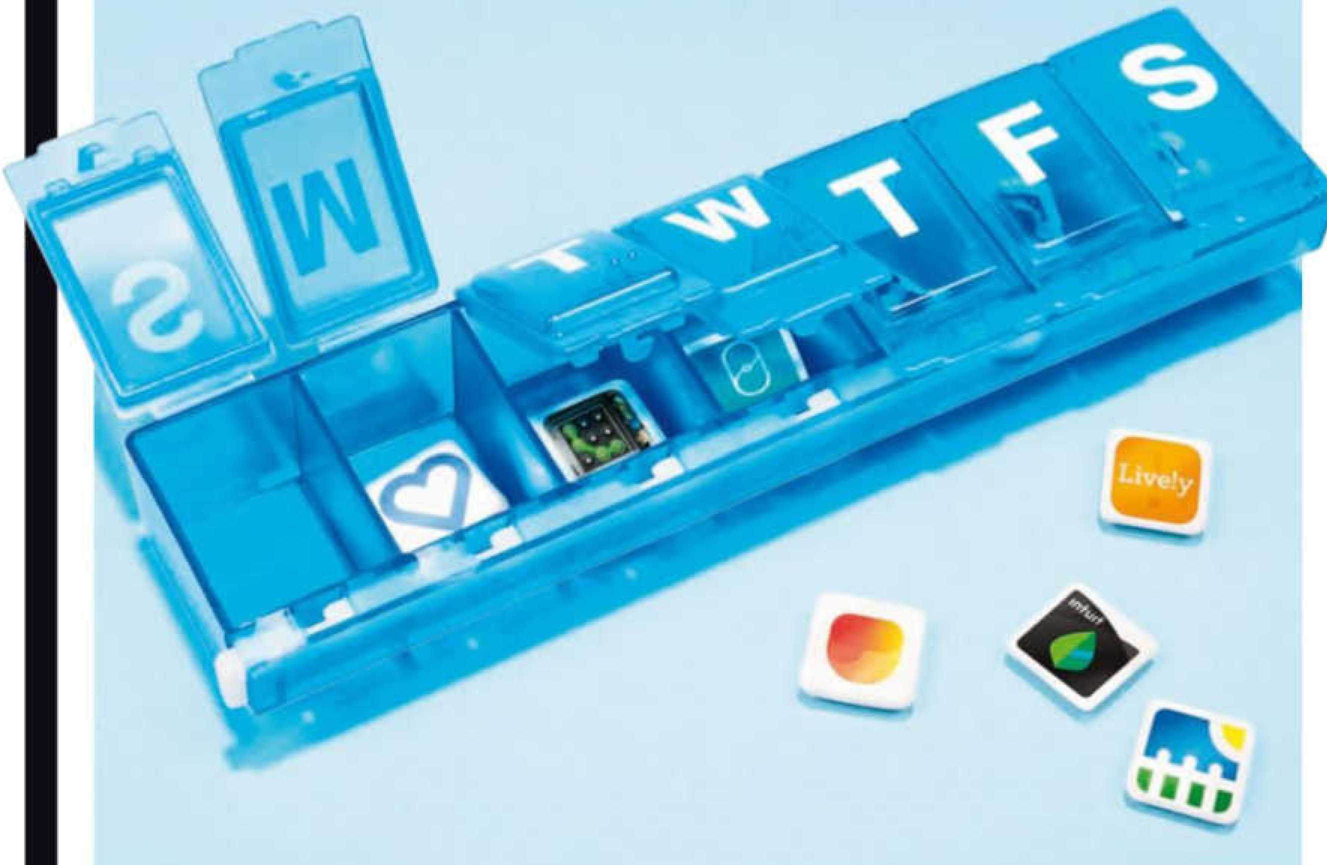
Retire



Tech Aid for Retirees

THIS HARDWARE AND SOFTWARE IS JUST THE PRESCRIPTION YOU NEED TO MAKE YOUR LIFE EASIER. *by* **Penelope Wang**

FORGET THE ROCKING CHAIRS and early-bird discounts. What will really improve your life in retirement is an Internet connection. New devices, apps, and other software make it easier for retirees to stay healthy, live independently, and enjoy their lives to the fullest. "Technology is changing both our expectations and life in retirement," says Joseph Coughlin, head of the MIT AgeLab.

As the population of Net-connected retirees grows—58% of people ages 65 and older use the Internet, according to the Pew Research Center, up from 14% in 2000—there's greater opportu-

PROP STYLING BY KELLY ARSENAULT

Photograph by DANIEL EHRENWORTH

nity to use electronic gear to reach out to family and friends, manage your health, protect your finances, and preserve your quality of life. Here's new and innovative technology that can do just that for you or someone you love.

GET FACE-TO-FACE

Communicating with family and friends is the top reason seniors go online (see the chart). All you might need is Skype or Facebook on your iPad; many mainstream products work fine for older users, says Tom Kamber, executive director of the nonprofit Older Adults Technology Services in New York City. But what about a retiree who's an Internet holdout?

The **GrandPad** tablet, part of a subscription-based service, makes it easy to connect with friends and relatives via video calls. It also has simplified online access for limited activities, including sharing pictures, checking the weather, and—coming soon—hailing an Uber *(grandpad.net; $53 to $60 a month).*

STAY HEALTHY

Maintaining health is retirees' most pressing concern, according to a Merrill Edge survey. One key part of that is managing medications. Americans ages 65 through 79 get an average of 27 prescriptions per year, according to IMS Institute for Healthcare Informatics. Even if your pills amount to only a fraction of that, it's easy to slip up. But technology can solve the problem.

Medisafe, a pill reminder app for smartphone or tablet, has some nice visual touches, including showing you a picture of the pill you're scheduled to take. It can also send alerts to a family member if you miss a dose *(medisafe.com; free).*

An app-free alternative is the new **PillDrill.** The tabletop device, which requires Wi-Fi for setup, will light up, sound an alert, and display dosage information when it's time to take a pill. Employing special pill strips and tags, it also tracks whether medications have actually been taken *(pilldrill.com; $199).*

For more apps that can assist you with everything from establishing an exercise routine to monitoring blood sugar, see the lineup of free tools on page 54.

SAFEGUARD MONEY

Financial elder abuse, including scams, hits at least 500,000 seniors a year, estimates the Centers for Disease Control. Keep an eye on an older relative's finances by setting up a Mint account for him or her and getting activity alerts.

For extra protection, sign your relative up for **Nomorobo,** a service that blocks telemarketers, who may prey on seniors. It works with many major carriers, but not on mobile phones or traditional analog lines *(nomorobo.com; free).*

For an especially vulnerable relative, set limits with **True Link Financial's** customizable debit card for seniors. Among other controls, you can prevent online and telemarketing purchases and confine spending to certain stores and certain amounts *(truelinkfinancial.com; $10 a month).*

LIVE INDEPENDENTLY

Most retirees want to stay in their homes, even if mobility-impaired. The Amazon Echo can make life easier if you have trouble getting around, says AARP chief of strategy and innovation Terry Bradwell. The voice-activated device is a remote control that can perform functions like reading audiobooks and answering questions.

A backup system for an older relative is **Lively,** built around a wristwatch that's also an activity tracker, a medication reminder, and an emergency call button. You can receive watch data remotely, seeing, for example, whether Dad has opened his fridge over the past 24 hours *(mylively.com; $50 for the watch and $28 to $35 a month).*

A less obtrusive safety net is a comprehensive smart-home system such as **AT&T's Digital Life,** which Bradwell got for himself. The deluxe version includes webcams and sensors, which can let you know if Dad left the stove on or unlocked the front door *(att.com/digitallife; $65 a month).* ■

Tech To-Do List

Older Americans turn to technology for help with all aspects of their lives.

SOURCE: *"Closing the Broadband Gap," ACLP at New York Law School and OATS, 2014*

Picture a Perfect Retirement

MAKE A SMOOTH TRANSITION TO THE NEXT STAGE OF YOUR LIFE BY CONDUCTING A DRESS REHEARSAL.

by Rick Kahler

RETIREMENT IS MORE challenging than you think—so challenging, in fact, that you need to rehearse it ahead of time.

Really? Practice not working? As odd as that may seem, yes. Otherwise, you might end up like one of my clients, Todd. Six months after retiring at 66, he complained that he was bored. "I can't fish and play golf day after day," he said.

Or you might end up like other clients, Ted and Melinda. Though their income was slated to drop to $4,000 a month from $10,000, they were sure they had drawn up a sound budget. Then they realized they had forgotten to include food.

It's easy, though, to avoid such problems. Before you retire, take these steps to get ready.

TEST YOUR BUDGET

To check that you can fund the life you envision, try this: Write up a one-month retirement budget, including fixed costs like housing, utilities, and taxes. Then, estimate annual outlays (using recent spending as a guide, where applicable) on intermittent costs like health care, travel, and home repair. Divide those annual costs by 12 to get your prorated monthly spending, add it to your monthly fixed costs, and subtract the total from your estimated monthly income. The result will be the money you have for day-to-day discretionary spending in retirement.

If the expenses you've already totaled up are greater than your projected retirement income, you need to redo your budget. If not, take the difference between income and expenses and withdraw that amount from the bank. Use only that cash to fund groceries, gas, and entertainment for a month.

This exercise will show you whether you can match your current standard of living in retirement—something, in my experience, people expect to do. When Betty, another client, tried this, she ran out of cash in two weeks. So she decided to work until she could afford the retirement she wanted.

GO THROUGH THE MOTIONS

Take a long vacation—ideally for at least a month. Within the above budget, live as if you were retired. Be as realistic and specific as possible. Volunteer. Invite the grandchildren to visit. Build a bookcase or make a quilt. Think year-round; don't simply focus on seasonal activities like gardening and golf.

And keep away, as much as possible, from your work and co-workers. Jobs are often a major source of people's social life and mental stimulation, so you'll need to fulfill those needs in other ways.

Even if rehearsed, the transition can be rocky. Evelyn, a client who tried these practices, told me she needed a few months to develop a new social life and daily routine.

Retirement is a transition *to* a new lifestyle as well as *from* your career. With practice, you can make your new life perfect.

Financial planner Rick Kahler is a co-author of four books on financial planning and psychology.

Illustration by CHRIS GASH

Invest

Tune Up Your Portfolio

MIDYEAR IS THE PERFECT TIME TO GIVE YOUR INVESTMENTS A ONCE-OVER.

by **Carolyn Bigda**

AFTER GETTING KNOCKED around in the harsh winter months, your car could probably use a few minor repairs, especially before the summer driving season gets underway. The same premise holds true for your portfolio this year.

The start of 2016 was an especially rough ride for your investments, with U.S. stocks sliding more than 10% through mid-February before regaining traction and revving up 13%. Your foreign equities slipped and slid, too, with Chinese stocks careening further into a bear market even as other parts of the emerging markets began getting into gear.

PROP STYLING BY KELLY ARSENAULT

Photograph by DANIEL EHRENWORTH

Meanwhile, yields on 10-year U.S. Treasuries returned to sub-2% levels while some global bond yields turned negative—meaning you're paying a small sum to park your money in a seemingly safe place—throwing a wrench in your income strategy.

You're probably just glad that the bumpy first half of the year is in the rearview mirror. But now's the time to make sure you're still on the right road by taking these simple steps:

CHECK YOUR ALIGNMENT

A critical step in any tune-up is to see if your car is properly balanced. For your portfolio, that means determining if market gyrations have thrown your stock-and-bond mix out of whack.

Run a diagnostic. You may assume that not much has changed, since equities and bonds are up modestly this year. But a look under the hood may show bigger shifts have occurred over time. U.S. stocks have been rallying since early 2009, while bonds have been delivering below-average returns. If you haven't rebalanced in a while, "you could easily be equity-heavy," says Harold Evensky, a financial planner in Coral Gables, Fla. For example, a 50% stock/50% bond portfolio three years ago would now be 55% equities/45% fixed income. Left untouched over the past five years, a 50-50 strategy would now be closer to 60% stocks and 40% bonds.

Use Morningstar.com's free Instant X-Ray tool to see how your portfolio breaks down.

Make sure your wheels are pointed in the right direction. Now is also a good time to double-check that your portfolio can still get you where you need to go—or if it needs a turbocharge of savings to get back on track. Click on the "calculators" tab at Money.com and plug your savings strategy into our free retirement calculator. The tool will tell you if your current pace of contributions is sufficient to meet your retirement needs. "The good thing about doing this now is that you still have enough time to boost your savings before year-end," says Christine Benz, director of personal finance at Morningstar.

Another bonus: If you must accelerate savings, you can fix your alignment problems at the same time. For instance, if you're 40% in bonds now but ought to be closer to 50%, rather than sell your equities to replenish your stake, simply funnel new contributions into fixed income for the remainder of the year.

ROTATE YOUR TIRES THE RIGHT WAY

Drill down beneath your basic asset-allocation strategy and you may find that several subcategories of investments have diverged, which may require rebalancing. The trick is not to go overboard.

Rebalance only if you have to. Dialing back your exposure to certain assets because their weightings shifted a point or two doesn't make sense. You have to give investments some room to run. Start paying attention when your allocations are off by at least five percentage points. If your weightings are off 10 points or more, it's definitely time to act, says Evensky.

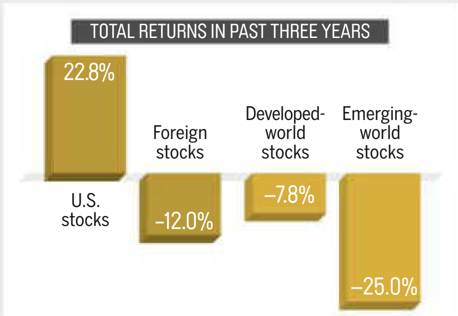
One area where this may be the case is with emerging-markets stocks, which have lost ground since 2011. If you haven't rebalanced in recent years, you'll probably need to replenish this portion of your foreign equity stake (see chart).

Shift out of expensive stocks into undervalued sectors. Defensive stocks have benefited this year as investors have worried about a global economic slowdown. Through May 20, Steady Eddie utilities gained 12.5%, and consumer staples stocks were up 3.9%, while the S&P 500 returned just 1.3%. But the winners now look pricey. Utility stocks, which have historically traded in line with the broad market, sell at a 4% premium.

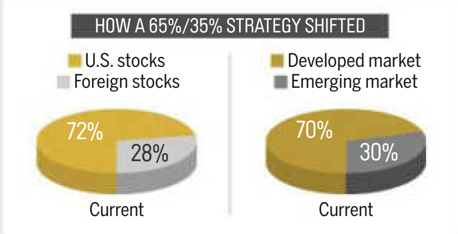
What to do? Shift into

Asset Dislocation

Certain types of foreign equities have underperformed recently ...



... creating potential portfolio imbalances.



SOURCE: YCharts.com

attractively priced sectors that also tend to do better in the latter stages of an aging bull market, such as industrials and consumer discretionary stocks. "We could be at a point in the business cycle where they start to become attractive," says Tracie McMillion, head of global asset allocation strategy for the Wells Fargo Investment Institute. You can easily add broad sector exposure through an ETF such as **Industrial Select Sector SPDR** (XLI), which charges a mere 0.14% a year, and **Vanguard Consumer Discretionary ETF** (VCR), which charges just 0.10%.

Robert Arnott, chairman of the investment firm Research Affiliates, also suggests pulling back from big, fast-growing stocks that have dominated the market—think Facebook and Amazon—and favoring value-oriented stocks instead. After lagging the market for several years, shares of overlooked or beaten-down stocks are finally perking up. Try a low-cost fund that seeks out deeply discounted shares, such as **Dodge & Cox Stock** (DODGX), which is on our MONEY 50 list of recommended mutual and exchange-traded funds.

FLUSH OUT GUNK IN YOUR ENGINE

If you need to sell some winners in a taxable account to rebalance, here's how to minimize the pain:

Clear out some of your losers. Dump some losing investments in your taxable account now to realize capital losses. Then use those losses to offset gains elsewhere in your portfolio. If you have more losses than gains, you can deduct as much as $3,000 in ordinary income with the additional sums. Still have losses after that? You can bank them to use in future years.

Your search for losers starts in the energy sector. Oil prices have come off their lows, but the S&P 500 energy sector is still down 29% from two years ago. Also think biotech. After rallying in recent years, shares of biotech companies have plunged around 30% over the past 12 months.

> "WE COULD BE AT A POINT IN THE BUSINESS CYCLE WHERE [LATE-STAGE SECTORS] START TO BECOME ATTRACTIVE."
>
> —TRACIE McMILLION, WELLS FARGO INVESTMENT INSTITUTE

And don't forget any poorly performing, actively managed funds you may own. Those funds may be costing you in terms of high tax bills, thanks to capital gains distributions triggered when other investors bail out. It's not uncommon for some active funds to have a so-called tax-cost ratio of 2% to 3%, which is how much investors lose to taxes annually.

By selling now, you can lock in losses for tax purposes while potentially remaking your portfolio using low-cost index funds and ETFs down the road.

And you don't have to exit an entire asset class. Though you can't claim losses on assets that you've purchased 30 days before or after a sale, you can still buy securities that aren't "substantially identical." For instance, if you sold an actively managed biotech fund that's down, you can step right back into an index fund that owns some biotechs but tracks the broader health sector.

