

# MONEY

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MARCH 2017 /// MONEY.COM

## 33 Ways to Cut Your Taxes

### + How Washington Tax Moves Will Affect Your Wallet

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**1040** Department of the Treasury • Internal Revenue Service **2016** (OMB No. 1545-0047) **2016** ending **2016** ending  
For the year Jan. 1-Dec. 31, 2016, or other tax year beginning **2016** ending **2016** ending  
Your first name and last name  
Last name  
If a joint return, spouse's first name and last name  
Last name  
Home address (number and street, if you have a P.O. box, see instructions)  
City, town or post office, state and ZIP code. If you have a foreign address, also complete space below you instructions  
Foreign country name  
Foreign post office/territory name  
Foreign postal code  
Filing Status  
1 Single  
2 Married filing jointly (even if only one had income)  
3 Check only one box:  
4 Married filing separately. Enter spouse's SSN above and full name here.  
5 Head of household (with qualifying person). See instructions. If the qualifying person is a child but not your dependent, enter SSN, child's name here.  
6 Qualifying widow(er) with dependent child  
Exemptions  
4a  Yourself, if someone can claim you as a dependent, do not check box 4a  
4b  Spouse  
4c Dependents:  
(i) First name Last name (ii) Dependent's social security number (iii) Dependent's address to you (iv) If child under age 17, entering for child, see instructions  
If more than four dependents, see instructions and check box   
Total number of exemptions claimed  
Income  
7 Wages, salaries, tips, etc. Attach Form(s) W-2  
8a Taxable interest. Attach Schedule B if required  
8b Tax-exempt interest. Do not include on line 8a  
9a Ordinary dividends. Attach Schedule B if required  
9b Qualified dividends  
10 Taxable refunds, credits, or offsets of state and local income taxes  
11 Alimony received  
12 Business income or loss. Attach schedule C or G-EZ  
13 Capital gain or loss. Attach Schedule D if required. If not required, check box   
14 Other gains or losses. Attach Form 4797  
15a IRA distributions 15b Taxable amount  
16a Pensions and annuities 16b Taxable amount  
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E  
18 Farm income or loss. Attach Schedule F  
19 Unemployment compensation  
20a Social security benefits 20b Taxable amount  
21 Other income. List type and amount  
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income  
Adjusted Gross Income  
23 Educator expenses 23  
24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2796 or 2796-EZ 24  
25 Health savings account deduction. Attach Form 8889 25  
26 Moving expenses. Attach Form 3903 26  
27 Deductible part of self-employment tax. Attach Schedule SE 27  
28 Self-employed SEP, SIMPLE, and qualified plans 28  
29 Self-employed health insurance deduction 29  
30 Penalty on early withdrawal of savings 30  
31a Alimony paid  Recipient's SSN  31a  
32 IRA deduction 32  
33 Student loan interest deduction 33  
34 Fashion and lease. Attach Form 8917 34  
35 Domestic production activities deduction. Attach Form 8805 35  
36 Add lines 23 through 35  
37 Subtract line 36 from line 22. This is your adjusted gross income 37  
Policy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11208B Form 1040 2016

**2017 TAX GUIDE**  
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*ZOOM-ZOOM*

# "BEAUTIFUL"

- Wayne S., Jacksonville, FL

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\*24 of our 36 Retirement Funds had a 10-year track record as of 12/31/16 (includes all share classes). 23 of these 24 funds (96%) beat their Lipper averages for the 10-year period. 21 of 36, 35 of 36, and 35 of 36 of the Retirement Funds outperformed their Lipper average for the 1-, 3-, and 5-year periods ended 12/31/16, respectively. Calculations are based on cumulative total return. Not all funds outperformed for all periods. (Source for data: Lipper Inc.)

*Past performance cannot guarantee future results.* All funds are subject to market risk, including possible loss of principal.

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## COVER STORY

## 33 Ways to Cut Your Taxes

Our annual tax guide offers concrete tips on how to save money this year, plus strategies to lower your tab for the 2017 tax year and beyond.

*by* Kaitlin Mulhere, Elizabeth O'Brien, Kerri Anne Renzulli, Taylor Tepper, Penelope Wang, and Martha C. White

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## Washington and Your Taxes

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*by* Ian Salisbury

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*by* Andrea Rock

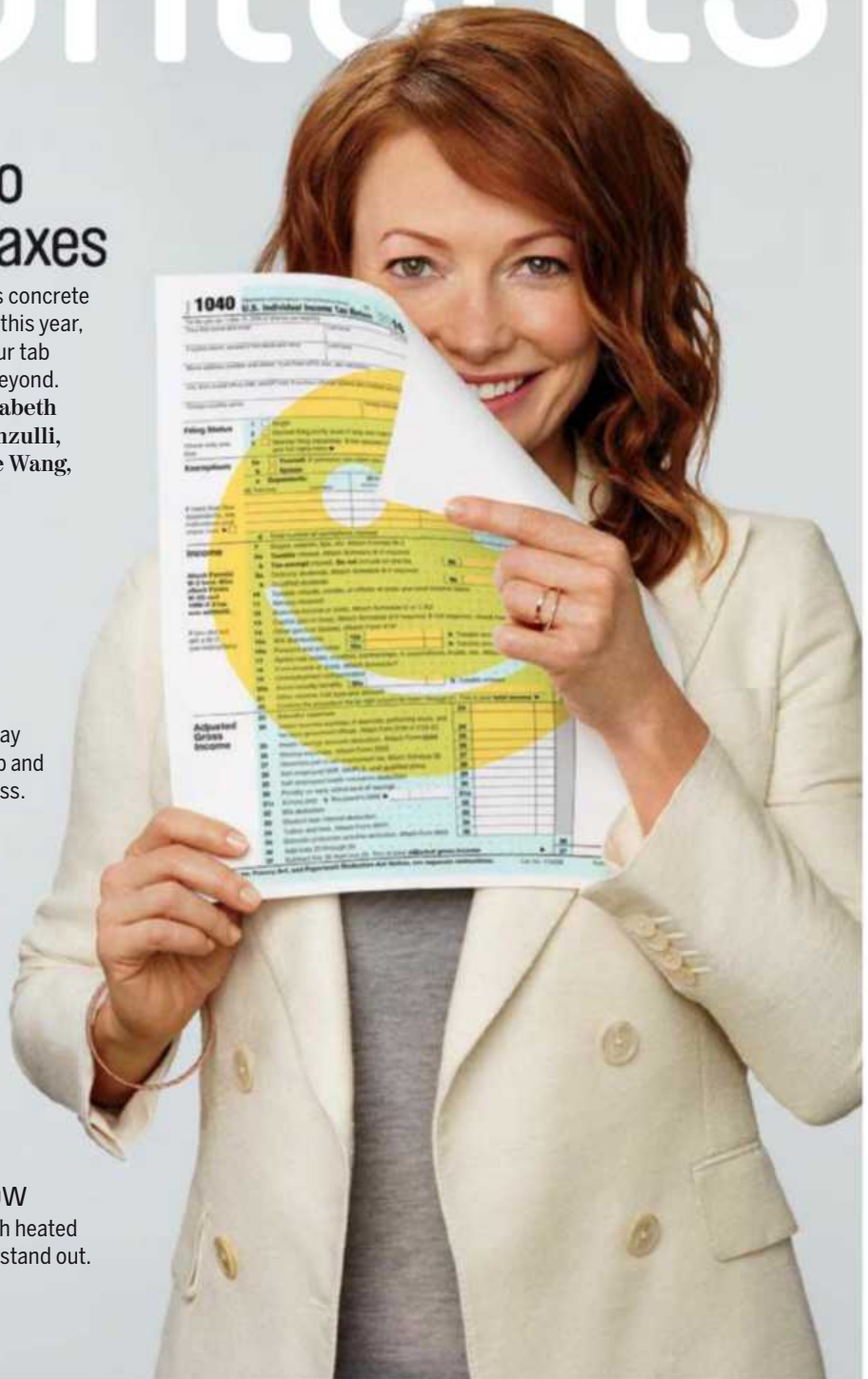
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## Get a Better Job Now

A hot job market comes with heated competition. Here's how to stand out.