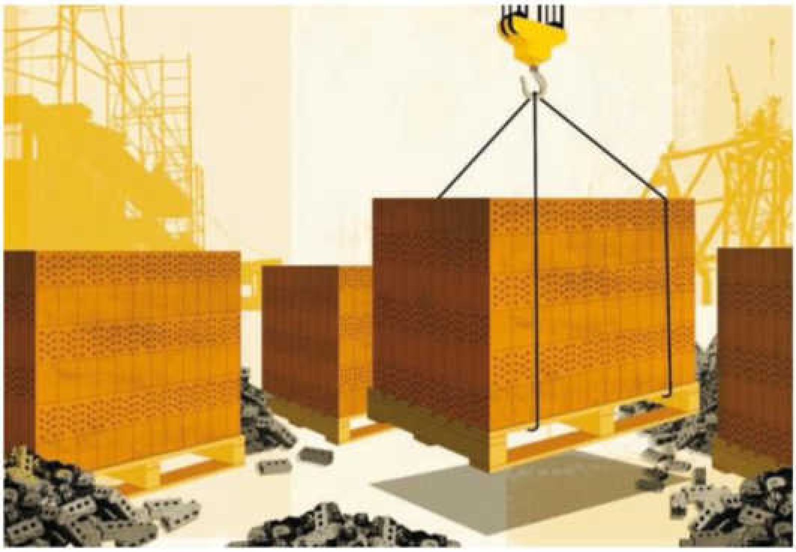
RESET YOUR ODOMETER

What if you don't have clunkers to sell but are still looking to make a midyear tax move? If you're on track to be in a low capital gains tax bracket this year, think about locking in tax gains now.

Sell some of your long-term winners now. Under this strategy, you'd sell a winning stock or fund and immediately rebuy it (no 30-day "wash sales" rule applies to winners). You may owe taxes on the gains, but you will also reset the cost basis, or floor, from which future gains on your stocks or funds will be calculated.

This strategy is best reserved for investments you've held for more than one year in order to qualify for long-term capital gains tax rates. And it's ideal if you're on track to slip into the 0% capital gains tax bracket—for married couples filing jointly, the income cutoff is $75,300 this year.

Even if you will fall into the 15% capital gains tax bracket for higher earners, you may end up saving money by resetting your cost basis now, especially if you expect to draw an even heftier salary down the road. In a volatile, uncertain year in which the market has been largely flat, this is one strategy that sets you up for a brighter future. Says Benz, "It's a way to find a silver lining."



Size Up the Real Strength of Munis

THOUGH PUERTO RICO'S DEFAULT CRACKED CONFIDENCE IN HIGH-YIELD MUNICIPAL BONDS, THE ASSET REMAINS SOLID.

by John Waggoner

WALL STREET has many maxims, such as "Buy low and sell high," "Don't fight the Fed," and, for some, "Clear your browser history after insider trading." One of the best is "Don't reach for yield," meaning investments with enticing payouts are often too risky. But you can make an exception for high-yielding municipal bond funds, which invest in debt issued by states and municipalities with less-than-pristine credit for public works projects.

This may sound odd given the recent headlines surrounding Puerto Rico's historic default, which is still ongoing. But you have to see the bigger picture.

Puerto Rico is by no means an island when it comes to credit issues. Illinois and New Jersey are also on shaky ground, and Atlantic City was close to defaulting. Overall, however, the cumulative default rate for munis over a decade has been just 6%—about a fifth that for corporate junk bonds, says John Lonski, managing director and chief economist at Moody's Analytics. Even with Puerto Rico's debt crisis, high-yield muni funds are up 7.6% over the past year, vs. the 2.9% loss for corporate junk bond funds.

Remember, too, that states can't go bankrupt, and cities and towns will go to greater lengths to avoid bankruptcies than companies will. Munis are also less likely than corporate or junk bonds to swoon at the same time stocks do, so they can buffer your equities better.

THE PRUDENT PLAY

High-yield muni funds are paying 3.99%, with a bonus that this income is free from federal and sometimes state income taxes. For someone in the 28% bracket, that's the equivalent of 5.54% yield, three times what 10-year Treasuries and twice what 10-year corporates are paying. "I've never seen a market this technically strong," says John Wiley of Franklin High-Yield Tax-Free.

Not only is there plenty of demand, but issuance is low. Because of limited supply, though, prices on existing bonds are high, argues Mike Walls, manager of Ivy Municipal High Income Fund. So "we need to be cautious—not overly cautious," says Walls, who doesn't see a recession in the wings. Part of that caution is focusing on higher-grade securities within the high-yield universe and having enough cash on hand to scoop up bargains if the market runs into bumps.

Two low-cost funds with higher-than-average cash stakes are **SPDR Nuveen S&P High Yield Municipal Bond ETF** (HYMB), which has beaten 99% of its peers over the past three and five years, and **Vanguard High-Yield Tax-Exempt** (VWAHX), which yields 3.63%—just a hair under the average for high-yield muni funds—despite keeping a majority of its assets in higher-quality bonds. M

Columnist John Waggoner is the author of three books on Wall Street and investing.

Illustration by TAYLOR CALLERY

GET HEALTHY, GET WEALTHY

BY **KATHERINE HOBSON, ISMAT SARAH MANGLA** AND **ELIZABETH O'BRIEN**

PHOTOGRAPHS BY **THE VOORHES**

Watching your weight, exercising regularly, clocking a good night's sleep, keeping stress in check—what's good for your body can also be good for your finances. Here are 23 smart ways to boost your bottom line as well as your well-being.

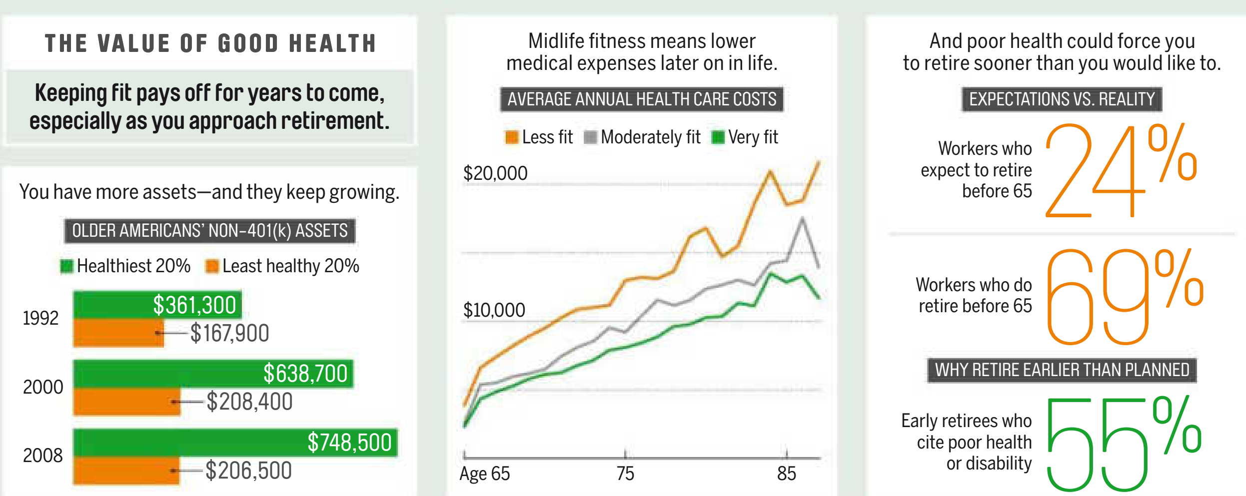
WHEN YOU THINK ABOUT MONEY, HOW WELL YOU SLEPT last night or how often you get to the gym may not be top of mind. Think again. A wealth of research points to a rich connection between your health and your finances. Some of it is obvious: When you smoke you can burn through thousands a year on cigarettes. If you struggle with your weight, you're more likely to have the kinds of chronic conditions—high blood pressure and diabetes, say—that lead to higher long-term medical bills, leaving you with less to save for retirement.

Other connections may be more surprising. A full night's sleep has been linked to 5% higher pay. Regular exercise fattens paychecks by 7% to 12%. "Take charge of your body, and it will have more of an impact than you would think on your finances, your psyche, and your overall quality of life," says Ron Mastrogiovanni, founder and CEO of HealthView Services, a Danvers, Mass., company that provides retirement health care cost data and tools to financial advisers.

When you're fit and healthy, you can cut health care costs, raise your game at work, and stay employed longer—a boon to your retirement. In fact, Carolyn McClanahan, a physician and financial planner in Jacksonville, works well-being into her financial plans, telling clients how improving their health can boost their bottom lines, whether that's losing weight to save on life insurance or managing a chronic illness to avoid a costly hospitalization. "If you show people the money, they'll make a change," she says.

Your employer may show you the money, too, if you're trying to quit smoking, eat better, lose weight, or more. According to a 2016 survey by the National Business Group on Health and Fidelity Investments, 84% of companies plan to continue or expand workplace wellness programs over the next few years. You can earn an average of about $650 for taking part, plus you may get access to free or low-cost coaching and classes. "They're beginning to look at investments in employee well-being the same way they'd look at investments in training or safety," says Brian Marcotte, president and CEO of the NBGH.

In the story that follows you'll learn the surprising ways your health is interwoven into your financial life, the most effective ways to fix what ails you for little or no money, and the help that's worth paying for. Of course, you can't control every aspect of your health, and sleeping eight hours a night or losing 20 pounds won't automatically put more money in the bank. But this head-to-toe plan will give you a good shot at getting your health and finances into peak form.



NOTES: *Predicted household assets for people ages 51 to 61 in 1992 include home equity, IRA and Keogh balances, and value of vehicles, less debt. Excluded are balances in 401(k)s, Social Security, and pensions.*
SOURCES: *National Bureau of Economic Research Working Paper No. 17536, October 2011; Cooper Institute and Vanderbilt University Medical Center Researchers, 2015; EBRI Retirement Confidence Survey, 2016*

MAKE THE GYM PAY OFF

THE MONEY LINK: Sticking with a fitness routine isn't always easy. Try focusing on the potential rewards: Heading to the gym at least three times a week has been linked to higher pay—7% more for men, 12% for women, according to Cleveland State associate professor Vasilios Kosteas. Improved energy levels, mental acuity, and mood may be fueling the boost.

And, of course, exercise also helps protect you from numerous costly ailments, from diabetes to stroke, with lasting, sometimes unexpected benefits. For instance, studies show that midlife fitness leads not only to lower medical costs in retirement but also to bigger nest eggs (see graphic at left).

THE BEST FREE HELP: Fitness trends come and go (Tae Bo, anyone?), but the basic rule for how much exercise you need is simple: 150 minutes of moderate intensity or 75 minutes of intense physical activity a week (or a combo of both), and strength training at least two days a week, says the Centers for Disease Control and Prevention. Start your program at the office. According to the NBGH/Fidelity survey, 84% of employers offer a physical activity program or challenge, while 71% have onsite fitness centers or classes. Even on your own, you don't need to spend a lot—think comfortable shoes and a place to walk or run.

HELP WORTH PAYING FOR: There's no shortage of ways to spend money on working out, from gym memberships to high-tech shoes. Sometimes splurging pays off. A personal trainer can be worth it if he or she helps you establish and reach goals (you'll pay about $75 an hour, or $100 to $125 in major cities). "Some people benefit from the accountability," says Lisa Cadmus-Bertram, an assistant professor of kinesiology at the University of Wisconsin at Madison.

WHAT'S NOT WORTH THE MONEY: Skip the $3,000 universal gym. Kettlebells and a stability ball ($20 to $60-plus) and a TRX Suspension Trainer ($170) do the job fine. "Those things will never break down and don't take up a lot of space," says Nick Clayton, personal training program manager at the National Strength and Conditioning Association.

Wearable devices can be helpful if they spark an exercise habit, says Kevin Volpp, director of the Center for Health Incentives and Behavioral Economics at the University of Pennsylvania. But skip the fancy $250 models. A basic $60 Fitbit Zip or $50 Jawbone UP Move is all you need.

WORKOUTS WORK

Hitting the gym three times a week has been tied to higher pay.

AVG. EXERCISE SALARY BOOST

Men	Women
7%	12%

SOURCE: *Journal of Labor Research, 2012*

SLIM DOWN TO SAVE

THE MONEY LINK: When you're carrying extra pounds, the extra expenses add up, starting with health care. In a 2013 Duke study, researchers tracked health care spending by body mass index levels. The average annual cost for a person with a low BMI of 19 was $2,541. With a BMI of 25—considered overweight—it was $2,893. At a BMI of 33, what's deemed obese, the costs topped $3,439. "The risk of illness starts increasing already from the lower end of 'normal weight,'" says lead researcher Truls Ostbye.

The add-ons don't end at the doctor's office. A 2010 McKinsey study estimated that obese Americans spend an aggregate of $30 billion extra on clothes. A 40-year-old obese man will pay twice as much for life insurance, says Byron Udell, CEO of insurance comparison site AccuQuote.com.

You also may not earn what you deserve. A 2012 study published in the *International Journal of Obesity* asked participants to evaluate résumés with photos, and overweight candidates received lower starting salaries and were said to have less leadership potential. Bias adds up: On average, obese workers earn 2.5% less than those with normal weights.

THE BEST FREE HELP: Maintaining a food diary has consistently been shown to work. A 2012 study in the *Journal of the Academy of Nutrition and Dietetics* found that participants who kept a food journal lost six pounds more than those who didn't. It's all about being mindful, says lead researcher Anne McTiernan. "It is difficult to make changes to your diet when you are not paying close attention." For an app that does the job, see page 54.

Your office wellness program may include tools like coaching from a nutritionist. Your insurer might also help. United Healthcare members, for example, can use a free online weight management coaching system. Blue Cross Blue Shield offers wellness deals too.

HOW EMPLOYERS HELP

Your workplace wellness program may offer carrots to help you shed some pounds.

AVERAGE INCENTIVE

Participate in weight management program	$161
Reach a healthy weight	$109

SOURCE: *National Business Group on Health/Fidelity Investments survey, March 2016*

HELP WORTH PAYING FOR: Some people fare well with meal-replacement programs because they take the guesswork out of how much to eat, says Ted Kyle, an adviser to the Obesity Society and the founder of ConscienHealth. (Costs: $70 to $200 a week.) A 2014 study in the journal *Obesity* examined the cost-effectiveness of weight-loss and meal-replacement programs and medications. The verdict: Weight Watchers and prescription drug Qsymia offered the most bang per buck in pounds lost. Weight Watchers costs $4 to $11 a week. A course of Qsymia, which is typically prescribed for those with a BMI of 30 or more—and isn't always covered by insurance—ran $1,366.

COLLATERAL DAMAGE

When you shop for life insurance, smoking can hit you hard.

ANNUAL PREMIUM: $500,000 TERM POLICY	
40-year-old man in good health	$342
40-year-old man in good health who smokes	$1,515

NOTES: 20-year term; preferred plus policy, which requires perfect health other than smoking. SOURCE: AccuQuote

SNUFF OUT SMOKE DAMAGE

THE MONEY LINK: Lighting up burns a big hole in your wallet. Buy a $7 pack of cigarettes a day, and you're spending $2,555 a year. Over 20 years your tab skyrockets to $93,987, assuming prices rise by 6% a year. (Calculate your own bill at smokefree.gov/savings-future.) Higher health care costs deepen the financial damage—besides lung, throat, and other cancers, the list of costly conditions tied to smoking includes heart disease, strokes, and diabetes. According to the American Cancer Society, tobacco-related health care costs are $35 for every pack smoked.

And that's not all. You'll pay more for life insurance (see graphic above right), and studies have shown that your earnings can suffer. An analysis by the website WalletHub found that, on average, smokers will lose at least $1.1 million to the habit over a lifetime—in some high-tax states, that total is a staggering $2 million.

Once you quit, repairs come quickly. "You reap health and cost benefits within one to three years," says Michael Fiore, director of the Center for Tobacco Research and Intervention at the University of Wisconsin. Three years after kicking the habit, you can qualify for the best life insurance rates, says AccuQuote's Udell.

THE BEST FREE HELP: While most smokers try to quit cold turkey, counseling or advice from a doctor can raise your chance of success by 40%, says Scott McIntosh, director of the Center for Tobacco-Free Finger Lakes. Call 800-QUIT-NOW to reach your state's quit line. Coaches—who are often ex-smokers—can help with strategies and motivation, and many states offer two weeks of free over-the-counter nicotine replacement therapy, such as the patch, gum, or lozenges.

Prefer digital nudges? Download an app from smokefree.gov or enroll in SmokefreeTXT, a service that texts you tips and encouragement (an approach McIntosh's research backs up). Check with your employer too: According to Kaiser, 71% of large firms have smoking cessation programs. Employers pay an average of $331, in the form of cash, HSA deposits, or lower premiums for participating, the NBGH/Fidelity survey found.

HELP WORTH PAYING FOR: A six-week course of nicotine replacement therapy runs $80 to $160. Several studies back the effectiveness of adding prescription drugs like Chantix and Zyban. Treatment, including counseling and nicotine replacement therapy, typically takes six weeks to six months. Zyban (generic: bupropion) can cost up to $330 out of pocket for a six-week treatment. Under the Affordable Care Act, most plans must cover 90 days of FDA-approved smoking cessation meds, including nicotine replacement, but many people trying to quit exceed that allotment.

FOCUS ON STAYING SHARP

THE MONEY LINK: You've done a great job planning for retirement, so the last thing you want is to slip up and squander your savings once you get there. A new study by Texas Tech professors Michael Finke and Sandra Huston and the University of Michigan's John Howe identified a worrisome combination: Financial literacy declines by about 1.5 percentage points a year after age 60, yet confidence in financial decisions remains steady. That can add up to more risk taking and helps explain why seniors are more susceptible to scams.

THE BEST FREE HELP: Aerobic exercise can be beneficial, studies find. "Even light, leisurely exercise, two to three times a week, was associated with a decreased risk of cognitive decline in older adults," says Yonas Geda, a professor of neurology and psychiatry at the Mayo Clinic. Adds J. Carson Smith, an associate professor of kinesiology at the University of Maryland, whose research has also suggested the protective effect of exercise: "Most people can find a place to walk."

HELP WORTH PAYING FOR: Geda's research also suggests that everyday mentally stimulating activities like using a computer or playing games are associated with a lower risk of mild cognitive impairment. New, challenging skills may be the most helpful. A 2014 study found that older adults assigned to learn digital photography, quilting, or both over three months showed memory improvements compared with those who engaged in easier or social activities. So if you've been looking to invest in a new, challenging hobby—say buying a $350 camera and taking a low-cost photography class at your local community college—go for it.

WHAT'S NOT WORTH THE MONEY: Brain games that can run $200 or more are no guarantee of sharper thinking. In 2014, a group of leading neuroscientists and psychologists signed a statement saying that despite some promising initial research, so far there is little evidence that playing such games improves broad cognitive abilities. Earlier this year the Federal Trade Commission said the company behind Lumosity brain games would pay $2 million to settle charges it oversold its products.

HOW TAKING CARE OF YOURSELF PAYS

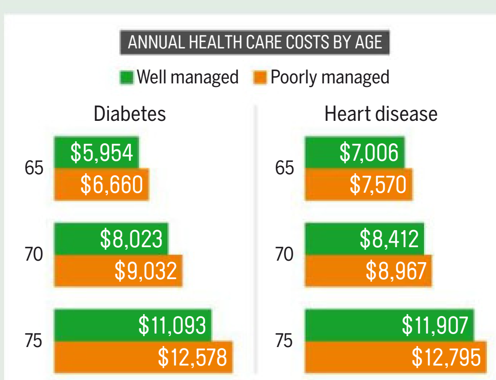
When you have a chronic condition such as diabetes or heart disease, the amount you'll spend on doctor visits and prescriptions adds up. Heeding doctors' orders not only can keep you healthier, but can also improve your cash flow.

As the graphics at right show, a 65-year-old diabetic who follows her doctor's treatment plan will pay 13% less in health care costs at age 75 than her less compliant peers, according to HealthView Services. For a 65-year-old with heart disease, the cost gap at age 75 between diligent and not-so-diligent patients is 7%.

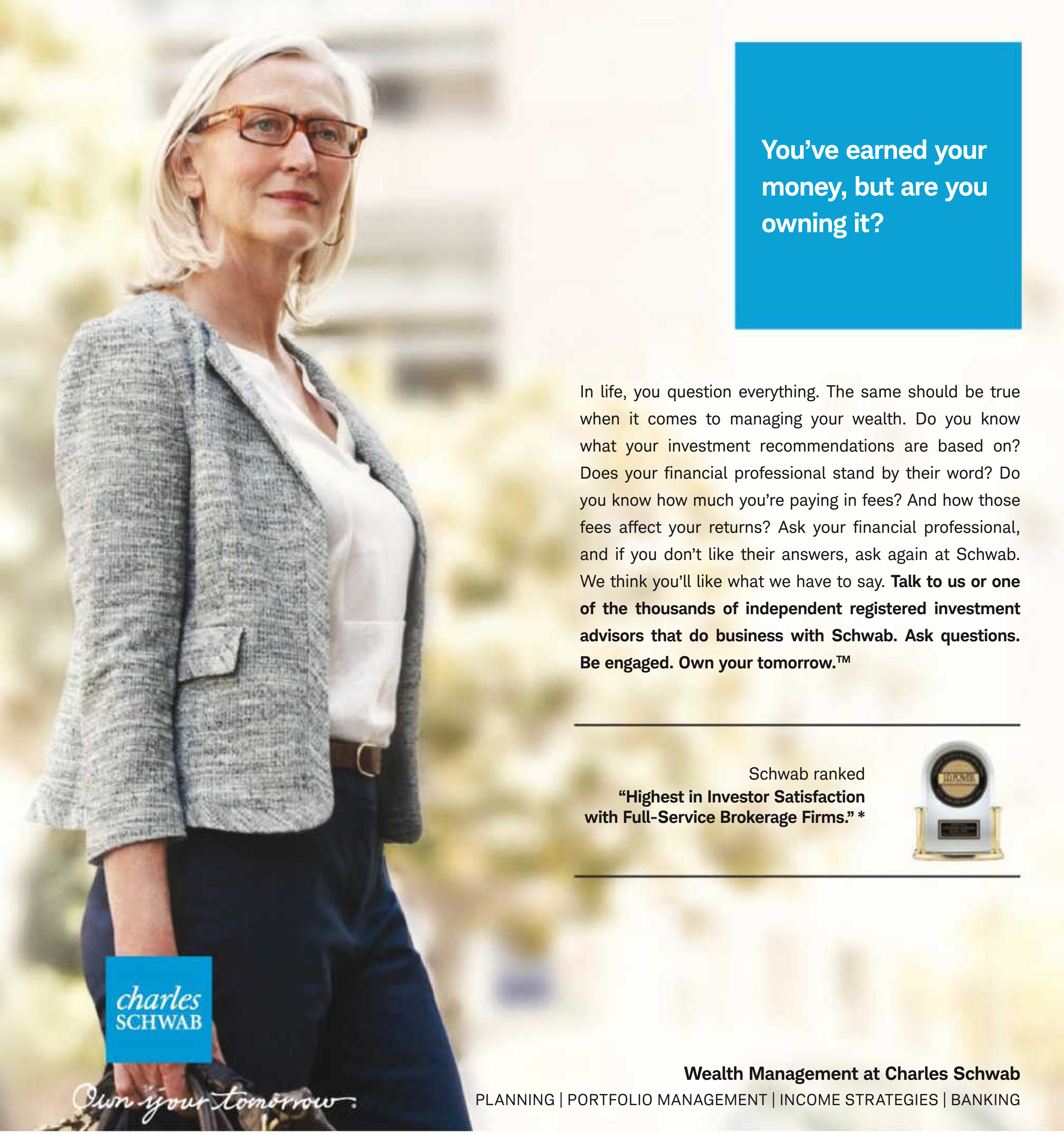
"If we make minor changes in lifestyle, we can significantly reduce health care costs, both pre-retirement and in retirement," says HealthView founder and CEO Ron Mastrogiovanni.

Prevention is always the best money saver, and the CDC lists community-based diabetes prevention programs at cdc.gov (click on "diabetes" under "Diseases & Conditions"). Costs vary and may be covered by insurance. For those with diabetes, Medicare covers medical nutrition therapy, as do many private insurance plans.

To ward off heart disease, embrace a healthy lifestyle—diet, exercise, no smoking. The American Heart Association has tips at heart.org (click on "healthy living").



NOTES: Includes premiums for Medicare and Medigap, plus out-of-pocket cost; data for 70-year-old in 2021 dollars, for 75 in 2026 dollars. SOURCE: HealthView Services



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There are eligibility requirements to work with a dedicated Financial Consultant.

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FREE HELP TO STAY HEALTHY

An ounce of smart prevention saves you many dollars spent on cures.

Take Your Best Shot
A 2007 study put lost earnings from the flu at $16.3 billion a year. Between 5% and 20% of the U.S. population comes down with the flu each year, reports the Centers for Disease Control and Prevention. If you're in that group, you'll probably miss up to five days of work. You can get an annual free flu shot from an in-network health care provider; plus schools and companies often offer them at no cost.

Be Smart About Tests
Preventive care is covered by insurance with no cost sharing. There's a debate, though, about whether the harms of some screening outweigh the benefits. Talk to your doctor, but these seven tests are likely a net positive, says Wanda Filer, president of the American Academy of Family Physicians: All adults should be screened for high blood pressure, depression, alcohol misuse, HIV (ages 18 to 65), and cholesterol (starting at 35 for men, 45 for women at risk of heart disease). Diabetes, for people 40 to 70 who are overweight. A hepatitis C test is recommended if you were born between 1945 and 1965.

Make This a Habit
One of the best ways to avoid getting sick doesn't cost a dime: Wash your hands (for 20 seconds, says the CDC). Handwashing cuts respiratory illnesses like colds by 21%, a published review found. No sink nearby? Use alcohol-based hand sanitizer.

STRESS LESS ABOUT MONEY

THE MONEY LINK: In surveys, Americans cite money and work as the top causes of stress (see below). And in what can be a vicious cycle, stress can hurt your job performance: The more anxious you are, the more distracted and ill-prepared you are at work.

A recent global survey by Willis Towers Watson linked higher stress to higher absenteeism. And workers who worried about their finances reported being distracted 12.4 days a year—what's called "presenteeism"—vs. 8.6 days for their more relaxed peers.

Stress can also trigger other unhealthy (and potentially costly) behaviors, including smoking, excessive drinking, and overeating.

THE BEST FREE HELP: Mindfulness meditation, a secular, approachable form of meditation, has been shown in many studies to help reduce anxiety. The basic idea is to set aside quiet time—it doesn't have to be long—to pay attention to the present moment without judging the thoughts, feelings, and sensations that constantly pepper you, says Julia Samton, a New York City neurologist and psychiatrist and co-founder of reMIND Meditation, which creates mindfulness programs for corporations. You can find free programs to help guide you through the process at freemindfulness.org or tarabrach.com. Or download a relaxation app to your phone (see page 54).

Employers are increasingly paying attention to workers' emotional and mental well-being, according to the NBGH/Fidelity wellness survey. That can mean free stress-management programs (available at 54% of surveyed companies in 2016) or mindfulness classes (22%). If your company is among the 79% that offer an employee assistance plan, you may also be able to sign up for five or six sessions of free counseling.

HELP WORTH PAYING FOR: Attacking the root causes of your stress may take more effort. If you need help beyond a handful of sessions, your workplace EAP can refer you to a mental-health provider. You will likely get insurance help for at least a portion of the charges, since 91% of employers offer mental health coverage, the Society for Human Resource Management reports. Finding an in-network therapist can be tough, though, so you may be reimbursed at far lower out-of-network rates.

If money worries are the problem, a financial planner can give you a road map for addressing your concerns. Search for a planner—a basic plan will cost about $2,000 to $4,000—at the Financial Planning Association's website, plannersearch.org.

WHAT, ME WORRY?

Feeling anxious? Chances are it's related to your finances.

TOP SOURCES OF STRESS

67% Money	65% Work
54% Family responsibilities	51% Health concerns

SOURCE: Stress in America, American Psychological Association, August 2015

BANK ON BETTER SLEEP

THE MONEY LINK: Sleep may be free, but not getting enough can be costly. In a 2016 study, economists Matthew Gibson and Jeffrey Shrader found that one extra hour of sleep per week can result in 5% higher wages. "When you're sleep deprived, your productivity is lowered, your mood changes, and your creativity is impaired," says Mathias Basner, a professor of sleep and chronobiology at the University of Pennsylvania. If you can't perform at your best, it's that much harder to earn raises or promotions.

One in three Americans gets fewer than the recommended minimum of seven hours a night, a Robert Wood Johnson Foundation survey found. That costs workers 11.3 days of productivity a year on average, reports the 2011 American Insomnia Survey.

A chronic lack of z's is also linked to a host of illnesses, including diabetes, obesity, and heart disease, says David Brown, a fellow of the American Academy of Sleep Medicine and the author of *Sleeping Your Way to the Top*. Want to shed weight? Don't bother spending time in the gym if you're going to skimp on sleep, says Brown.

THE BEST FREE HELP: Assess why your rest falls short, says J. Steven Poceta, a neurologist and sleep medicine specialist at the Scripps Clinic Viterbi Family Sleep Center in La Jolla, Calif. If you simply stay up too late or let work or other responsibilities rob you of rest, better sleep hygiene can be a game changer. Make your bedroom a sleep-only zone, shut off screens an hour before bed, turn in and get up at the same time, and expose yourself to bright light early in the day. Can't bring yourself to power down the screens? Software like f.lux lessens the blue light your computer display emits (justgetflux .com). The iPhone's Night Shift setting does the same.

DREAMS OF A RAISE

In a study of sleep across time zones, researchers saw higher earnings when locals slept more.

WAGE HIKE PER EXTRA HOUR OF SLEEP A WEEK	
1.3%	5%
Short-term	Long-term

NOTE: *Short-term is less than a year, and long-term is more than a year.* **SOURCE:** Time Use and Productivity: The Wage Returns to Sleep, *Matthew Gibson and Jeffrey Shrader, May 2016*

YOUR POCKET HEALTH COACH

For health help right on your smartphone, install these free apps.

KEY: iOS · Windows Phone · Android · Desktop

MyFitnessPal
myfitnesspal.com

Make logging your daily diet easy with this app's database of more than 6 million foods, plus nutrition information from more than half a million restaurants. You can scan bar codes with your phone's camera to download data too.

Sworkit
sworkit.com

The name is short for "simply work it." Pick cardio, strength, yoga, or stretching, and how much time you have, and Sworkit walks you through the workout with videos and guided voice cues. (For $5 a month you can talk to a trainer too.)

Sleepbot
mysleepbot.com

Diagnose your sleep deficit with this app, which monitors how long you take to fall asleep, how many hours you're getting, and what's interrupting your z's. The alarm rings when you're in a light-sleep-stage cycle, a healthy time to get up.

Calm
calm.com

Let this app guide you through meditations. Or turn on soothing natural sounds like rain falling on leaves. One study found that workers who took a 40-second nature break improved their concentration and productivity.

OneRx
onerx.com

Major pharmacy benefits managers, including Express Scripts, Caremark, and OptumRx, have apps that let you compare prescription drug prices. No app for your plan? Take a photo of your insurance card, and OneRx will give you estimates.

WHAT SMART HEALTH MOVES HAVE SAVED YOU MONEY? *Tell us at letters@moneymail.com.*

AMERICA'S FITTEST CITIES

Of the 50 top metro areas, these 10 boast the best combo of healthy and active residents and ample recreational amenities such as parks, according to the annual ranking from American College of Sports Medicine and the Anthem Foundation.

CITY	RESIDENTS IN PEAK HEALTH	LIVE 10 MIN. FROM PARK
1 Washington, D.C.	60%	96%
2 Minneapolis–St. Paul	59%	94%
3 Denver	57%	84%
4 Portland, Ore.	55%	84%
5 San Francisco	55%	98%
6 Seattle	55%	92%
7 Boston	60%	97%
8 Salt Lake City	57%	N.A.
9 Hartford	57%	N.A.
10 San Diego	57%	76%

NOTES: *Peak health is "excellent" or "very good" health; 10 minutes is walk time.*

HELP WORTH PAYING FOR: If you're just not drowsy, over-the-counter supplements like melatonin ($5 for 100) can help, says Poceta. But with true insomnia, sleep hygiene may not be enough. Cognitive behavioral therapy for insomnia (CBT-I) has proved to be effective, says Poceta, and your mental health insurance benefits may cover the cost. Poceta also likes online programs Go! To Sleep from the Cleveland Clinic (clevelandclinicwellness.com/sleep; $40) or CBT for Insomnia (cbtforinsomnia.com; $25 to $50).

Employers are also investing in workers' sleep, says Chris Toretsky, a wellness benefits consultant at Mercer. In 2015, 39% of large companies offered sleep-management programs, including cognitive behavioral therapy. If you need a doctor's care, a sleep test at home or at a sleep center can cost $200 to $2,000, but if it's medically prescribed, there's a good chance your insurance will cover a portion.