*by* Kristen Bahler and Martha C. White

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*Get up close with elephants in Thailand for \$725 a week, tax deductible.*

—Stirling Kelso,  
*“Save While You Serve,”*  
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Cover photograph by  
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## FIVE WAYS TO BEAT A NEW RISE IN AIRFARE

Airlines have been slashing ticket prices as they ride a wave of corporate profits. But with oil and labor costs rising, airfares could start going back up in 2017. When making plans for your next vacation, be sure to take these smart steps to minimize your airline travel costs. [money.com/airfares](http://money.com/airfares)

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### DIGGING INTO PUTIN'S HIDDEN RICHES

Some say Russia's President is secretly the world's wealthiest man. But where is his fortune stashed? [money.com/putin](http://money.com/putin)



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# Job No. 1: Act in Your *Best Interests*

**D**URING A RECENT panel discussion hosted by our marketing team, I was asked to describe MONEY magazine in just three words. Easy one, I thought, given how passionate our writers and editors are about helping readers meet their financial goals. “On your side,” I replied. What if you had four words? the moderator inquired. My answer was a variation on the same theme: “We’ve got your back.”

At MONEY, we consider ourselves your advocate when it comes to your finances, and we take our commitment to providing you with the best information and advice very seriously. We believe anyone who gives you financial advice ought to be held to the same standard.

That’s why we are strong proponents of the fiduciary rule, a new

Department of Labor requirement that aims to protect retirement savers from conflicted advice. The rule, scheduled to roll out in April, requires anyone giving advice or selling investments for retirement accounts to recommend what seems best for the client—not just “roughly suitable” securities that might earn the pro a higher commission. The White House Council of Economic Advisers in 2015 estimated that a 45-year-old with \$100,000 in savings could lose \$37,000 by age 65 as a result of these conflicts.

Will the rule actually take effect, or will efforts by opponents to undermine it succeed? In a Money.com post called “Inside Wall Street’s Secret War on American Investors,” my colleague Megan Leonhardt detailed the eight-year ongoing battle

by some in the financial services industry to thwart the rule—most recently via a series of lawsuits. While the judgments so far have been in DOL’s favor, the biggest case—lodged by the U.S. Chamber of Commerce and others—was still being litigated at press time. Even if the legal challenges are unsuccessful, Congress or the Trump administration could delay or weaken the rule. Says Leonhardt, “The fate of this important investor protection grows less certain every day.”

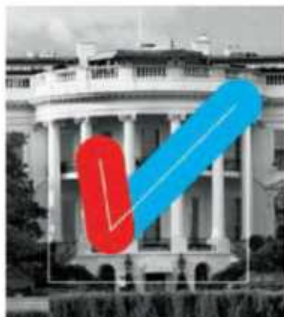
One thing you can count on: We will continue to report on the fiduciary rule’s progress (or lack thereof) in the magazine and online. And we will continue to provide the best available information and advice about your money and keep your interests as our top focus.

Case in point: This month’s cover package, with smart moves to trim your taxes just as filing season gets underway (page 52) and an early look at the impact of sweeping tax cuts likely to be enacted in Washington (page 60). You also won’t want to miss the chilling “Cybercrime Gets Personal” (page 66), about the latest threat to your online security—and how you can protect yourself.

I hope you enjoy the issue.

**DIANE HARRIS**  
EDITOR-IN-CHIEF

[twitter.com/dianeharris](https://twitter.com/dianeharris)



RE: THE 2017 WASHINGTON WISH LIST (JANUARY/FEBRUARY)

Here's my wish as an ordinary taxpayer: Let's add a line on Form 1040 titled "Voluntary Additional Tax" (VAT), allowing any taxpayer to pay more than the IRS requires. This will give Warren Buffett et al. a chance to "walk the walk" and pay millions more. It'll squelch

the tired old "Well, nobody asked me/us" from the mouths of mega-millionaires.

ALAN MATSUDA, *Honolulu*

#### WISHING FOR MORE

While I agree with "The 2017 Washington Wish List" [January/February], I don't advise that you hold your breath waiting for the government to negotiate lower drug prices. Congress forbade this when it enacted the Medicare Part D drug benefit in 2003. One effect of the legislation was to benefit the pharmaceutical industry, a

generous contributor to political candidates.

BILL COLLINS  
*Pacifica, Calif.*

#### DELAYED PAYMENTS

Thanks for including in "Get Ready for the New Math" [January/February] information about the delay in receiving Social Security after you turn 62. My birthday is at the end of September. When I retired, not only did I not

get a check in September, but I didn't receive it until late November. I didn't starve, but I was very upset!

CONNIE ELLIOT  
*Studio City, Calif.*

#### TOO MUCH MAIL

"Give Your Best" [December] left out one very important piece of advice about charitable giving: Find an organization that won't share your name and address with others. Last year, I was overwhelmed with solicitations from charities. It took a lot of work to contact each one and request removal from their mailing lists. We now give only to local charities that do not share our information, and the mailbox is relatively empty. Hooray!

SUE PETERSON  
*Oriental, N.C.*

#### OUR FAVORITE COMMENT

John Oliver was a brilliant choice for "The Money Champions" [December]. He reaches folks who don't read the financial pages—people like my millennial daughter. She knows about scandalous payday loans and the sale of medical debt because she watches *Last Week Tonight With John Oliver*. Thank you for going outside the box to find this champion!

JUN LOOK, *no address given*

#### COMMENTS ABOUT RECENT STORIES ON MONEY.COM

##### I want to go!

 CRAIG RINES  
Re: "The Virgin Islands Will Pay You to Visit Them in 2017"

I've been doing this for free for years! I'm owed back pay!

 RICK HEATON  
Re: "Dream Job Alert: Lego Is Hiring Someone to Play With Legos All Day"

#### CORRECTIONS

In the January/February issue:

- ▶ "The Right Robot for Your Money" incorrectly stated that Personal Capital's portfolios contain individual stocks, not stock ETFs. The portfolios may hold both types of securities.
- ▶ Ask the Expert incorrectly described an exception to an early withdrawal penalty for a 401(k) or 403(b). It applies to workers who leave their jobs the year they turn 55, not just those who leave after turning 55.
- ▶ A chart in "The Early-Bird Dividend" mislabeled IRA earnings as IRA balances.
- ▶ "Where to Go in 2017" misstated the days that Buenos Aires' San Telmo Market is open. It's held on Sundays, not Saturdays.
- ▶ A timeline in "10 Things the Financial Crisis Taught Us" illustrated General Motors' 2009 bankruptcy with a Dodge car.

"The High Cost of Coping" [December] incorrectly rendered the name of the National Council for Behavioral Health.



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# FIRST

## The MONEY Do List

Smart moves and key dates to keep in mind for March.



**MARCH 1-15**  
**Get college money**

In the first half of the month, application deadlines for state-sponsored higher-education financial aid and grants for the 2017-18 school year roll around in 13 states, ranging from Michigan (March 1) to Texas (March 15). Find your state's deadline at [fafsa.ed.gov/deadlines.htm](http://fafsa.ed.gov/deadlines.htm) and fill out the FAFSA to qualify for aid.