Finally, if all your sleep remedies fail, plan a vacation. A study conducted by former NASA scientists in 2006 found that travelers who returned from a relaxing holiday enjoyed more than three times as much deep sleep as their non-vacationing counterparts: 20% after a trip vs. 6% normally. And a trip can help you break from your smartphone habit—which means less pesky blue light keeping you awake. ■

MORE ONLINE

- *Video: Arianna Huffington discusses her new book on sleep*
- *Tips for staying healthy at your desk*
- *Best values in fitness gear*
- *Gallery: The high cost of bad habits*

Go to ***money.com/gethealthy***

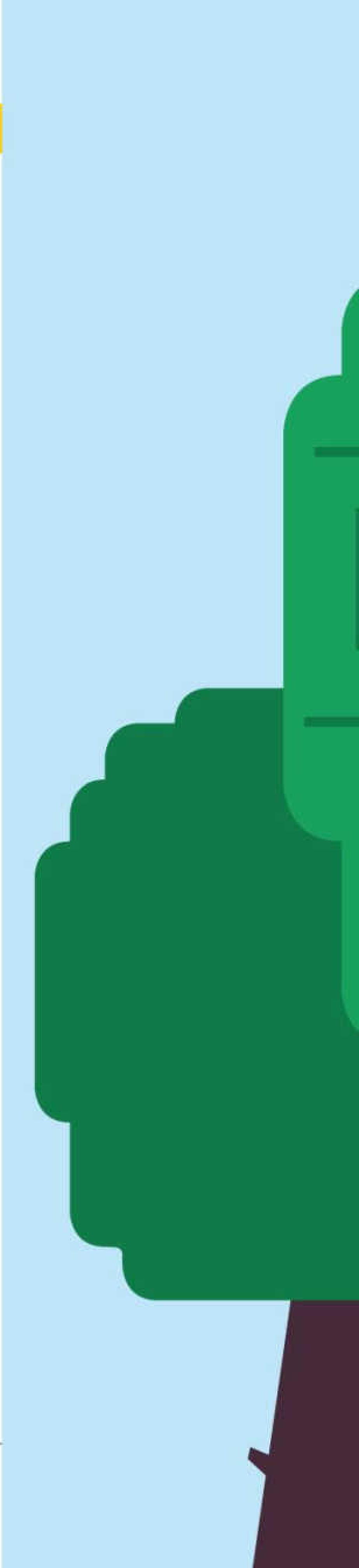
BEST CELL PHONE PLANS 2016 Money

Find Your Best Cell Phone Plan

Data use has soared, and wireless carriers have shaken up their offerings. A new MONEY analysis helps you identify the smartest plan for your phone needs now.

By Kara Brandeisky and Megan Leonhardt

ILLUSTRATIONS BY ROBERT SAMUEL HANSON



THINK ABOUT THE WAYS YOU use your phone these days. It's gone way beyond communication: Your cell is now your navigator, your calendar, and your fitness tracker. You may use it to hail a car, deposit checks, watch movies, get through the airport, or share photos.

All of that takes data, and in ever-increasing quantities. In just a year, average data consumption has jumped 22% to 3.3GB a month, according to market research firm NPD Group. "Data is the main currency in the wireless market now," says Mark Lowenstein of consulting firm Mobile Ecosystem.

Pricing has shifted too. At the Big Four carriers—AT&T, Sprint, T-Mobile, and Verizon—unlimited data offerings are no longer the rule; a majority of plans instead match prices to usage level. At the same time, most providers have eliminated the two-year contracts that were once standard industrywide. All this gives you new options, and a challenge: To get the best deal, you now need an extra-sharp grasp of your current needs (Netflix binges? Rural coverage? Family allocations?), as well as details about the latest packages, options, and perks.

To help you get the best, lowest-cost choice for your needs, MONEY combed through almost 90 plans offered by 10 major carriers. We compared prices for phone and two years of service, looking closely at hidden fees, coverage, discounts, and other factors, picking the best plans for every kind of user. (See full methodology, opposite.)

One finding: With the Big Four focused on premium service, users may find better deals on budget brands, such as Boost Mobile and Cricket. These secondary providers, many of which lease network service from the industry heavyweights, "are a great way to save money," says Brendan Gill, co-founder of OpenSignal, which maps wireless coverage.

What do you give up to get a lower price? You'll typically need to pay upfront for your phone—about $650 for premium models, though some carriers offer discounts—instead of paying it off over time. The bargain providers also tend to have a more limited selection of phones, and network performance may lag that of the Big Four. "There's always going to be a tradeoff," says Lowenstein.

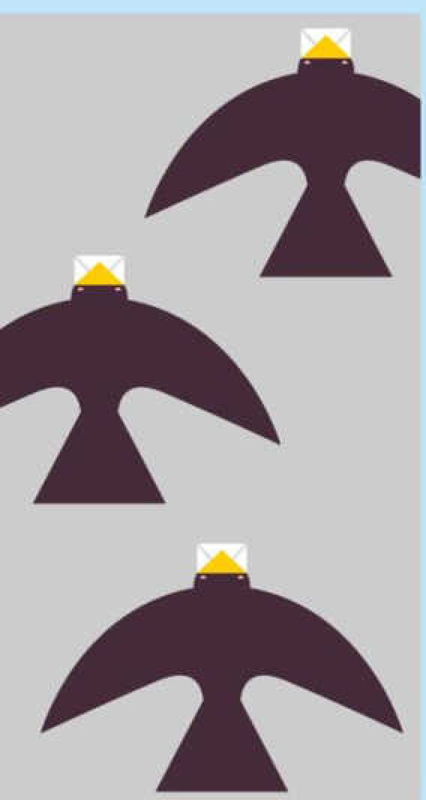
Whether you need a reasonably priced way to connect with family and friends, ultrareliable coverage, or a generous data allotment for movie and music streaming, MONEY has you covered. The following pages contain our picks for low, typical, and high data consumption, plus a few other special circumstances. One of these should be perfect for you.

BEST FOR

Typical Use

For browsing, navigating, and uploading photos and video

The industry's data increases are being driven up by the heaviest streamers. But you may not actually want to watch TV and movies on your small screen—or pay for the privilege. To get the best picks for you, we focused on plans with 3GB to 5GB per line.



BEST FOR

Light Use

For talk, text, email, and some browsing

If you're mostly trading messages with friends and family, you don't need much data. Even 1,000 emails a month would take no more than a quarter of a gigabyte. The downside: While big providers wrangle over heavy data users, there are fewer deals for you. Here we looked at plans with up to 2.5GB per line.

INDIVIDUAL WINNER

Boost Mobile Data Boost 2GB

WHY IT WINS Last year's winner in this category takes the top spot again, offering an even better deal: twice the data for the same low price. Indeed, Boost offers 2GB for less money than the other carriers. Enroll in auto pay and you'll save another $5 a month.

TRADEOFF Boost runs on Sprint's network, which has the most limited 4G LTE coverage of the Big Four, according to coverage-research firm OpenSignal.

PLAN TERMS

Monthly cost: $35, or $30 with auto pay

Data: 2GB

Phone payment options: You must buy the phone outright.

Two-year total cost: $1,275

FAMILY WINNER

Cricket Basic With Group Save Discount

WHY IT WINS On AT&T subsidiary Cricket, you get coverage that's similar to AT&T's, notes OpenSignal's Gill, for about a 30% discount. Users have given Cricket high marks for customer service, J.D. Power finds.

TRADEOFF There's a $25 activation fee per line if you buy in a store (it's waived online).

PLAN TERMS

Monthly cost: $100

Data: 2.5GB/line

Phone payment options: You must buy the phones outright.

Two-year total cost: $5,100

Runner-up: If low cost is all that matters, Boost Mobile's Data Boost 2GB family plan is cheaper. But the Boost plan has less data and runs on Sprint's network, which has more limited coverage than AT&T.

INDIVIDUAL WINNER
Virgin Mobile $40 Unlimited

WHY IT WINS When it comes to customer care, Sprint subsidiary Virgin Mobile USA is America's favorite small carrier, according to J.D. Power. This well-priced plan has more than enough data for the average user, plus extra perks for iPhone fans: a $5 monthly auto pay discount and a 16GB iPhone 6s price that's $100 below retail.

TRADEOFF You can't bring your own phone or buy an unlocked phone somewhere else—devices from other carriers don't work on Virgin Mobile.

PLAN TERMS
Monthly cost: $40, or $35 with an iPhone and auto pay
Data: 4GB
Phone payment options: You must buy the phone outright.

Two-year total cost: $1,390

FAMILY WINNER
Boost Mobile Family Plan 5GB

WHY IT WINS Sprint subsidiary Boost Mobile's perks give it an edge. Everyone gets 5GB, without having to share. Music streaming on Pandora, iHeartRadio, and three other services won't cut into your data. You earn an extra 500MB of data for every three on-time payments. And you get a $100 discount on the 16GB iPhone 6s.

TRADEOFF In places where Boost's network doesn't deliver coverage, you'll get only 50 minutes of talk on other networks before service cuts out.

PLAN TERMS
Monthly cost: $140, or $135 with auto pay
Data: 5GB/line
Phone payment options: You must buy the phones outright.

Two-year total cost: $5,445

BEST FOR
Extreme Use

For heavy streaming

If you're bingeing on Hulu nightly, you're not alone: Video now eats up half of all data traffic. Streaming costs add up quickly—so for you, we focused on plans with 6GB or more per line.

INDIVIDUAL WINNER
Cricket Pro

WHY IT WINS The AT&T subsidiary offers big data at a great price. Even if you stream a lot, "10GB should be more than plenty," says NPD Group's Brad Akyuz, especially when paired with Wi-Fi. And unlike most rivals, Cricket's sticker price includes taxes.

TRADEOFF Cricket caps download speed at 8Mbps—a third slower than T-Mobile's average. That shouldn't affect video, says Gill, but it may slow downloads for big apps or email attachments.

PLAN TERMS
Monthly cost: $60, or $55 with auto pay
Data: 10GB
Phone payment options: You must buy the phone outright.

Two-year total cost: $1,995

FAMILY WINNER
T-Mobile Simple Choice 10GB

WHY IT WINS T-Mobile's Simple Choice delivers a mix of benefits. Each line has three times what the average user consumes monthly—and videos on Netflix, HBO, Hulu, and other services won't count toward your data limit. (See sidebar at right.) The data is fast too: T-Mobile is tied with Verizon for LTE speed, according to OpenSignal.

TRADEOFF While T-Mobile brags that it has no "activation fee," new customers do have to buy a $20 SIM Starter Kit for each phone (included in our cost calculation).

PLAN TERMS
Monthly cost: $140
Data: 10GB/line
Phone payment options: Pay in 24 monthly installments, lease through an early upgrade program, or buy outright.

Two-year total cost: $6,040

MORE OPTIONS FOR STREAMING

For people looking to cut costs, many of T-Mobile's Simple Choice plans let you stream music and video without tapping your data allowance. But if you stream just sports or music, you may get a better deal on one of the following carriers.

SPORTS Verizon's new Go90 feature will give fans real-time access to NFL and some NBA games, a company spokesman says. (You may need to pay the league, but the data is free.)

MUSIC MetroPCS, Boost Mobile, and Virgin Mobile let you stream some music without hitting your data limit. Of the three, MetroPCS has the most partner services, including Spotify and Apple Music.

METHODOLOGY

MONEY analyzed 87 monthly smartphone plans from 10 providers ranked by J.D. Power in its 2016 U.S. Wireless Customer Care Performance Study.

- All plans evaluated have unlimited calls and texts. Plans include those with and without two-year service contracts, and both prepaid and postpaid options.
- Total two-year cost of each plan includes two years of service, any activation fees, and the price of a 16GB iPhone 6s for each user (or a Samsung Galaxy S7 if the iPhone wasn't offered), minus any auto pay discounts. Totals do not include taxes, unless otherwise stated. Phone cost assumes device is acquired from the carrier.
- Family plans are for four lines.
- Winners were chosen on the basis of price, data allowances, and plan features, plus ratings for network quality (from RootMetrics), coverage (from OpenSignal), and customer service (from J.D. Power).
- Data was collected in May 2016.

BEST FOR

Fast, Broad Coverage

For fast connections everywhere you go

Even on the Big Four, you probably get speedy 4G LTE coverage only up to 87% of the time, OpenSignal finds, because reception can vary when you're indoors or on the move. Willing to pay more for stronger signal and service? For you, MONEY looked only at plans on the larger carriers with at least 4GB per line—just above average use—and prioritized network quality and coverage over cost and other factors.

INDIVIDUAL WINNER
Verizon L

WHY IT WINS Verizon is No. 1 in network quality and coverage, and now offers 6GB for $5 less than last year. Its high prices are worth it for people who live or travel outside metropolitan hubs. "In the rural areas—that's where Verizon really stands out," says OpenSignal's Gill.
TRADEOFF You pay extra for Verizon's network—almost twice as much as on MONEY's pick for Typical Users.
PLAN TERMS
Monthly cost: $80
Data: 6GB
Phone payment options: Pay in 24 monthly installments, lease via an early upgrade program, or buy the phone outright.

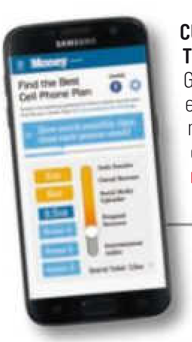
Two-year total cost: $2,590

FAMILY WINNER
Verizon 20GB

WHY IT WINS Verizon's family packages give you lots of options. You can add a tablet for $10 a month, or connected devices (like smartwatches) for another $5. And the whole family gets Verizon's superfast, super-reliable coverage.
TRADEOFF Blow past the data limit and overage fees will run $15 per GB.
PLAN TERMS
Monthly cost: $200
Data: 20GB shared among four people
Phone payment options: Pay in 24 monthly installments, lease via an early upgrade program, or buy the phones outright.

Two-year total cost: $7,480

Runner-up: If you rarely use your phone outside urban areas, T-Mobile Simple Choice 10GB delivers a better deal. While T-Mobile's overall coverage is weaker, it bests Verizon in data speeds and data allowance and costs about $60 less a month.



CUSTOMIZED RESULTS: THE BEST PLAN FOR YOU
Get personalized picks by entering your own usage requirements in MONEY's exclusive new tool, at **money.com/cellphones.**

BEST FOR

Frequent Upgrades

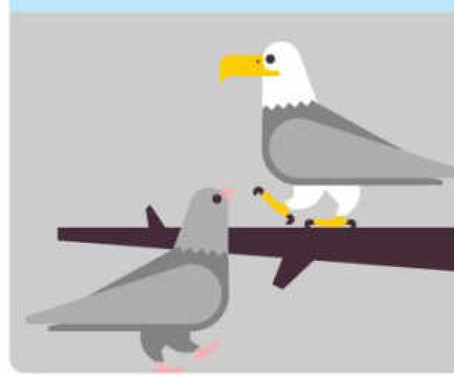
For a new phone at least once a year

As two-year contracts fade away, early upgrade programs have gained new importance. Plans differ, but you'll generally lease a phone, then return it—in good condition—to trade up to a newer model. For those of you who always want the new, new thing, MONEY calculated how much it would cost to get a new device now, upgrade after 12 months, and keep that phone for 12 more months.

WINNER
T-Mobile Simple Choice 6GB With JUMP! On Demand

WHY IT WINS Upgrades are cheap and flexible on T-Mobile, and other perks sweeten the deal. Payments are based on an 18-month lease, but you can trade for a new phone up to three times a year—you just start over with new installments based on the new phone's price. You also get other benefits, like video streaming that doesn't count toward your data limit. And T-Mobile is No. 1 in customer care, J.D. Power finds.
TRADEOFF Your phone is not really yours, so if you do want to own your device or switch carriers, you'll have to pay the remaining balance.
PLAN TERMS
Monthly cost: $65 plus device cost ($27 per month for the 16GB iPhone 6s)
Data: 6GB

Two-year total cost: $2,228



BEST FOR

Data-Hungry Kids

For families whose children use more than their fair share

Families often have widely varying needs, as younger users stream far more than their parents. "There is a direct correlation between how much data is consumed for video and age," says NPD Group's Akyuz. You don't want to pay overages if your kids hit the limit; nor do you want your service interrupted. These family plans have two lines with up to 2GB and two lines with at least 6GB—and MONEY paid extra attention to overage policies.

WINNER
Boost Mobile Family Plan

WHY IT WINS Everyone gets what he or she wants, for a great price. You get 2GB of high-speed data, which is plenty for email and browsing. The kids get plenty of data for hours of music and video streaming. And if your teenager decides to binge on Netflix, it won't affect your service—or your wallet.

TRADEOFF Even on the "unlimited" lines, users could hit a speed bump: When there are a lot of other people using the network, the Sprint subsidiary says it may slow data speeds for anyone who has consumed 23GB.

PLAN TERMS
Monthly cost: $150, $145 with auto pay
Data: Get two lines at 2GB each and two lines with unlimited high-speed data
Phone payment options: You must buy the phones outright.

Two-year total cost: $5,685

CUT COSTS OVERSEAS

Going abroad? Don't just sign up automatically for an international data plan (or rack up international roaming charges, which can easily run $10 a day). There are better ways to save. Among your choices:

OPTION 1 Use Wi-Fi and Apps

Best for light users in well-connected destinations.

How it works: If you need only to check email and social media occasionally, the cheapest option is to turn off data altogether and use Wi-Fi instead, whether at your hotel each night or at other hotspots during the day.

What you'll need: Email works fine on Wi-Fi, as do Facebook, Twitter, and other social media. For calling and texting, though, you'll have to use the same app as your loved ones. That could be iChat and FaceTime (for iPhone users), or Google Hangouts, WhatsApp, Viber, and Skype, which work on any type of phone.

Bonus tips: For getting around, the Stay.com app has city maps that list attractions, restaurants, and Wi-Fi hotspots; they're available even when you're offline. Heading somewhere more remote? Maps.me has downloadable maps for over 345 countries and islands.

Costs: Minimal, but aim to find free Wi-Fi rather than paying for access.

OPTION 2 Get a SIM Card

Best for travelers who need calling and data for more than a long weekend.

How it works: With most newer smartphones you can unlock your device and swap your existing SIM card for a local version. Before you leave, call your carrier to unlock your phone and freeze your account for the duration of your trip.

What you'll need: When you arrive, purchase a SIM card at an airport vending machine or a local electronics or convenience store. That gives you a local phone number, plus some calling time and set amounts of texting and data.

Bonus tips: To bump up your allowances, you can buy (and redeem) a card for extra minutes and data.

Costs: They vary. A card alone costs $6 in Rio de Janeiro, or you can get a SIM starter kit, with chip and some preset time/data limits, for around $45 in much of Europe. You'll need a separate card for each country you visit.

OPTION 3 Keep Your Plan

Best for Big Four customers who need the simplest way to get full access.

How it works: If you're on the Big Four, you can get an international plan from your carrier. Texts and data are free (albeit slower) on Sprint and T-Mobile Simple Choice, but if you have one of the other two (or want faster speeds), you'll pay extra.

Costs: AT&T's pay-as-you-go option starts at $30 a month, with unlimited texting and discounted calling and data rates. Verizon's monthly option starts at $25 for reduced talk, text, and data rates. Alternatively, the carrier's TravelPass lets you use your existing plan for $10 a day in most countries (or $2 in Canada or Mexico). M

LOVE (OR HATE) YOUR CELL PHONE PLAN? *Tell us why at megan.leonhardt@moneymail.com.*

HOW THE ELECTION WILL *REALLY* AFFECT YOUR INVESTMENTS

Emotions are running high in this campaign. And that—not any candidate's policies—is the real threat to your portfolio. Here's how to drown out the noise.

***By* Taylor Tepper**

ILLUSTRATIONS BY MIKE McQUADE

Stocks will plunge if Donald Trump is elected President. And the bond market could capsize if Trump goes ahead with plans to renegotiate the national debt. Yeah, but if Hillary Clinton wins the White House, she'll cripple the economy by hiking taxes by $1 trillion. And oh, by the way, her foreign policy will end up destroying the world.

As these are actual statements made by famous investors—like billionaire Mark Cuban and Swiss investment adviser Marc Faber—it's understandable if you're worried that the outcome of the election could upend your portfolio. But while the inhabitant of 1600 Pennsylvania Avenue can alter the lives of billions of people, history says presidential politics have a surprisingly small impact on your portfolio. "There's no empirical evidence to suggest that who the President is, whether Republican or Democrat, should cause you to want to deviate from your investment strategy," says Gregg Fisher of the investment firm Gerstein Fisher.

The fact is, stocks generally rise over time no matter who's in charge (see the chart below). After the silly season is over on Nov. 8, about half the country will be elated, and nearly half will be scared. And both groups, research shows, are likely to tweak their investments accordingly. That's when things really get risky.

The key to your success this year is understanding that your emotional reaction to the election—not who actually wins it—is what truly matters. How can you keep politically charged rhetoric from getting the better of you? Adopt these three planks in your investment platform to make your portfolio great again.

KEEP YOUR PARTISAN EMOTIONS IN CHECK

In September 2009, as the economy began to recover in the first year under Barack Obama, famed investor and libertarian Peter Thiel argued that "the recovery is not real." Thiel, who supported John McCain's 2008 campaign, told the *Wall Street Journal* that "deep structural problems haven't been solved, and it's unclear how we will create jobs and get the economy growing again." That was six months into what has now been a seven-year bull market. Thiel's hedge fund went on to lose 25% of its value that year, while the market gained more than 26%.

Political values have an impact on almost everyone's investment behavior, in ways you may not even notice. One study found mutual and hedge fund managers who contribute to Democrats tend to own fewer sin stocks—think shares of tobacco or gun manufacturers—than do Republican-donating managers.

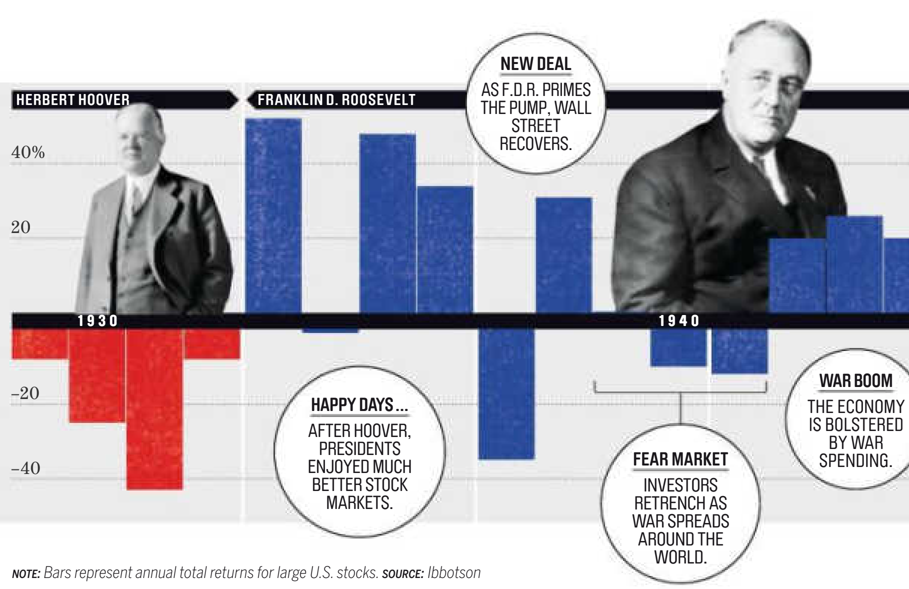
Another set of surveys showed that concern over the federal deficit varied depending on which party was in charge. Under Bill Clinton and Obama, fewer than half of Democrats thought reducing the deficit was a top priority, but that jumped to two-thirds under George W. Bush. For Republicans, the results were just the opposite, according to a Pew Research Center report.

These political biases can easily bleed into your investing behavior. "People's positive sentiment when their party is in power leads them to think the world will deliver higher returns with lower risk," says Santa Clara University professor Meir Statman, an expert in behavioral fi-

THIS PAGE, FROM LEFT: PHOTOGRAPHS BY GETTY; ROGER VIOLLET/GETTY

INVESTOR-IN-CHIEF?

Conventional wisdom says a President's economic policies matter greatly to Wall Street. But as this chart shows, investors since the Great Depression have managed to make money in war and peace and under successful and failed administrations.



NOTE: Bars represent annual total returns for large U.S. stocks. SOURCE: Ibbotson nance. "This can be misleading."

Indeed, one study looked at the behavior of about 60,000 investors from 1991 to 2002 and found that people take greater market risks when their party controls Washington. The study, titled "Political Climate, Optimism, and Investment Decisions," also discovered that investors affiliated with the party out of power tend to grow restless and trade securities more frequently. That impatience causes them to underperform compared with when their party is in charge.

As you can see, investing, like anything else, isn't an entirely rational enterprise. But what can you do about it?

★ **VISUALIZE HISTORY, NOT YOUR WORST FEARS.** "Every single person has a bias," says Michael Brady of Generosity Wealth Management. The key is not letting your heart influence your investments. When you feel the urge to sell or buy based on your convictions about a candidate's policies, Brady recommends reminding yourself how the S&P 500 index has finished up in more than two-thirds of all calendar years since 1926, a period that's seen eight Republican and seven Democratic Presidents.

Visualization can be a powerful tool: One study found that weight lifters' brain patterns are similarly activated when lifting hundreds of pounds or simply imagining the act. To that end, photocopy the chart below and paste it to the computer you use to make trades. If the election isn't turning your way—or even if it is—look at how the market has risen in good administrations and bad.

★ **BUILD IN A SAFETY VALVE.** If you know you'll be riled up in November, then blow off some steam—but regulate your behavior. Commit to capping your trading to no more than 5% of your portfolio this election year to limit any damage. "We cannot shut our emotions down," says Statman. "But we can create some structure to prevent us from falling prey to those errors."

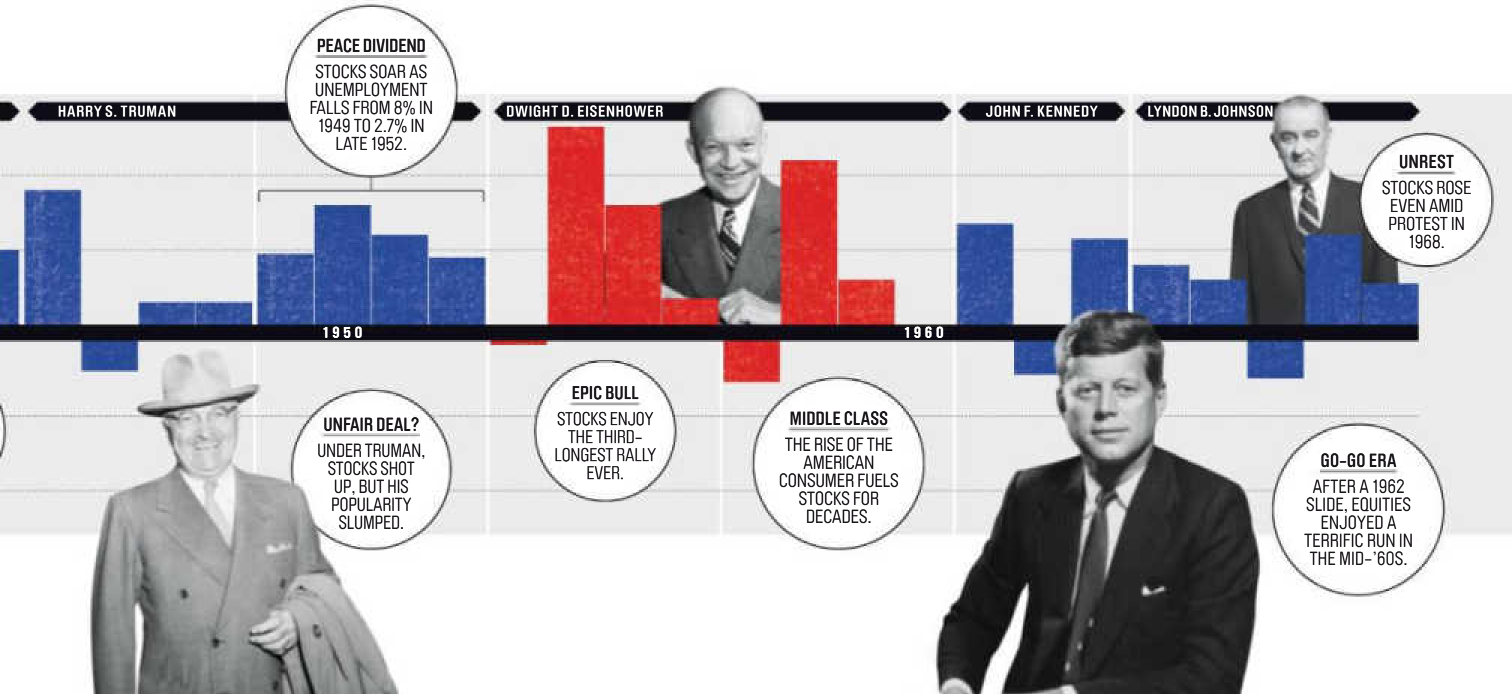
★ **STAY OUT OF THE ECHO CHAMBER.** An all-too-common mental mistake in political seasons is "confirmation bias," in which investors seek out only information that reinforces their worldview. On March 6, 2009, for instance, Stanford professor Michael Boskin argued that Obama's policies—marked by higher spending, taxes, and regulations—were "killing the Dow." If you were fearful, this insight from a respected economist might have reinforced your inclination to sell.

The problem is that all pundits, like investors, tend to see things through the lens of their own political views. Boskin was chairman of George H.W. Bush's Council of Economic Advisers. And March 6, it turned out, was about the absolute low point of the bear market in 2009. If you let this warning send you to the sidelines, you would have missed out on more than 11,000 Dow points.

This is a bipartisan issue. Columbia economist Joseph Stiglitz, a key adviser to Bill Clinton, argued that George W. Bush's 2003 tax cuts would be reckless and ineffectual, especially for new-economy companies. Those who listened and went to the sidelines missed a chance to double their money in tech stocks over the next four years. The key is to tune out economic punditry in election years and ignore any investment commentary that starts off with "If Trump wins..." or "If Clinton wins..."

THE UNLUCKY ONES

Since World War II, stocks have gained under every President except **Nixon** and **Bush 43**.



CLOCKWISE FROM TOP: PHOTOGRAPHS BY SHAYLA HUNTER (PINS); GETTY: BACHRACH/GETTY; GETTY (2)

BEWARE OF POLITICIZING YOUR PORTFOLIO

Investment narratives form quickly in election years. Right now, for instance, market opiners are advising you to buy shares of clean-energy companies, defense contractors, and multinationals in the event of a Clinton victory. A Trump presidency, on the other hand, should be a windfall for coal miners, small-company stocks (because their sales are mostly in the U.S.), and, of course, shares of construction companies that specialize in erecting walls. It all seems so simple.

But remember the assumption in 2008 was that Obama would put gunmakers out of business, turn health providers into wards of the state, and usher in a golden era for alternative energy. Tell that to Smith & Wesson, whose shares have trounced the market by 35 points a year for the past five years. Or to the health care sector, which has outpaced the broad market by more than two points a year in this administration. Or to clean-energy stocks, down 47% so far under Obama.

This happens in almost every presidential cycle. History said that Ronald Reagan would be the patron saint of small businesses for cutting red tape and slashing tax burdens. This was in stark contrast to Jimmy Carter, who oversaw rising inflation, fuel shortages, and general misery for the little guy. Yet the reality is that returns for small-company stocks grew more than twice as fast under Carter than Reagan.

It just goes to show that while the business community may favor a particular outcome, companies find ways to adapt. "I run a business, and I don't think that my business will function differently if Hillary Clinton or Donald Trump is in office," says Fisher. "You tell me what the regulations or tax rates are, and I'll figure out a way to deal with it." This is how investors ought to deal with political uncertainty:

★ UNDERSTAND THE LIMITS OF A NARRATIVE. "The need to have a simple reason to explain a decision is similar to the need to have a story behind a decision," Yale economist Robert Shiller wrote in his book *Irrational Exuberance.* Both "are simple rationales that can be conveyed verbally to others."

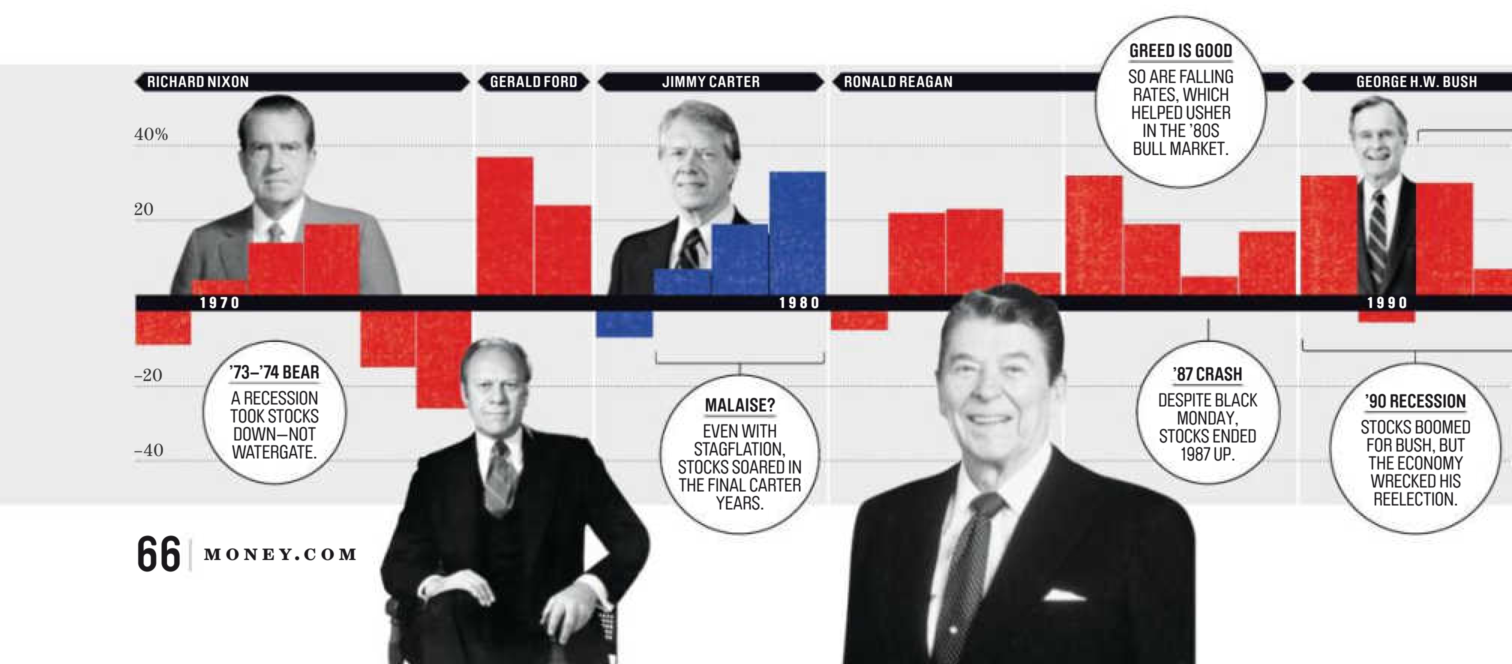
The world, however, is often too complex for such simple story lines. Obama, for instance, is known for having pushed to reduce U.S. greenhouse-gas emissions by curbing the country's reliance on fossil fuels. Yet major advancements in technology to extract petroleum from shale formations have led to a near doubling of U.S. crude oil production under his watch.