**MARCH 1-15**  
**Swing by the doctor**

Still have cash in your 2016 health care flexible spending account? For many employees, March 15 is the last day to use it or lose it. (Some employers let you carry over \$500 into this year's account; check with HR for your options.) So get that mole on your back checked out or stock up on contact lenses.

**MARCH 5-12**  
**Prepare for a deluge**

Flood season is just around the corner in much of the U.S., but flood insurance typically takes 30 days to go into effect. Find links to agents at [FloodSmart.gov](http://FloodSmart.gov), and don't underestimate your need: Areas with a low or moderate risk of flooding account for 20% of all claims.

**MARCH 15**  
**Pay small-business taxes**

If you operate an S corporation, Uncle Sam knocks on the door on the 15th day of the third month after your fiscal year ends—today, that is, if you're on the calendar year. Thinking about setting up your own small business? Get good startup advice at [sba.gov](http://sba.gov).



**MARCH 17-24**  
**Indulge with chocolate**

The lull between Valentine's Day and Easter is ripe for buying boxed chocolates. Brands such as Ghirardelli and Lindt offered half off on selected sweets at this time last year, reports DealNews.

**MARCH 19-31**  
**Find your next job**

Especially in technology and health care, March is one of the three busiest months (along with January and October) for hiring, says Jessica Jaffe, Glassdoor's career-trends expert. For timely advice on how to find the work you want—whether it's with your current employer or somewhere else—check out "Get a Better Job Now" (page 76).



GETTY IMAGES (6)

CAREERS

# Texting Is Turning Into Serious Business



**IF YOU'VE NEVER GOTTEN** a text from your boss before, it's probably just a matter of time. Roughly four in 10 employers plan to use text messaging to schedule interviews this year, reports CareerBuilder.com. And startups like Shyft have developed systems for workers to communicate with one another via text. As the smartphone generation rises through the workforce, career experts predict that workplace texting will become commonplace. "We're going to see more and more of that," says Jim Link, chief human resources officer at Randstad North America.

There are some definite dos and don'ts when it comes to workplace texting. Here's how to get it right:

- ▶ **Respect boundaries.** "Texting after work hours should be reserved for something that needs urgent attention," says career coach Crystal Marsh.
- ▶ **Follow the leader.** Watch how higher-ups text. Do they capitalize and punctuate formally? So should you. If they're more haphazard, you have a bit of slack.
- ▶ **Keep it short.** Getting a blitz of messages is annoying. If you can't keep it short, maybe texting isn't the best vehicle for what you're trying to get across, Marsh says.
- ▶ **Abbreviate—within reason.** It's okay to use abbreviations. But go traditional: Avoid numerical shortcuts like "cu l8r." And hold back on exclamation marks, says Marsh.
- ▶ **Skip the funny stuff.** Don't use emoji. And don't try to be a comedian. The truncated format of texting raises the chances of someone misinterpreting your message.

"Many people take for granted that they can communicate at work the way they communicate with friends," says Link. "That's not the way to go." —MARTHA C. WHITE

## RETIREES FLOCK SOUTH AND WEST

More retirees than ever are relocating, according to a January report from movers United Van Lines.

The migration in 2016 of retirees from the Northeast

and Midwest, in fact, surpassed the number of millennials moving to urban areas in those regions, the report found.

States with the most move-ins were Texas and California, with over 10,000 apiece.

Also popular were Florida, Arizona, North Carolina, and



Virginia—traditional retirement hubs. About one in three move-ins to Nevada and Arizona was retirement-related.

As for job-related moves, more than 60% of people heading to the Midwest and the Pacific West said they did so for work.

—DAN KADLEC

QUOTED

"Don't do something, just stand there."

Vanguard founder **Jack Bogle** in a Money.com video, explaining the hands-off strategy he recommends for managing your investments

ILLUSTRATION BY TAYLOR GALLERY:  
PHOTOGRAPH BY ZEN SEKIZAWA/GETTY



## HOW TO FIND 2017'S CHEAPEST FLIGHTS

Most industry experts foresee higher flight prices this year—and to some degree, rising airfares are already here. Take these steps to ease the pain.

**1 KEEP AN EYE ON SALES**  
While peak travel days are seeing higher fares, airlines kicked off 2017 by discounting midweek departures during the winter lull. To keep track of sales, sign up for your preferred airline's e-newsletter and use helpful deal-finding services like Yapta, Hopper, and AirfareWatchdog.

**2 BOOK WISELY IN ADVANCE**  
If you don't have the flexibility to adjust your travel based on available deals, book tickets well in advance—generally about two months before your departure. Or consult CheapAir.com, which estimates optimal purchasing dates based on historical data.

**3 GO NO-FRILLS**  
The cheapest fares in early 2017, as in the past, have come from budget carriers Spirit Airlines and Frontier Airlines. The trade-off: high fees. Expect to pay extra for seat reservations, baggage (even carry-on), and anything else above basic transportation. —BRAD TUTTLE

## STUDENT DEBT

# Lending Giant Gets Sued

The country's largest student loan servicer was hit in January by three lawsuits alleging nasty practices.

Navient, which manages billing and repayment for private and federal student loans, was named in suits from the federal Consumer Financial Protection Bureau and the attorneys general of Illinois and Washington state.

Among the accusations against Navient—which serves one in four

student loan borrowers—are that it created obstacles for repayment, gave borrowers bad information, and otherwise acted to keep borrowers mired in debt.

Navient has denied any wrongdoing in a statement, calling the allegations, made in the last days of the Obama administration, unfounded and politically

motivated.

To educate yourself about student loan payments, consult the guides from the Consumer Financial Protection Bureau and the National Consumer Law Center's Student Loan Borrower Assistance project. —KAITLIN MULHERE



# \$10

CVS's discounted price for a generic version of Adrenaclick, an alternative to the \$600 EpiPen

NOTE: Normal cost of \$110 will be reduced by a \$100 manufacturer's rebate.

## FREE WEBSITE REVEALS YOUR RELATIVES AND MORE

A genealogy site shows how privacy can be hard to come by in the Internet age.

Think the Internet can't shock you anymore? Go to FamilyTreeNow.com and enter your name.

The genealogy website is designed to help you research your family tree to find out more about your roots.

That sounds pretty innocent, except for how easy the site makes it for other people to obtain information about you. Type

in your name, and FamilyTreeNow.com might display possible (and shockingly accurate) close and distant relatives, neighbors, past roommates, current and past addresses, and any other variation of your name that you may have ever used. All this information about you is pulled from public documents. That part isn't exactly new:

There are many other sites out there that offer similar information. But FamilyTreeNow makes that possible for free.

The good news: FamilyTreeNow allows you to remove your information at [familytreenow.com/optout](http://familytreenow.com/optout).

—VERONICA QUEZADA



# Unequal Treatment

**THE QUESTION:** One of my adult children, who lives nearby, helps me out often. Another phones and flies in regularly. The third child calls only to ask for things. Should I divide my estate to reflect their relationships with me?



SEE  
OUR 2017  
TAX GUIDE  
(PAGE 52)

## THE READERS



Having a child learn you do not think he or

she deserves as much as a sibling can cause rifts that never heal. Also, any unequal giving would reflect only your current relationship, not taking into account a lifetime of interactions.

MARTIN APA  
Wayne, N.J.



I was the local child. My mother made me a joint owner of her checking account, funding it with about 10% of her liquid assets. That served two purposes: It made final expenses very easy to handle, and let her boost my share without being obvious.

CHERIE KIZER  
Lake Barrington, Ill.

I suggest a split of 45%, 45%, and 10%. If your two attentive children are really worried about their relationship with their sibling, they can give part of their inheritance to him or her.