"The President isn't a dictator," says Brian Jacobsen, chief portfolio strategist with Wells Fargo Funds Management. "Just because he or she runs on a platform, it doesn't mean that agenda will be put in place." And even if the President gets what he or she wants, the real economy may not cooperate.

★ READ MY LIPS: NO NEW TILTS. In every presidential campaign year, investors are bombarded with suggestions about how to tweak their portfolios by adding a

UNDERAPPRECIATED

Ford and **Bush 41** were the best GOP Presidents for stocks. Both were voted out of office.



THIS PAGE: CLOCKWISE FROM LEFT: PHOTOGRAPHS BY GETTY (2); GRANGES/ALAMY; GETTY (2) smidgen of exposure to sectors that will shine if Candidate X or Y wins. Google "stocks to buy if Trump wins" or "stocks to buy if Clinton wins" and you'll get more than 20 million results each.

But as history shows, such bets can be risky. So for the rest of the year, avoid over-tinkering by limiting your adjustments to rebalancing between stocks and bonds. Better still, hold off rebalancing until next spring. That way you'll avoid making emotional decisions and can take advantage of the seasonality of stocks. Historically, the S&P 500 has risen 7.6% in the first year of a presidential term, whether Republican or Democrat, as investors get past the uncertainty of the election. However, equities typically gain five times as much from November to April as from May to October. So wait until May when equities are likely to slow down.

★ **IF OTHER INVESTORS ARE TILTING POLITICALLY, POUNCE.** You've probably heard the saying "Buy the rumor and sell the news." The Wall Street adage refers to the strategy of purchasing shares of a company before an anticipated development—when the stock is still cheap—and selling after the fact as the shares are getting expensive. Well, bargain hunters in election years might try an opposite tactic: Pass on the rumor and buy after the moves.

Just as there are stocks that are expected to do well in the event of a Trump win or a Clinton victory, there are investments that could be hurt by such an event. Trump, for instance, is on record saying he wants to reopen existing trade agreements to improve terms for American workers. Such talk—along with threats to impose tariffs on goods from China and Mexico—have spurred fear of a trade war. If it looks as if Trump is headed for victory, other investors are likely to tilt away from shares of big multinational corporations, viewing them as losers under the Donald. That could lead to bargains for patient investors.

Something similar occurred in 2004. In that campaign alternative-energy stocks were expected to be a big winner if John Kerry beat George W. Bush, the choice of Big Oil. After Kerry lost the election, clean-energy stocks slumped for six months—but doubled the market's returns in the subsequent three years.

FOR THE LITTLE GUY

Among elected Presidents since the Depression, **Johnson** and **Carter** were best for small-company stocks.

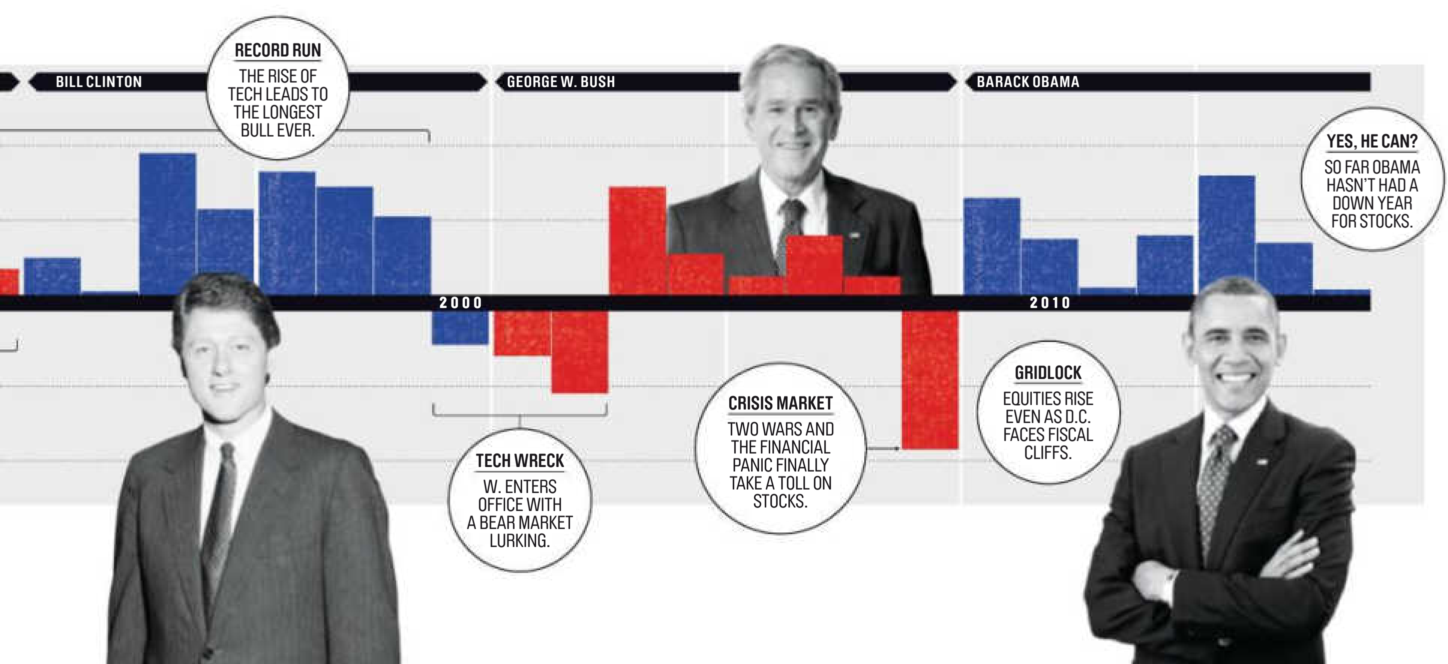
SEE THE RIGHT PATTERNS IN THE MARKET

"Human beings are pattern-seeking, storytelling animals," says Wells Fargo's Brian Jacobsen. "We're very good at telling stories about patterns that don't necessarily exist."

Case in point: casual assessments of how Presidents affect the stock market. History shows that the average compound annual growth rate for equities since 1945 has been 9.7% under Democratic Presidents and 6.7% under Republicans. So that tells you that Democrats are a better choice for investors, right?

Well, it gets more complicated when you take Congress into account, say market observers who have crunched the figures in various combinations. It turns out that the absolute best market returns were generated under Republican Presidents working with a GOP-controlled Senate and a GOP-controlled House of Representatives. In that circumstance, the S&P 500 has gained 15.1% annually.

A separate analysis by Oppenheimer Funds found that when the Commander-in-Chief suffers a negative approval rating—from just 35% to 50%—the Dow Jones industrial average has returned



four points more than when a majority of the country is satisfied.

So there you have it: Based on this data, you should be rooting for a unified Republican government helmed by an unpopular President. In other words: Bring back George W. Bush!

Huh? This assessment is clearly based on what statisticians call a small sample size. There have been only six years of unified Republican rule since 1945, most of them under Bush 43. Yet few would consider W's presidency a success for Wall Street, considering the global financial crisis, the Great Recession, and the market crash at the end of his term. When you factor all that in, he ranks as one of only two Presidents since the Great Depression—one of three if you count Herbert Hoover—who oversaw an overall drop in equity prices.

So if you can't rely on election-cycle analysis, what should investors be concentrating on instead?

★ IT'S THE ECONOMY, STUPID. The average economic expansion, based on 150 years of data, lasts about 39 months. The current upturn, which began in June 2009, is now in its 85th month, making it the fourth longest since the Civil War. This means that Trump or Clinton is likely to confront a recession early in his or her administration.

Rather than fixating on which sectors will thrive under which candidate, find areas that can withstand a downturn, like health care. (Don't overthink what a Trump win might mean for Obamacare.) Like demand for toothpaste and other necessities, demand for health services isn't dependent on a strong economy. And in these already sluggish times, health care revenues are growing more than eight times faster than the overall market, according to S&P Global Market Intelligence. For broad and cheap exposure, go with the **Vanguard Health Care fund** (VGHCX), which has beaten nearly 80% of its peers over the past 15 years.

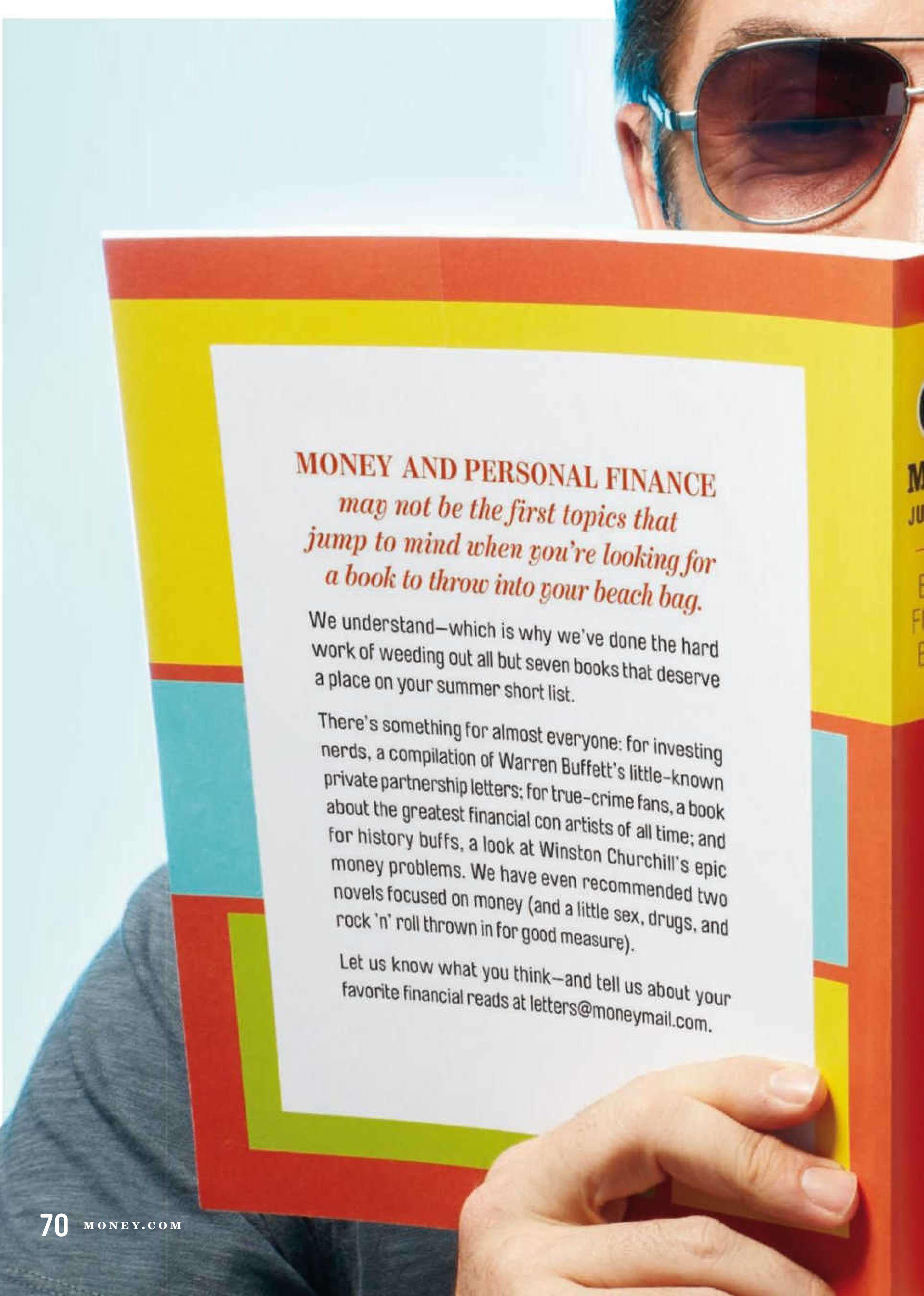
★ GET DEFENSIVE EVEN IF YOUR CANDIDATE WINS. Bull markets also have a finite life—about 4½ years on average. This one is already more than seven years old. Time to favor large, dividend-paying stocks that tend to outperform in the final stage of a bull market over small stocks that excel early in a rally.

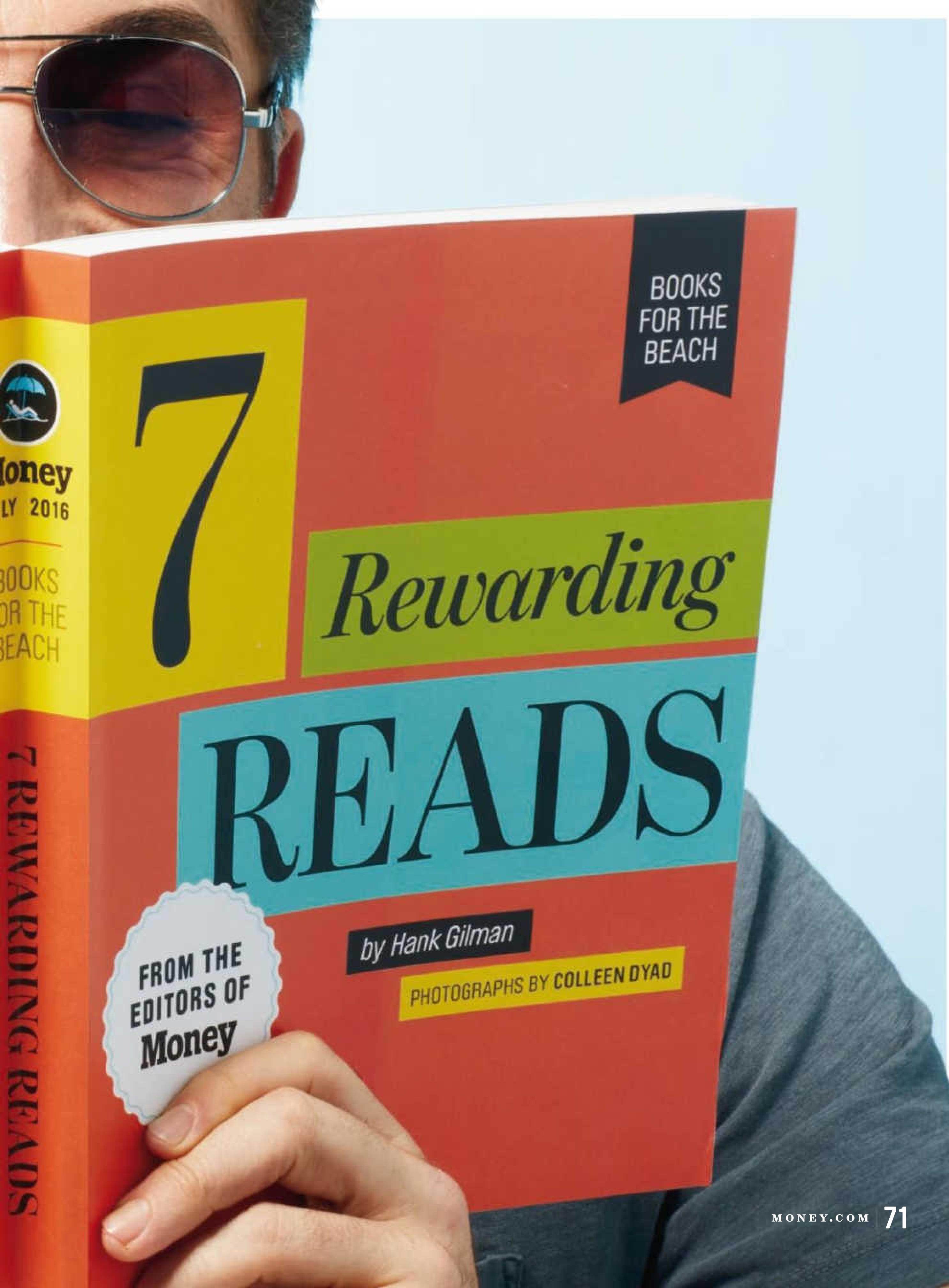
MORE ONLINE
Check out MONEY's quiz on Presidents and your portfolio at ***money.com.***

This focus on dividends is one reason shares of telecom companies have gained 24%, 43%, and 39% in the seventh, eighth, and ninth years of past bull markets. But what if you're worried that not all dividend payers will keep making payments in a downturn? Go with **SPDR S&P Dividend** (SDY), which is in our MONEY 50 recommended list. The exchange-traded fund invests only in companies healthy enough to have boosted payouts for at least 20 consecutive years.

Dividends may not seem like a big deal, especially if the new President comes in proposing new tax rates and policies. But remember that whoever is elected will last only, at most, eight years. You, on the other hand, are investing for the rest of your life. ■

WILL THE ELECTION AFFECT YOUR STOCK PICKS? *Tell us at taylor.tepper@moneymail.com.*


MONEY AND PERSONAL FINANCE
may not be the first topics that jump to mind when you're looking for a book to throw into your beach bag.
We understand—which is why we've done the hard work of weeding out all but seven books that deserve a place on your summer short list.
There's something for almost everyone: for investing nerds, a compilation of Warren Buffett's little-known private partnership letters; for true-crime fans, a book about the greatest financial con artists of all time; and for history buffs, a look at Winston Churchill's epic money problems. We have even recommended two novels focused on money (and a little sex, drugs, and rock 'n' roll thrown in for good measure).
Let us know what you think—and tell us about your favorite financial reads at letters@moneymail.com.


BOOKS
FOR THE
BEACH
Money
JULY 2016
7 REWARDING READS
7
Rewarding
READS
by Hank Gilman
PHOTOGRAPHS BY COLLEEN DYAD
FROM THE
EDITORS OF
Money

BOOKS FOR THE BEACH

SUCCESS

1 Grit

The Power of Passion and Perseverance by Angela Duckworth

➤ Why read 300-plus pages to learn that folks with grit—that is, "perseverance and passion for long-term goals"—are more likely to succeed than those who don't? It's a fair question: Isn't that common sense?

One answer is that Duckworth—a University of Pennsylvania psychologist, 2013 MacArthur "genius" fellow, and TED Talk superstar—brings a deeply persuasive level of intellectual rigor to her case. Indeed, her academic work has proved that grit counts far more than you probably think. Talent matters, she writes, "but effort enters into the calculations twice."

More important, the book is filled with powerful profiles of real-life "grit paragons," including MONEY reporter Kerry Close, who at age 13 won the National Spelling Bee after more than 3,000 hours of practice. These stories bring psychological (and relatable) nuance to lessons that in another context might have read like self-help clichés.

TAKEAWAY: *There's still hope even if you didn't spend 10,000 hours practicing piano as a kid. Grit can be taught and learned, Duckworth maintains. To that end, she offers what basically consists of a four-step training system: (1) identify a burning passion, (2) practice it with commitment, (3) find higher purpose in your work, and (4) persevere when things get hard.*

INVESTING

2 Warren Buffett's Ground Rules

Words of Wisdom From the Partnership Letters of the World's Greatest Investor by Jeremy Miller

➤ If you're looking to be the next great value-stock picker, save your $29.99. You can read every one of the gazillions of Buffett books in print and still not come within miles of matching his track record. If, on the other hand, you might benefit from a healthy dose of clear, logical thinking about stock investing, well, Miller delivers something fresh.

Everyone knows about Buffett's lucid annual letter to Berkshire Hathaway shareholders. Less well-known are the 33 pre-Berkshire letters that Buffett wrote between 1956 and 1970 while chief of the Buffett Partnership. Miller, a New York–based investment analyst, reprints them here with Buffett's permission, adding his own commentary and analysis.

The book works on many levels: as an introduction to the great man and his core tenets, a refresher course on all things Buffett, and a first-rate historical document that won't disappoint enthusiasts.

TAKEAWAY: *Don't buy a stock unless you understand the underlying business, trust the folks running it, and make sure you're getting a fair price. Bonus takeaway: If you don't have the time or patience to figure all that out, give index funds a whirl. (That's what Buffett is telling his heirs.)*

FAMILY FINANCE

3 The Nest

by Cynthia D'Aprix Sweeney

FICTION **The protagonists of this bestselling novel are the four grownup kids of the Plumb family, beneficiaries of an ample trust fund left behind by Dad to be divvied up when the youngest sibling turns 40.**

Before that day comes, however, charming brother Leo gets into trouble involving sex and drugs and has to borrow from the fund to buy his way out. He promises to reform and pay his siblings back. But of course old habits die hard. What's more, the other three have each amassed debts of their own in anticipation of the windfall. Let the squabbling begin.

Sweeney's gentle satire makes it hard to dislike these archetypal Manhattan trust-fund babies (though they deserve some scorn). And the family's dysfunction, deepened by money worries, is something many of us can relate to.

You won't find any tips on managing your retirement portfolio in *The Nest*. But in addition to delivering summer reading fun—Sweeney ties up multiple subplots with panache—it does manage to be a cautionary tale about mixing family with big sums of money.

TAKEAWAY: *Everyone wants to leave his kids financially secure, but beware the unintended consequences of bequeathing large sums of money. Bonus takeaway: Don't spend money you don't actually have!*

TRUE CRIME

4 The Confidence Game

Why We Fall for It ... Every Time by Maria Konnikova

➤ This book's subtitle suggests a Gladwellian romp through the academic literature on our hopelessly gullible nature. And, sure, Konnikova (a *New Yorker* contributor with a Ph.D. in psychology) trots out some neuro-psychology to explain why we are such suckers.

But the best stuff here—what makes this book a legit beach read—are the true-crime tales of elaborate cons and clueless victims and the delicious unraveling of the schemes.

Take the story of William Franklin Miller, who carried out a massive Ponzi scheme long before Ponzi himself came along. In 1889, Miller asked friends to kick in $10 each. In return, they'd get a 10% weekly dividend and access to their principal on demand. It helped that his operation looked like a real company, replete with advertising and fancy offices. We won't spoil the ending, but it was spectacular.

TAKEAWAY: *We are hardwired to trust "from our earliest moments of consciousness," Konnikova writes. How best to battle this instinct to believe? Go into any situation involving money knowing your limits in advance—you'll be less likely to explain away your suspicions, allowing you to exit gracefully.*

FEEDBACK: *letters@moneymail.com*

Q&A With ANDREW TOBIAS

Author of *The Only Investment Guide You'll Ever Need*

An updated edition of Tobias's bestselling classic was published this spring. An edited interview:

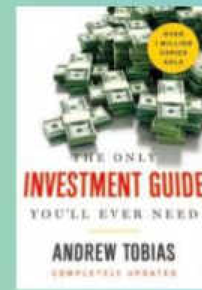
MONEY: The book first appeared 40 years ago. Do you hear from folks who followed your advice all along?
Tobias: Yes! It's better than royalty checks. The first Amazon review from the new edition, by someone named SeaBear, says he bought the book in the '80s and "You have to believe me, it changed my world."

You love index funds now. What was your take on them in the first edition?
I missed that entirely—oops. John Bogle is one of my heroes, and Vanguard [the index-focused fund giant Bogle started] is something we can be grateful for.

What else has changed over the years?
In early editions I emphasized that even earning 3% a year, after taxes and inflation, is no slam dunk. This time, it needed no emphasis—it's too well known. In my favorite chapter, "A Penny Saved Is Two Pennies Earned," we added advice on improving your credit score and the big impact that can make.

You're great at keeping things simple. What's the core message folks can draw from your book?
To take charge of their money, make a plan, and keep expenses low.

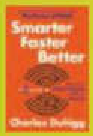
Any advice for new readers who have a lot of catching up to do before retirement?



I wish there was magic to suggest, but math is math. That said, two keys are: Cut your expenses if you can, and/or work a little longer than you planned. Also, be very, very nice to your kids. You may need their help.

ALSO IN OUR BOOK BAG

The lazy days of summer are also a great time to catch up on important books you heard about earlier in the year but didn't get around to cracking. Here are five of the most useful and inspiring books that MONEY has covered so far in 2016.



SMARTER FASTER BETTER
Charles Duhigg

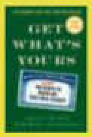
Pulitzer-winning *New York Times* reporter Duhigg digs through academic studies and interviews extraordinarily successful people to get at the secrets behind genuine productivity. Turns out it's not a matter of getting more stuff done but of understanding your own brain, learning to control your focus, and picking the right goals. The book is full of provocative stories and practical tips on doing what you do more effectively.

THE INDEX CARD
Helaine Olen and Harold Pollack

In 2013, journalist Olen was interviewing Pollack, a University of Chicago public-policy professor. To make the point that Wall Street advice is too complicated, Pollack jotted nine basic financial rules on an index card. It's all you need to know, he said. Soon the card had gone viral. This 240-page book efficiently elaborates on the same nine points, which really are just about all you need to know.

HOW TO MAKE YOUR MONEY LAST
Jane Bryant Quinn

Preserving your savings doesn't have to be hard, explains longtime *Newsweek* columnist and personal finance expert Quinn. She covers everything baby boomers and their heirs need to know, from getting the most out of Social Security to buying a pension to leaving something behind for your family. Throughout, Quinn preaches simplicity, which is how she handles her own investments.



GET WHAT'S YOURS
Laurence J. Kotlikoff, Philip Moeller, and Paul Solman

If you find Social Security rules bewildering, don't feel bad—so do Social Security experts. The 2,728 Social Security regulations, if you print them, are longer than the federal tax code. That explains how this book on maxing out your benefits has become a surprise best-seller. A new edition includes the updated rules that closed the popular "file and suspend" claiming loophole.

ORIGINALS
Adam Grant
Wharton professor Grant debunks the myth of the rebel genius, delivering practical advice that anyone can use to develop and advance original ideas in the workplace—and without alienating everyone around you. Grant draws on stories of bold entrepreneurial success and unconventional career moves. The resulting book offers invaluable guidance to anyone who has ever struggled against the status quo at work.

ON THE WEB

Video interviews with college guru Jeffrey Selingo; grit evangelist Angela Duckworth; Social Security experts Phil Moeller and Larry Kotlikoff; Harold Pollack of *Index Card* fame, and more.

money.com/book2016

HISTORY

5 No More Champagne

Churchill and His Money
by David Lough

➤ Who would have thunk it? Winston Churchill—war hero, historical icon—was a nitwit when it came to his personal finances.

Lough, a retired banker and an Oxford-trained historian, pulls back the curtain as the man who saved the Western world racks up massive bank overdrafts and makes disastrous stock market bets. Churchill lost, in 2016 dollars, about $1 million in the 1929 crash.

Then there were the gambling losses—he liked to play the ponies with borrowed money—and stacks of unpaid tax bills, including one from the U.S. government after the war. (Guess that "special relationship" only went so far.) Overspending on booze didn't help. During two months in 1949, the Churchill household went through 1,006 bottles of wine.

Lough shows us Churchill scrambling to keep ahead of his creditors. "Just polished off two more articles to help pay the income tax," he reported to his wife during a 1926 bill-paying frenzy. How desperate was Churchill? He was even negotiating film rights to a book in the days before D-day.

TAKEAWAY: *Mastery in one arena doesn't necessarily translate into investing or financial acumen. "A common thread of exceptional risk taking unites Churchill's financial dealings and his political career," writes Lough. "I have never encountered risk taking on Churchill's scale during my career advising people about their finances, including such natural risk-takers as entrepreneurs." In other words, hotshot, check your hubris at the door. Bonus takeaway: Keep a lid on the wine budget!*

GETTING AHEAD

6 The Assistants

by Camille Perri

FICTION This novel will resonate most deeply with urban-dwelling young professionals who feel they are treading water, weighed down by student debt and unfulfilling careers.

But even if you don't identify with that group, this fast-paced tale lets the reader indulge vicariously in an intriguing question of scruples: If you happened upon a large sum of money that wasn't acquired by strictly legal means, would you take the moral high road, or take the money and run?

In this case, a clerical error involving her boss's expense account delivers a check for $19,147 to Tina Fontana, executive assistant to a Rupert Murdoch-like billionaire media mogul. That amount is almost exactly what Tina owes on the student debt she had been chipping away at for eight years. "Can anyone really blame me," Tina asks herself, "for not giving this minuscule-to-them-yet-life-changing-to-me amount of money back to the Titan Corporation?" Alas, Tina's deception soon enough spins out of control.

The book touches on serious themes of income inequality, gender workplace issues, the cost of college, and the difficulty of surviving on an entry-level salary in an expensive city. But it's a comedy above all else, and you'll breeze through it.

TAKEAWAY: *Don't steal from your boss, even if he's a jerk.*

REVIEWED BY KAITLIN MULHERE

CAREERS

7 There Is Life After College

What Parents and Students Should Know About Navigating School to Prepare for the Jobs of Tomorrow
by Jeffrey J. Selingo

➤ Any parent preparing to spend a small fortune on college tuition (and any student thinking of borrowing for the same) should read Selingo's book. His basic premise is this: A four-year degree, even one from a prestigious college, no longer prepares you for—let alone guarantees—a decent job.

But Selingo isn't part of the anti-college crowd; instead, he offers a range of smart solutions. Some involve policy changes by governments and universities. But his advice for parents and students is the star of the show.

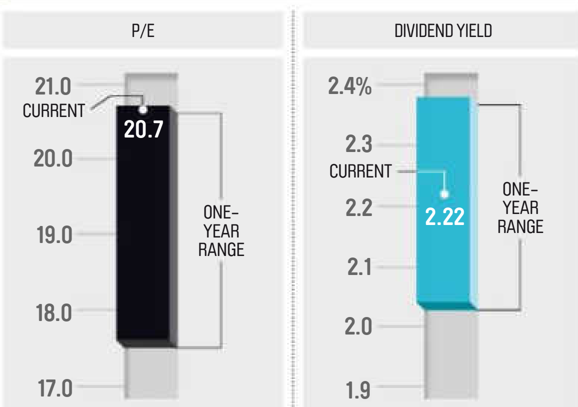
Does Selingo have all the answers? No, but his fresh ideas will get you and your student heading in the right direction.

TAKEAWAY: *Today's students need to use their college years to build skills that employers are willing to pay for. For example, Selingo recommends the increasingly popular precollege "gap year" (thanks, Malia Obama) but suggests using it to acquire skills and experience—and demonstrate passion to potential employers. He envisions schools that let students toggle between campus and a job for a few weeks at a time. But until they exist, he suggests leaving school after, say, a year to work—and then coming back to "upgrade" your skill set.* M

May Doldrums Hit Equities

AS IF ON CUE, the S&P 500 index fell 2% in the four weeks ended May 18, just as the traditionally slow May-to-October stretch for stocks got underway. Among the biggest losers was the technology sector, where corporate earnings growth shrank nearly 8% in the second quarter.

S&P 500 RATIOS



BENCHMARKS

INDEX	TOTAL RETURN ONE MONTH	ONE YEAR	THREE YEARS[1]
S&P 500	**−2.0%**	−1.7%	9.4%
Nasdaq[2]	**−4.5**	−6.7	10.6
Russell 2000	**−3.1**	−11.0	4.9
Morgan Stanley EAFE	**−1.4**	−13.2	0.3
Dow Jones industrial average	**−2.3**	−1.6	7.1
Barclays U.S. aggregate bond index	**−0.3**	3.1	2.5
SECTOR			
Energy	**1.9**	−13.9	−4.1
Financials	**0.9**	−4.3	7.3
Basic materials	**−1.1**	−8.6	5.7
Health care	**−1.5**	−5.2	14.1
Industrials	**−1.8**	−0.3	10.3
Telecom services	**−2.2**	9.2	4.5
Consumer staples	**−2.3**	7.4	10.1
Utilities	**−2.8**	11.4	9.8
Consumer discretionary	**−3.7**	2.2	12.1
Information technology	**−4.8**	−1.5	13.0

NOTES AND SOURCES: *Stock index data as of May 18, 2016, from Lipper, New York; 877-955-4773. Sector returns from Bloomberg. Bond index data from Barclays. Monthly S&P 500 ratios are from Standard & Poor's. P/E ratios are based on previous four quarters of operating earnings. Biggest funds ranked by total net assets. [1]Annualized. [2]Price change only.*

BIGGEST MUTUAL FUNDS BY CATEGORY

CATEGORY	TOTAL RETURN ONE YEAR	THREE YEARS[1]	EXPENSES (AS % OF ASSETS)
LARGE-CAP STOCKS			
Fidelity Contrafund (FCNTX)	−1.8%	9.7%	0.71
American Funds Growth Fund of America (AGTHX)	−3.7	9.2	0.65
American Funds Investment Co. of America (AIVSX)	−2.4	8.9	0.58
Dodge & Cox Stock (DODGX)	−8.0	7.4	0.52
American Funds Wash. Mutual Investors (AWSHX)	−0.7	8.4	0.58
MIDCAP			
Fidelity Low-Priced Stock (FLPSX)	−7.4	6.7	0.79
Vanguard Mid-Cap Index (VIMAX)	−6.8	8.2	0.08
Vanguard Extended Market Index (VEXAX)	−10.3	6.1	0.09
Fidelity Spartan Extended Market Index (FSEVX)	−10.3	6.1	0.07
Vanguard Strategic Equity Fund (VSEQX)	−10.0	8.7	0.21
SMALL-CAP			
Vanguard Small-Cap Index (VSMAX)	−8.7	6.5	0.08
Vanguard Explorer (VEXRX)	−13.2	5.5	0.35
Vanguard Small-Cap Value Index Fund (VSIAX)	−6.0	7.8	0.08
T. Rowe Price Small-Cap Value (PRSVX)	−3.4	4.1	0.92
Vanguard Small-Cap Growth Index (VSGAX)	−11.8	4.9	0.08
BALANCED			
American Funds American Balanced (ABALX)	1.2	7.0	0.58
Fidelity Balanced (FBALX)	−2.9	6.8	0.56
Fidelity Puritan Fund (FPURX)	−2.6	7.1	0.56
Vanguard Star Fund (VGSTX)	−3.8	5.1	0.34
Vanguard Balanced Index Fund (VBIAX)	−0.6	6.3	0.08
INTERNATIONAL			
Vanguard Total International Stock Index (VGTSX)	−14.6	−1.1	0.19
Harbor International (HAINX)	−15.7	−1.4	0.76
American Funds EuroPacific Growth (AEPGX)	−13.6	0.9	0.83
Vanguard International Growth Fund (VWILX)	−13.2	1.2	0.34
T. Rowe Price International Stock Fund (PRITX)	−12.0	1.4	0.83
EMERGING MARKETS			
American Funds New World (NEWFX)	−12.3	−2.4	1.04
Vanguard Emerging Markets Stock Index (VEMAX)	−22.8	−6.6	0.15
T. Rowe Price Emerging Markets Stock (PRMSX)	−16.8	−4.5	1.24
Fidelity Emerging Markets (FEMKX)	−13.1	−3.3	1.05
Northern Emerging Markets Equity Index Fund (NOEMX)	−22.2	−7.0	0.30
U.S. GOVERNMENT BONDS			
Fidelity Government Income (FGOVX)	2.6	2.0	0.45
American Funds U.S. Government Securities (AMUSX)	2.9	1.9	0.65
MFS Government Securities (MFGSX)	2.2	1.5	0.88
Sit U.S. Government Securities (SNGVX)	1.7	0.9	0.80
JPMorgan Government Bond (OGGAX)	2.4	1.5	0.75
INVESTMENT-GRADE			
Vanguard Total Bond Market Index (VBTLX)	3.2	2.4	0.06
Vanguard Total Bond Market II Index (VTBIX)	3.1	2.3	0.09
Dodge & Cox Income (DODIX)	1.8	2.6	0.44
Vanguard Short-Term Investment-Grade (VFSUX)	2.0	1.8	0.10
T. Rowe Price New Income (PRCIX)	2.5	2.0	0.59
HIGH YIELD			
Vanguard High-Yield Corporate (VWEAX)	0.2	2.9	0.13
American Funds American High-Income Trust (AHITX)	−4.8	0.2	0.67
Fidelity Capital & Income (FAGIX)	−4.2	3.4	0.72
Northern High Yield Fixed Income (NHFIX)	−3.7	1.2	0.81
Fidelity High Income (SPHIX)	−3.1	1.3	0.72
TAX-EXEMPT			
Vanguard Intermediate-Term Tax-Exempt (VWIUX)	6.0	3.4	0.12
Fidelity Municipal Money Market (FTEXX)	0.0	0.0	0.40
Vanguard Limited-Term Tax-Exempt (VMLUX)	2.5	1.4	0.12
Vanguard Tax-Exempt Money Market (VMSXX)	0.1	0.0	0.15
Vanguard Short-Term Tax-Exempt Fund (VWSUX)	1.0	0.7	0.12

Stocks Fall Amid Rate-Hike Talk

AS THE MOOD OF THE MARKET SHIFTED, AGGRESSIVE FUNDS IN THE *MONEY* 50 TUMBLED.