BOB KENNEDY  
Chapel Hill, N.C.

Reward your helpful offspring now, rather than waiting until you die. Depending on your financial situation, your gift could be a lavish vacation or something as simple as a dinner.

ROB & GWEN LUPER  
Edgewater, Fla.



Use up more of your money now. Spend some time in Bermuda, for example. Small inheritances cause less strife.

PETER JACKSON  
Marblehead, Mass.

## THE EXPERT SAYS

If you divide your estate unevenly, minimize conflict by disclosing your choice while alive, or (if you hate confrontation) explaining it in your will or trust. If you are open about rewarding caregiving children, there's no right or wrong way to communicate. Is a family meeting not feasible? Conference call or write your kids a letter.

DANIELLE MAYORAS, *estate planning attorney and coauthor of Trial & Heirs*

 Want solutions to a financial dilemma in your life? Email your question to [social@money.com](mailto:social@money.com). To join our reader panel, go to [moneymatterspanel.com](http://moneymatterspanel.com).

## FACEBOOK QUESTION OF THE MONTH

HOW HAVE YOU BEST USED A TAX REFUND?

“Vacations, baby! Vegas, Vegas, Vegas.”

—ERIKA HOFFMANN

“I invested mine in a semitruck and made it back three weeks later. Best investment I ever made.” —ERICK SANCHEZ

“Remodeling.” —JACQUELINE MURRAY

“I used mine for several years to pay down student loans. Worked like a charm.” —BILL PATE

“Invest in a Roth IRA.”

—LEWIS SCOTT

“Save it!” —BRIAN C. HALE

“I don't know. Never got one. They always keep it ALL plus some.”

—ALMA RODRIGUEZ

# Track Action for Less

You don't have to drop \$200 or more on a gadget or sports watch to measure your activity. These wearables skip extras like built-in coaching to give you the basics for less. —LISA EADICICCO

**THE BARGAIN CHOICE**

**Xiaomi Mi Band 2**

\$39, available via Amazon



This fitness band is among the least expensive models on the market, says Angela McIntyre, who follows wearable tech for the Gartner research firm. It includes a 0.42-inch screen that displays your heart rate, the number of steps you've taken, and the time. The splash-resistant tracker, which can be worn with brightly colored bands (\$7 and up at Amazon.com), also monitors sleep and buzzes to let you know if you've been sitting for too long.

**PRECISION CARDIO**

**Polar H7 Heart Rate Sensor** \$80



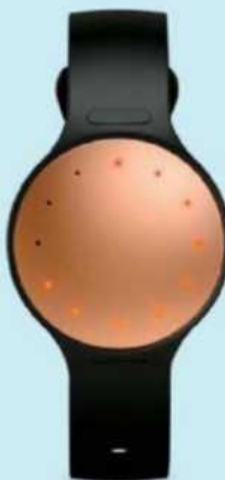
Wristband heart rate monitors are convenient, but in a recent study at the Cleveland Clinic, this chest-strap sensor was far more accurate during exercise

than four different wrist trackers, including the Apple Watch. The Bluetooth-enabled H7 sends your heart

rate to your smartphone and whatever compatible treadmill or elliptical machine that's making you sweat.

**REMOTE CONTROL**

**Misfit Shine 2** \$100



This sleek fitness wearable displays a circle of LED lights that illuminate throughout the day to indicate your progress toward fitness goals. Like competing gadgets,


the Shine 2 is swim-proof and can tally steps, distance, and calories burned. What sets it apart is Misfit's Link app, which lets you use the gadget as a remote control. Program it to snap a photo from your phone remotely, maybe, or ring your phone if you've misplaced it.

**DISCREET DEVICE**

**Fitbit Zip** \$80



Fitbit's tiny clip-on tracker is a no-frills option for recording health metrics like steps taken, calories burned, and distance walked. It snaps onto your clothing—hitch it to

a belt, pocket, or bra strap, for example—making it attractive if you don't want to wear a wristband, says McIntyre. You don't have to pull out your smartphone to check your numbers; just tap the Zip's LCD screen to cycle through all your different stats. 



EYE TO EYE  
WITH A THAI  
ELEPHANT

SAVE  
37%

**CULTURAL  
AWARENESS**

The nonprofit organization Globe Aware ([globeaware.org](http://globeaware.org)) runs well-vetted volunteer vacations all over the world. On the week-long Sustaining Thailand's Treasures trip (\$725, departures throughout the year), you'll build shelters for captive elephants and help with their daily care and feeding. Accommodations in wooden houses are rustic, but you'll save big on otherwise pricey Thai elephant encounters. Programs at Patara Elephant Farm in Chiang Mai, for example, cost \$165 per day. Globe Aware can help you find affordable airfare, and the trip is fully tax-deductible.

# Save While You Serve

Donating your time can mean a big break on travel adventures. Here are three organizations that do "voluntourism" right. —STIRLING KELSO



NORTHERN CALIFORNIA'S  
"LOST COAST"

SAVE  
45%

**ENVIRONMENTAL  
CONSERVATION**

Sierra Club Outings ([sierraclub.org](http://sierraclub.org)) offers two types of expeditions: group vacations and service trips. Itineraries differ, but accommodations and locations can be similar. On the seven-day service trip to California's "Lost Coast," launching May 13, you'll clean up a stretch of scenic Pacific shoreline and improve the Rattlesnake Ridge trail (\$495 per person; airfare not included). In comparison, Sierra Club's Lost Coast backpacking trip, which does not have a service element, costs \$895 per person for five days. On both trips, travelers get to hike and watch for migrating whales from stunning lookouts. Another bonus: The service trip has a dedicated cook.



SCOTLAND'S  
BURGIE HOUSE

SAVE  
18%

**HISTORIC PRESERVATION**

Adventures in Preservation ([adventuresinpreservation.org](http://adventuresinpreservation.org)) focuses on saving distinctive architecture. Join the Cracker House Project in Missouri (departures in May and June), and you'll restore antique windows, herringbone walkways, and other features of the historic residence. Seven-day trips start at \$910 if you stay in a B&B; the dorm option saves about 20% (airfare not included). Farther afield, conserve an Edwardian-era greenhouse in northern Scotland. Food, activities, and lodging in Burgie House, the mansion on the estate, cost \$1,590 for the week; AIP guests get an 18% savings over summer lodging rates. Staying in an RV on the grounds cuts the fee by another 30%.

Find more money-saving travel tips at [money.com/travel](http://money.com/travel).

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*-Stewart Cink  
PGA Tour*

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# Nurturing Success

CID WILSON, whose parents came to the U.S. in 1966, started working at a brokerage for free during college. “If I’m not the best mail-room boy you ever had,” he told his boss, “fire me.” Soon put on the payroll, Wilson spent two decades in equity research and helped found the Dominicans on Wall Street networking group. Now he leads Hispanic Association on Corporate Responsibility, which aims to boost Hispanics’ big-business presence via advocacy and leadership training. HACR brings 650 people through its programs annually, up from 400 when he took the job in 2014.

## HIS JOB-HUNTING ADVICE

**START EARLY.** Don’t dawdle in getting an internship; get in the door as a college freshman. You’ll have more time to build a network and create opportunities.

**USE TV.** Want to land an interview? Watch 5 a.m. business shows, then call the guests before 7:30 to ask for 10 minutes of face time. “They go straight to the office,” says Wilson. “You’ll have a greater chance they pick up the phone.”

**BE REMEMBERED.** Work hard to stand out—appropriately. One useful job-fair trick: Walk a potential employer out the door so yours is the last face that he or she sees. —JOAN CAPLIN



## CID WILSON

46, WASHINGTON, D.C.

**BACKSTORY:** His parents emigrated from the Dominican Republic.

**EDUCATION:** BS in economics from the Ohio State University.

**PROFESSION:** CEO, Hispanic Association on Corporate Responsibility.

**VISION:** Leverage personal success on Wall Street to benefit Hispanics in the corporate world.







Let's  
Go  
Places



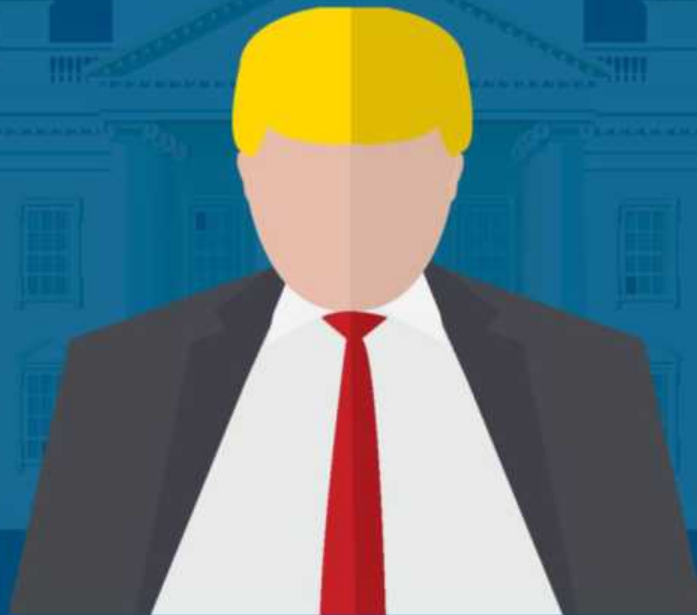
# I spy, with my little eye, something beginning with “S.”

Who knows what you'll see in the backup camera<sup>1</sup> of your new 2017 Corolla, but that's kind of the point, isn't it? That's why it comes standard, along with **Toyota Safety Sense™ P**<sup>2</sup>. Because, even though you might see almost anything, one thing we think you should definitely see is safety. **How many things can you spy that start with the letter “S”?**

The New 2017  
**COROLLA**  
Toyota Safety Sense™ Standard

Prototype shown with options. Production model may vary. 1. The backup camera does not provide a comprehensive view of the rear area of the vehicle. You should also look around outside your vehicle and use your mirrors to confirm rearward clearance. Environmental conditions may limit effectiveness and view may become obscured. See Owner's Manual for details. 2. Drivers should always be responsible for their own safe driving. Please always pay attention to your surroundings and drive safely. Depending on the conditions of roads, vehicles, weather, etc., the system(s) may not work as intended. See Owner's Manual for details. ©2016 Toyota Motor Sales, U.S.A., Inc.

# How the “New Normal” in Washington Will Affect Business



# TRUMPONOMICS DAILY

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# Plan



## Limit Your Exposure

THE SHARING ECONOMY COMES WITH NEW RISKS. HERE'S HOW TO MAKE SURE YOU'RE PROTECTED. *by* Martha C. White

**SHARING PLATFORMS LIKE** Uber and Airbnb have brought a new level of convenience and affordability to many of life's transactions. With the click of a button, you can find a cheap place to stay in a foreign city, rent an unused room in your house, or get a driver to pick you up in the rain. For providers, sharing services offer an easy way to earn extra money.

One of the reasons on-demand platforms are so cost-effective is because they operate largely outside existing insurance and regulatory frameworks. "Every one of these activities gives rise to



Q

INVESTING

## Is gold a good investment?

—P.R., Baton Rouge

**A** Gold's fans advocate owning the yellow metal as a hedge against inflation and stock market disaster. But other investors, including Warren Buffett, believe it has no role in a modern portfolio.

"Gold has no intrinsic value other than for jewelry and some industrial use, and it produces no income," says **Joe Heider, founder of Cirrus Wealth Management in Cleveland.** Over the long term, he says, gold is no match for a diversified portfolio of stocks and bonds. Since 1986, the price of gold has increased by roughly 200%; in the same period, the Dow Jones industrial average rose 900%.

If you're determined to own gold, it's best not to hold it in physical form. A safer—and cheaper—approach is to buy an ETF backed by the precious metal, like the **SPDR Gold Trust (GLD)**, which charges a low expense ratio of 0.40%.

In any given year, gold can outshine stocks (and vice versa), but over the long term, equities beat the precious metal.



NOTE: Gold price vs. S&P 500, 1986–2016. SOURCES: Goldprice.org, Morningstar

Q

RETIREMENT

## I have about \$9,000 in credit card debt. Should I use my retirement savings to pay it off?

**A** "All other options should be considered before pulling from a 401(k), as taking from this source is hijacking your future," says **Thomas Nitzsche, a credit educator at Clearpoint Credit Counseling Solutions.**

Besides, a retirement savings withdrawal won't go as far as you think toward paying off your obligations. Unless it's a Roth account, you'll have to pay income

taxes on the money, plus a 10% early withdrawal penalty. And given that you are young and say you plan to work for 30 more years, you'll lose out on three decades of returns.

A better option: a balance transfer to a lower-interest card, such as MONEY's pick for that purpose, Chase Slate. If all else fails, seek help from a reputable credit counseling agency; you can find a list at [nfcc.org](http://nfcc.org).

Q

CAREER

## Can my boss refuse to accept my resignation?

**A** If you've signed a contract for a fixed term, your boss can stand his ground. Plus, you could face a costly legal battle if you leave. But if you are an "at will" employee (most people are), you're free to seek greener pastures at any time.

That said, it sounds as if you're worried your boss won't take the news well. **Mary Jeanne Vincent, a career coach in the New York area,** suggests coming to the meeting with a list of ideas to help ease the transition. Perhaps you can be flexible on timing or offer to be "on call" for questions during lunch hour at your new gig. Copy HR on your resignation letter, and put the terms of any ongoing help in writing, Vincent advises. If things get heated, table the conversation—though not your effective end date—for a day or so, setting up a separate meeting to discuss a transition plan. □

By Sarah Max, Martha C. White, and Kristen Bahler



Read more answers from Ask the Expert and submit your own question about personal finance at [money.com/expert](http://money.com/expert).

# Tweet Your Way to Better Service

THE BEST WAY FOR CONSUMERS TO COMPLAIN THESE DAYS MAY BE VIA SOCIAL MEDIA. *by Daniel Bortz*

**ANYONE WHO HAS** ever tried to navigate a voicemail menu or been stranded on hold by a customer service rep knows how maddening it can be to get help over the phone. According to an American Express survey, more than half of callers say they've lost their temper while on the line with a representative. That may explain why more and more people are turning to social media to vent their frustrations. In a J.D. Power survey of more than 23,000 online shoppers, 67% reported having used social media to lodge a complaint.

"When you post on Facebook or Twitter, it's essentially public shaming, which forces the company to reply," says online consumer advocate Kim Komando. Even so, fewer than 15% of messages actually get a response (see chart). Here's how to make sure yours is one of them.

## PICK THE RIGHT PLATFORM

Knowing where to gripe—whether it's Facebook, Twitter, LinkedIn, or even Tumblr—is crucial, says digital marketing and customer service consultant Jay Baer. Check the company's website for dedicated customer service handles,

such as @NikeSupport or @AskAmex. According to social analytics firm Simply Measured, more than one-third of top brands now have such a Twitter handle.

## SPEAK THE LINGO

Many companies monitor Facebook and Twitter for mentions of their

## Who's Listening

Surprisingly, utilities beat even tech companies when it comes to social media responsiveness.