FOR MUCH OF THE YEAR fear over slowing growth in China and around the world prevented the Federal Reserve from raising interest rates, as it normally would at this stage of a recovery. But as economic concerns have subsided—evidenced by the rebound in oil prices, which are now back to about $50 a barrel—a new worry plagued Wall Street in the month ended May 18. Will the Fed hike rates at its next scheduled meeting in June?

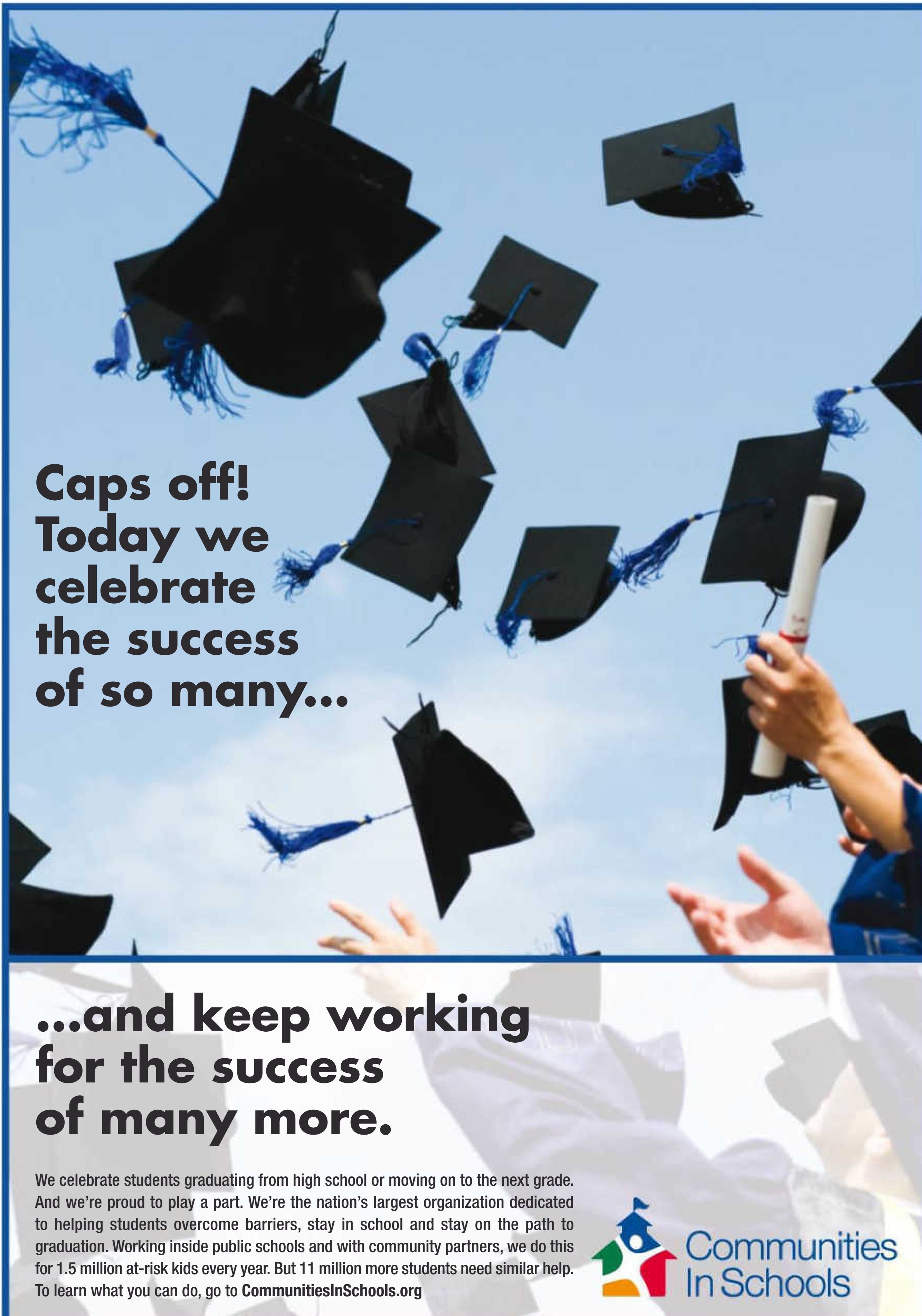
That question weighed on stocks, in particular economically sensitive and speculative shares. Among the hardest-hit funds in our MONEY 50 recommended list were small-company stock fund **Royce Opportunity,** which fell 5.1%, and **Vanguard Emerging Markets,** which sank 6.3% in the past four weeks. —TAYLOR TEPPER

HOW TO USE OUR RECOMMENDED LIST

Building-block funds: For broad exposure to core asset classes
Custom funds: Specialized investments that can tilt your strategy
One-decision funds: If you want stocks and bonds in one portfolio

FUND (TICKER)	TOTAL RETURN: ONE MONTH	ONE YEAR	THREE YEARS[1]	EXPENSES (AS % OF ASSETS)	PHONE NUMBER (800)
BUILDING-BLOCK FUNDS					
Large-Cap					
Schwab S&P 500 Index (SWPPX)	**–2.0%**	–1.8%	9.3%	0.09	435-4000
Schwab Total Stock Market Index (SWTSX)	**–2.1**	–3.4	8.7	0.09	435-4000
Midcap/Small-Cap					
iShares Core S&P Mid-Cap (IJH)	**–2.3**	–5.5	7.4	0.12	474-2737
iShares Core S&P Small Cap (IJR)	**–3.0**	–5.0	7.8	0.12	474-2737
Foreign					
Fidelity Spartan International (FSIIX)	**–2.4**	–13.5	0.0	0.20	544-8544
Vanguard Total Intl. Stock (VGTSX)	**–3.1**	–14.6	–1.1	0.19	662-7447
Vanguard FTSE A/W ex-U.S. Small (VFSVX)	**–1.7**	–10.3	1.4	0.37	662-7447
Vanguard Emerging Markets (VEIEX)	**–6.3**	–22.9	–6.8	0.33	662-7447
Specialty					
Vanguard REIT Index Investor (VGSIX)	**–1.7**	6.4	6.2	0.26	662-7447
Bond					
Vanguard Total Bond Market (VBMFX)	**–0.3**	3.1	2.3	0.16	662-7447
Vanguard Short-Term Bond (VBISX)	**–0.2%**	1.4%	1.1%	0.16	662-7447
Vanguard Inflation-Protected (VIPSX)	**0.0**	2.0	–0.5	0.20	662-7447
Vanguard Short-Term Infl.-Prot. (VTIP)	**0.1**	0.6	–0.3	0.08	662-7447
Vanguard Total Intl. Bond Index (VTIBX)	**0.1**	4.7	N.A.	0.17	662-7447
CUSTOM FUNDS					
Large-Cap					
Dodge & Cox Stock (DODGX)	**–2.0**	–8.0	7.4	0.52	621-3979
PowerShares FTSE RAFI U.S. 1000 (PRF)	**–1.9**	–4.0	7.8	0.39	843-2639
Sound Shore (SSHFX)	**–2.1**	–7.9	7.5	0.93	551-1980
PowerShares S&P High Qual. Port. (SPHQ)	**–3.0**	4.4	11.5	0.29	983-0903
Primecap Odyssey Growth (POGRX)	**–4.7**	–6.2	8.5	0.64	729-2307
T. Rowe Price Blue Chip Growth (TRBCX)	**–2.3**	–3.1	11.7	0.71	638-5660
Midcap					
Ariel Appreciation (CAAPX)	**–1.2**	–11.2	6.6	1.12	292-7435
WisdomTree MidCap Dividend (DON)	**–1.8**	1.9	10.1	0.38	909-9473[2]
T. Rowe Price Div. Mid Cap Gro. (PRDMX)	**–2.4**	–7.1	8.8	0.87	638-5660
Small-Cap					
Royce Opportunity (RYPNX)	**–5.1**	–16.6	1.1	1.15	221-4268
Vanguard Small-Cap Value (VBR)	**–2.0**	–6.0	7.8	0.08	662-7447
WisdomTree SmallCap Dividend (DES)	**–3.4**	–2.9	7.2	0.38	909-9473[2]
Wasatch Small Cap Growth (WAAEX)	**–4.9**	–12.6	3.0	1.22	551-1700
Specialty					
PowerShares Intl. Div. Achievers (PID)	**–2.4**	–21.1	–3.8	0.55	983-0903
SPDR S&P Dividend (SDY)	**–1.7**	6.9	9.8	0.35	787-2257[2]
Cohen & Steers Realty Shares (CSRSX)	**–2.2**	5.1	6.6	0.97	437-9912
SPDR Dow Jones Intl. Real Estate (RWX)	**0.1**	–4.2	1.0	0.59	787-2257[2]
iShares N. Amer. Nat. Resources (IGE)	**0.9**	–17.7	–6.1	0.47	474-2737
Foreign					
Oakmark International (OAKIX)	**–4.1**	–18.4	–2.0	0.95	625-6275
Vanguard International Growth (VWIGX)	**–3.0**	–13.3	1.1	0.47	662-7447
T. Rowe Price Emerging Markets (PRMSX)	**–4.5**	–16.8	–4.5	1.24	638-5660
Bond					
Dodge & Cox Income (DODIX)	**0.4**	1.8	2.6	0.44	621-3979
Fidelity Total Bond (FTBFX)	**0.3**	2.5	2.5	0.45	544-8544
Vanguard Short-Term Inv. Grade (VFSTX)	**0.1**	1.9	1.7	0.20	662-7447
iShares iBoxx $ Inv. Grade Corp. Bond (LQD)	**–0.5**	3.7	3.1	0.15	474-2737
Loomis Sayles Bond (LSBRX)	**–0.4**	–4.1	0.5	0.89	633-3330
Fidelity High Income (SPHIX)	**1.5**	–3.1	1.3	0.72	544-8544
Vanguard Intm.-Term Tax-Ex. (VWITX)	**0.4**	5.9	3.3	0.20	662-7447
Vanguard Limited-Term Tax-Ex. (VMLTX)	**0.2**	2.4	1.4	0.20	662-7447
Templeton Global Bond (TPINX)[3]	**–0.4**	–6.4	–1.7	0.89	632-2301
Fidelity New Markets Income (FNMIX)	**1.4**	2.7	1.7	0.86	544-8544
ONE-DECISION FUNDS					
Balanced					
Fidelity Balanced (FBALX)	**–0.9**	–2.9	6.8	0.56	544-8544
Fidelity Global Balanced (FGBLX)	**–1.2**	–3.2	2.9	1.02	544-8544
Vanguard Wellington (VWELX)	**–1.1**	–0.1	6.4	0.26	662-7447
Target Date					
T. Rowe Price Retirement series (STOCK/BOND ALLOCATION)					
Example: 2005 Fund (45%/55%) (TRRFX)	**–0.8**	–1.4	3.3	0.58	638-5660
Example: 2020 Fund (68%/32%) (TRRBX)	**–1.4**	–3.7	4.7	0.66	638-5660
Vanguard Target Retirement series					
Example: 2025 Fund (70%/30%) (VTTVX)	**–1.7**	–3.8	4.9	0.15	662-7447
Example: 2035 Fund (84%/16%) (VTTHX)	**–2.0**	–5.6	5.2	0.15	662-7447

NOTES: As of May 18, 2016. N.A.: Not available. Load funds are included for those who prefer to use a broker. [1]Annualized. [2]Phone numbers are 866. [3]4.25% sales load. **SOURCES:** *Lipper, New York, 877-955-4773; the fund companies*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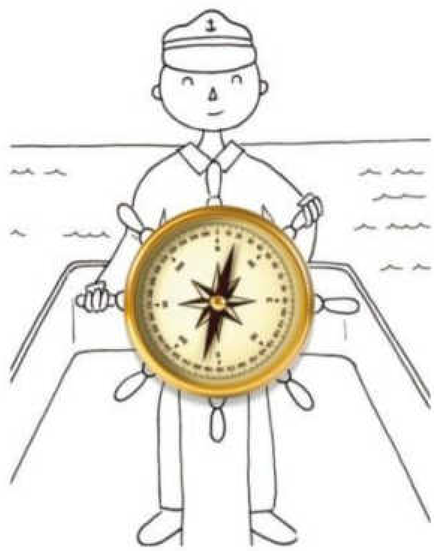
A Mast With a Past

by David Noonan



SHE WAS SITTING on a rusted trailer in a driveway on a street in Rhode Island where we were staying on vacation. She was full of dead leaves and rainwater, a fiberglass relic of the 1960s. Her paint was faded, and her deck was laced with hairline cracks. It was love at first sight.

What I saw was a boat that could be my very own, a sleek centerboard sloop, 20 feet long, ready to take me wherever I pointed it. What my wife, Susan, saw was a needy addition to the family. But she didn't veto the purchase, and I, in my wisdom, never asked her to help me work on it.

I bought my dream a decade ago for $600, though that turned out to be just a drop in the ocean I would never sail. I immediately spent another $500 on trailer repairs and some small but pricey hardware for the rigging, including $20 for a single, custom-cut steel bolt to hold the deck-mounted mast in place. By the time our two-week vacation was over, I hadn't even gotten in the water. Since I didn't have space in our yard back home in New Jersey, I ended up paying a Rhode Island boatyard nearly $500 to store it for the 11 months between summer visits.

I finally launched her a full year—and a small fortune in spare parts—later. (Did I mention that she didn't have a rudder? A mahogany one set me back another $200.) Still, she looked beautiful, floating peacefully at the foot of the boat ramp, despite her patched and yellowing sails.

I owned her for six years—paying those storage fees the whole time—and I probably sailed her for a total of 30 hours. As I soon found out, she was wrong for those waters. Sailing there on the tumbling doorstep of the Atlantic, in winds that had powered the America's Cup, ranged from challenging to terrifying. Susan and our two teenage sons were good sports, but I can't say any of us ever relaxed on our boat. Maybe that's why we never got around to naming her. It never quite felt as if she belonged in the family, other than the way I always had my wallet open—a Dad must. When I do the math it worked out to about $192 per hour I sailed her.

Impractical doesn't begin to describe it, I know; I could have rented a comparable 22-foot boat for about $25 an hour. When college bills arrived, I had to give her up. To avoid the headache of selling the funkiest boat in town, I gave her away to a couple of guys from Newport who loved that she was scary to sail.

But I have no regrets, because I got to be the captain of something, which I've come to realize was probably the point of it all. It may have been a beat-up piece of fiberglass with a patched sail, but it was *my* boat. I was in charge, and I kept my passengers safe. I was in control, in other words. And you know how elusive that feeling can be. M

David Noonan, a freelance writer based in New Jersey, sails every chance he gets—on a friend's boat.

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Illustration by JAVIER PÉREZ ESTRELLA