INDUSTRY	AVERAGE RESPONSE RATE	AVERAGE RESPONSE TIME
Utilities	17%	8.6 HOURS
Retail	16%	11.5
Travel/hospitality	15%	10.1
Consumer services	13%	14.3
Banking/finance	12%	10.3
Internet/technology	12%	11.3
Health care	8%	10.5

NOTE: Response rate is the percentage of consumer messages needing a response that actually got one (Q3 2016). SOURCE: Sprout Social

brand. To get on a company's radar, you'll need to use hashtags effectively. Tag not only the name of the business but also #needhelp and #customerservice, Komando suggests. Also, ask friends and family to retweet or share your Facebook post to gain traction.


## PROVIDE DETAILS

Online complaints hold more power when they offer context, Komando says, so briefly describe your problem: How many hours did your plane sit on the tarmac? How much did your cable bill spike? How many days late was your shipment? Attach a photo—a picture of your damaged package, for example—to make your post or tweet stand out. But don't include personal information, such as your phone number, confirmation number, or email. You can send that in a private message later.

## TIME IT RIGHT

Many companies are on duty 24/7 with respect to mining social media for complaints, so posting your message outside regular business hours—when you'll be competing with fewer customers for attention—can help your post or tweet get noticed.

## TAKE THE CONVERSATION PRIVATE

While social media can be a great tool for initiating a conversation, getting your problem resolved may require some follow-up. If you need to continue the discussion off-line, ask for the phone number or email address of a specific customer service representative, not the main phone number. After all, the last thing you want is to call and get put on hold. 

**1 KEEP COSTS IN LINE**  
A full-scale bathroom remodel—even a midrange one—recoups only about 55% to 65% of its cost at resale, so it pays to keep your spending in check. Limit your budget to 5% of your home's value for a powder room or guest bath and 10% for a master bathroom, says Omaha appraiser John Bredemeyer, a spokesman for the Appraisal Institute. Nationally, a midrange remodel averages about \$18,000, while an upscale job comes in at around \$57,000.

**2 TO SAVE THE MOST, DON'T MOVE THE PIPES**  
Keep costs down by installing a new sink, tub, or toilet in the same location as the old one. In a second-floor bathroom, that could save \$200 to \$500 on each fixture, says design-build contractor Mark Mackmiller of Eden Prairie, Minn., because you won't have to pay to run new supply lines and drainpipes. On a first floor the savings aren't as big, provided you have a crawl space or basement access.

**3 SOME SPLURGES ARE WORTH IT...**  
There are three features that add luxury and efficiency to a master bath, Mackmiller says. Dual sinks allow you and your spouse to get ready for

# 5 Things to Know About Renovating Your Bathroom

by Josh Garskof

Double sinks are a worth-it splurge.



work or play at the same time. (Figure an added \$500 to \$2,500, depending on whether you need to steal space from adjacent closets or rooms by moving walls.) A separate walk-in shower and soaking tub are more comfortable than a tub-shower combo (\$2,000 to \$8,000, again depending on available space). And a toilet room creates privacy while allowing the overall bathroom to be a truly shared space (\$1,000 to \$5,000).

**4 ... AND SOME AREN'T**  
You'll likely fall in love with all sorts of natural-stone tile options for floors and shower walls. But you can save \$500 to \$1,500 on the average job by going with a stone-look porcelain tile instead. You'll get nearly the same variety of color and texture but with less cost, easy upkeep, and no sealing required.

**5 YOU'LL NEVER REGRET A HEATED FLOOR**  
Anyone who has ever set a bare foot on cold tile will appreciate a radiant floor, which is heated by an electric element installed under the finished tile. Set it on a programmable thermostat, and you'll have warm tootsies when you wake up. Radiant heat adds about \$500 to \$1,000 to the bill, but it will make you feel warm all over. □



# Get Smart About Mobile Payments

REACHING FOR YOUR PHONE INSTEAD OF YOUR WALLET CAN SAVE YOU TIME—AND MONEY. *by Athena Cao*

**EVER SINCE APPLE** introduced its mobile payment app in 2014, using your smartphone to pay for purchases has been heralded as the Next Big Thing. After all, it's convenient (you just wave or tap your phone at the register), fast (transactions are approved in seconds), and secure (hackers can't steal your personal information).

Google and Samsung have since followed with their own so-called mobile wallets, and adoption by consumers, while slow, is gaining steam: eMarketer forecasts the value of mobile transactions to more than double in 2017, to \$62.5 billion. If you're among the 75% of American shoppers who have yet to try "contactless payments," here's why you should take a closer look at that app on your smartphone.

➤ **Mobile payment is safer than swiping.** Mobile apps don't use your card information for transactions. Instead, they generate tokens—random 15- to 16-digit numbers that look and work like credit card numbers but are useless if stolen.

When you register a credit or debit card to be used for payment with the app, the information is stored in a token vault managed by the service provider. That "reduces the attack surface to a few players—banks and other organizations where security is their primary job," says Rob Clyde, board director of the international IT governance trade group ISACA. At the register, transactions require authentication with your fingerprint or PIN, so even if your phone is lost or stolen, nobody else will be able to initiate a purchase with your mobile wallet.

➤ **Mobile pay is faster than a chip reader.** At checkout, you currently either swipe your card or insert it into the chip reader, a transaction that can take as long as 15 seconds. Smartphone payments can take as little as one second to process, according to mobile payment company Square. You simply hold your phone close to the terminal until it buzzes or beeps, then confirm your identity to complete the transaction.

➤ **Mobile pay is accepted by most major retailers.** Currently 35% of U.S. retailers, including Macy's, McDonald's, and Walgreens, take Apple Pay and Google's Android Pay. Because these apps depend on near-field communication (NFC), a technology that relies on radio waves, merchants must upgrade their terminals to accommodate smartphone payments. Samsung Pay, which uses a magnetic signal that mimics the strip on your credit card, works virtually anywhere that accepts credit cards. To know if a merchant takes mobile payments, look for an icon of a hand holding a card next to the Wi-Fi symbol.

➤ **Mobile pay can save you money.** To entice new customers, Apple, Google, and Samsung offer exclusive deals to their wallet users, similar to credit card rewards programs. Samsung, for example, awards users points that can be redeemed for gift cards and Samsung Gear products.

All that said, you can't ditch your physical wallet just yet. Besides the fact that not all merchants are on board, there's one big drawback to the technology: It doesn't work when your phone runs out of juice. 📱



# What Children Should Chip In

DON'T LET THE STUDENT IN YOUR FAMILY SPEND TOO MUCH ON COLLEGE—OR TOO LITTLE. *by Kim Clark*

**YOU'VE BEEN PREPARING** your child for adult responsibilities for years. Now, in your kid's senior year of high school—college acceptances and financial aid offers in hand—you face a pivotal question about responsibility: How much money should your child raise for college, either through earnings or loans?

Your finances may make it necessary for your child to shoulder at least some of the cost—even if your student manages to land scholarship money. (Public universities average \$18,000 annually after grants; private colleges, more than \$30,000.) Or maybe your child's dream school is just out of your budget.

And even if you can afford it all, you may want your child to help pay; having some skin in the game will help him or her take college more seriously. About half of students from families earning more than \$106,000 a year put in their own money through work or loans, according to federal data.

But too much financial pressure raises risks that students will drop out or that they will struggle with oppressive debts for years. Follow these guidelines to get your student's contribution just right:

## FIND PART-TIME WORK

Nearly all students can and should earn their "extras" money for items like Saturday night pizza, advises Julie Lythcott-Haims, Stanford's former dean of freshmen and the author of *How to Raise*

*an Adult*. "You will be instilling in your child the idea that nothing in life is free—that stuff comes from working hard," she says. Plus, federal education data shows that students who work up to 12 hours a week—enough, at minimum wage, to raise about \$2,000 during the school year—get better grades than those who don't work at all. In part, that's because a job schedule imposes discipline, says Kalman Chany, author of *Paying for College Without Going Broke*.

Beware, though, of too heavy a load while classes are in session. Federal data also shows that working more than 15 hours a week during the school year raises the chances of dropping out. And watch out for earnings caps: Some schools cut need-based grants to students earning more than about \$6,200 from nonschool jobs. (Co-op and work/study don't count.)

## PUT A LIMIT ON LOANS

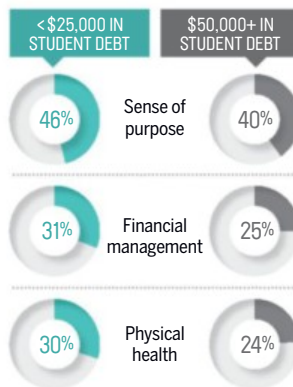
Most experts have this rule of thumb for students: Limit your total borrowing to your expected first year's salary after graduation. That generally means sticking with federal loans (typically capped at \$5,500 a year for freshmen and \$7,500 for upperclassmen). Only students certain to land high-paying jobs should consider private loans, says Chany, since those loans lack the income-based repayment and forgiveness options of federal loans.

If a school is so costly that your child would have to contribute more than \$9,000 annually from work and loans, "you have to be a parent and say no," says Chany. After all, students should risk a little skin—not their entire future. ■

## College Debt's Lasting Weight

Higher loan balances are tied to lower well-being later in life.

GRADUATES THRIVING IN DIFFERENT AREAS OF THEIR LIFE



NOTES: Based on self-reports of "thriving" in a particular area, vs. "struggling" or "suffering." Amounts are for undergraduate debt only. SOURCE: Gallup, 2014



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# Retire



## Four Tips for Going Solo

THESE MOVES WILL HELP SINGLES STEER A COURSE TO A WORRY-FREE RETIREMENT.

*by Elizabeth O'Brien*

**IF YOU'RE PLANNING** a retirement for one, you've got plenty of company. About 40% of women and 35% of men ages 45 to 64 are widowed, divorced, or separated or have never married, according to the U.S. Census Bureau.

You've got it simpler than your coupled counterparts in at least one respect: You don't have to square your vision of retirement with that of a spouse. But in other ways "there's a bit more tension," says Scott M. Sadar, a financial planner with Somerset Wealth Strategies in Portland, Ore. Singles are far more likely than married

people to feel “not at all” financially secure, with 38% of singles reporting such feelings, vs. 23% of married people, according to a recent survey by Northwestern Mutual. Here are four steps that will help you be well prepared and less stressed.

### SET A STRONG SAFETY NET

Without a spouse's earning power to fall back on to pay the bills, you are at greater risk of having to dip into your nest egg if an illness or injury prevents you from working. So disability insurance is critical. Check what your employer offers; you want to have both short- and long-term protection, even if you have to contribute to the cost. Long-term disability policies will commonly replace 60% of your income.

If you don't have coverage, you can buy an individual policy. It isn't cheap: A 50-year-old professional man earning \$75,000 would pay about \$2,300 a year for a policy providing \$49,000 annually to age 65 if he can't work in his own occupation, according to online

insurance broker PolicyGenius.

Long-term-care insurance can also be a smart but pricey purchase. Nearly 70% of those turning 65 will eventually need some form of long-term care, according to government projections, and singles may have to hire help sooner than those with a spouse.

That's “a huge risk to your income in retirement,” Sadar says. Many policies pay for care at home, not just in a facility. (See the graphic below for an idea of the cost and benefits.)

### HAVE A RICH LIFE BEYOND WORK

Researchers have found that people with stronger social relationships tend to be happier and live longer, according to Harvard Medical School. And having a busy and fulfilling life outside the office is particularly critical for singles, since you won't have a spouse waiting with a long list of trips, projects, and activities to get to when you retire. Your passions will shape where and how you choose to live later on and what your retirement will cost.

Those who are recently widowed or divorced may need to do some soul-searching, says Terri Orbuch, author of *Finding Love Again: 6 Simple Steps to a New and Happy Relationship*. “You need to figure out, ‘Who are you, really?’” separate from a spouse, she says.

### NAME YOUR KEY HELPERS

Naming trusted individuals who can make medical and financial decisions for you if you aren't able is essential when there isn't a spouse right there to jump in.

Ideally, your health care agent will live close by so he can come to your side quickly in an emergency. A financial agent needn't live locally, although she should know where to find all your financial information, such as bank and brokerage account numbers and passwords. You can search for a local estate-planning attorney at [money.us/elderlaw](http://money.us/elderlaw).

### GET THE MOST YOU CAN FROM SOCIAL SECURITY

If you have always been single, your Social Security benefit will be based only on your work history. But if you were previously married—and your spouse died or you got divorced—you may be eligible for a benefit based on that person's work history as well.

For survivors, in particular, there are multiple strategies to compare: You might do better to first claim your earned benefit and later switch to a survivor benefit, or the reverse. To help you identify the best strategy, you can hire a firm such as [SocialSecuritySolutions.com](http://SocialSecuritySolutions.com) (which charges from \$20 to \$250, for varying levels of assistance). ■

## Helping Hand for Later

Living alone, you may be more likely to need a health aide or assisted living. A long-term-care insurance policy can help foot the bill.

EXAMPLE FOR A MAN AGE 55 PAYING \$1,665 A YEAR	AT AGE 70	AT AGE 75	AT AGE 80
Premiums paid to date	\$24,975	\$33,300	\$41,625
Maximum benefit over three years	\$245,040	\$284,068	\$329,313

NOTES: Assumes no increase in premiums, 90-day elimination period, and initial benefit of \$162,000 increases 3% a year.  
SOURCE: American Association for Long-Term Care Insurance



# Enjoy a Senior Term Abroad

NOW THAT YOU HAVE TIME FOR A LONG VACATION, TAKE THESE STEPS TO MAKE THE MOST OF IT. *by Ingrid Case*

**ONE GREAT THING** about travel in retirement: You have more than two weeks of vacation days. Just as you might have spent a college term in Europe, you can go overseas without having to rush home. Now, though, your needs for lodging, medicine, and money management are probably different. So follow these tips to enjoy an extended stay abroad.

## FIND A HOME SWEET HOME

In lining up a long-term rental, focus on age-appropriate comfort and convenience. Aside from the obvious—skip the fourth-floor walk-up—you may require a shower instead of a tub, or a one-level dwelling instead of a duplex. A grocery store within walking distance could be a higher priority than nearby

nightlife. And avoid quaint cobblestone streets if you're worried about wrenching your ankle. On rental and house-trading sites like Airbnb.com, VRBO.com, and HomeExchange.com, ask the landlord about anything that isn't 100% clear. "Overcommunicate," says Sean Conway, CEO of vacation-rental manager PillowHomes.com.

## SEE TO YOUR HEALTH

Universal health care in many popular destinations ensures you access to emergency treatment—maybe even for free. Whether a hospital sends you a bill depends on where you are and the amount of care you get, says travel expert and tour guide Rick Steves. (An ER X-ray to see if you've broken a bone, for instance, could be a freebie.)

While Medicare usually doesn't cover overseas medical bills, several Medigap plans (C, D, F, G, M, and N) pay 80% of costs—but only for care starting in the first 60 days of your trip.

If you plan a longer stay or don't have Medigap coverage, you can buy a short-term travel policy (go to [insuremytrip.com](http://insuremytrip.com) for quotes). One insurer, for example, charges \$545 to cover two travelers, ages 73 and 74, in Germany for a month.

If you're already on medication, take a full supply in your carry-on luggage, since it may not be available in local pharmacies.

## GET YOUR MONEY IN ORDER

Plastic is the top choice for day-to-day funding. Take a credit card that doesn't incur foreign transaction fees, which are typically 3%. Options rated highly by MONEY include BankAmericard Travel Rewards, Barclaycard Arrival Plus World Elite, and Chase Sapphire Preferred. And use your bank's ATM card to get cash from your accounts in most of the developed world. Check with your bank about fees and whether your card will work at your destination. Charles Schwab Bank and Capital One 360 don't charge foreign-transaction fees on ATM withdrawals.

Since the farther you get from big cities, the more you'll find cash-only economies, learn your daily withdrawal limit, which your bank might raise for you upon request. If that isn't enough, follow the lead of David Rutledge, a retired American teacher in Ireland. He set up two accounts at the same U.S. bank and got an ATM card for each—instantly doubling his daily limit. **□**

# Grab a Spot in the Sharing Economy

RETIREES GO ONLINE TO MAKE MONEY ON A FLEXIBLE SCHEDULE. HERE'S HOW TO DO IT RIGHT. *by Ingrid Case*

**LOOKING TO RETIRE** from a full-time job but still keep a foot in the working world? You might hang a virtual shingle in the so-called sharing economy, driving for Uber, hosting guests through Airbnb, or using TaskRabbit to offer your services as a dog walker or home-technology consultant.

Eight percent of U.S. adults earned money from an online work platform in the past year, while 2% sold handmade goods online and 1% had income from home-sharing sites, according to the Pew Research Center. Seniors are less likely than younger generations to participate; for example, about 2% went online for gig work. But older people who venture there typically earn a bigger share of their income online, as the graphic at right shows.

Sharing-economy work can add more social interaction and challenges to your day, as well as make your savings last longer. Here are three pointers to find your way.

## WRITE YOUR OWN SCHEDULE

Chances are, this labor is just one of many activities you are looking to fit into your retirement lifestyle. So plan how and when to work.

“You could decide that you want to work set hours, giving yourself a little more structure,” says Karen Van Cleve, a personal and business coach in Lakewood, Colo. For instance, if you’re an early riser, you might drive for Lyft from 5 a.m. to 8 a.m. on weekdays and keep the rest of your time free.

Or you might aim to earn a certain amount of money each month

and then, once you hit that goal, give yourself free rein to schedule more social events and last-minute travel until month’s end.

## THINK LIKE A CEO ... AND CFO

If you spent your career as an employee, recognize that you are now running your own business. How much money you’ll need to earn to make your efforts worthwhile depends in part on expenses, like your tab for professional photos to attract home-sharing guests or transportation from store to store for your gift-buying service. If you have multiple ideas, compare the potential payoff; making handicrafts may be fun, but consulting work tied to your professional experience may pay far more for each hour you put in.

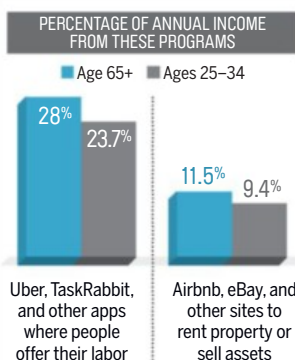
You may need to augment your insurance coverage if you are, say, using your car in a ride-sharing service. (See the article on page 29.) “If you’re a senior, you do not have time to replace the nest egg that an uninsured accident could destroy,” says Tony Steuer, an insurance industry consultant in Alameda, Calif.

## TRIM THE TAX YOU’LL OWE

The expenses you incur in your business reduce the amount of your income that will be taxable. So keep a good tally with a tool such as Quicken or BizXpenseTracker. To cut your tax bill further, make deductible contributions to a SEP-IRA or one-person 401(k), suggests Kristi C. Sullivan, a financial planner in Denver. If you are older than 59½, you’ll be able to withdraw dollars at any time without tax penalties, although the delayed tax will then be due. ☐

## Get Your Share

Older participants earn more of their income from online platforms than do younger users.



SOURCE: JPMorgan Chase Institute



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# Invest



## Shift Your Bond Gears

AS RATES ACCELERATE, GENTLY THROTTLE BACK ON SOME RISKS IN YOUR FIXED-INCOME PORTFOLIO. *by* Carla Fried

**THE ECONOMY IS FINALLY** gaining traction. Wages are rising faster than at any time since the global financial crisis. Inflation is reemerging—to the point where the Federal Reserve is signaling the need to raise interest rates possibly three times this year. And the Trump administration is primed to open the economic spigot even more with tax cuts and infrastructure spending.

Since many bonds can wilt when the economy and inflation heat up, it's no wonder fixed-income prices have fallen lately, pushing yields on 10-year Treasuries up more than a percentage point

since last summer. As a result, core bonds—intermediate- and longer-dated Treasuries and high-quality corporate bonds that anchor many retirement portfolios—have lost 3.2% since July.

There's no need to panic. "It may sound perverse, but there is a benefit to rising rates," says Matt Toms, chief investment officer for fixed income at Voya Investment Management. "If you're patient and are reinvesting the income, over time you are going to be better off with the higher income payout."

And while rates are rising, they aren't likely to keep accelerating this sharply. Ten-year Treasury yields are expected to roam between today's 2.5% and 3% or so this year, mitigating price declines.

Still, there can't be much potential for price gains. "Investors have been spoiled with the good returns bonds have delivered for years," says John Canally, chief economic strategist at LPL Financial. Now it's time to learn how to steer your bond portfolio safely in the new landscape of rising rates and risks.

#### FIND THE MARKET'S SWEET SPOT

When rates rise, the price of older, lower-yielding bonds fall. But short-term debt loses less than longer-dated securities.

Another reason to tilt toward shorter-term debt: With stimulative federal spending and tax cuts expected to prolong this aging recovery, high-quality firms should be more than able to pay their debts in the short run. "We can look at corporate balance sheets and have confidence of their cash flow over one, two, or three years," says Warren Pierson, senior portfolio manager with Baird.

"That's harder to do when you are investing in bonds with 10-, 15-, and 20-year maturities," he says.

On our MONEY 50 recommended list, **Vanguard Short-Term Investment Grade** (VFSTX) has a duration of 2.6 years, implying if rates were to rise one full point, the price of the fund's holdings would decline 2.6%. The fund has beaten more than 75% of its peers over the past three, five, 10, and 15 years.

#### BANK ON HIGHER INCOME

Another type of short-term fund to consider as rates are climbing:

those that invest in floating-rate debt, also known as bank loans. When rates lift, yields on many of these securities float with the market. Since rates started rising in July, these funds have gained 5%.

But be aware that floating-rate securities are typically issued by companies with below-investment-grade balance sheets. The average holding in **PowerShares Senior Loan ETF** (BKLN) is rated B, landing squarely in "junk" status. That makes these funds an alternative to longer-dated high-yield bonds.

#### ADD SOME INFLATION PROTECTION

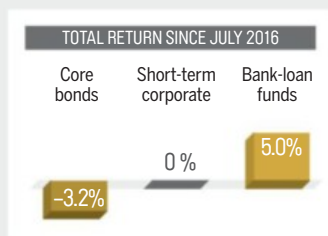
Remember why rates are rising to begin with. Currently, five-year Treasury Inflation-Protected Securities will outperform five-year Treasuries if inflation comes in above 1.86%. That's below the 2% or so inflation rate that is expected to bubble up this year. MONEY 50 fund **Vanguard Treasury Inflation Protected Securities** (VIPSX) yields more than 3%. One caveat: TIPS are about twice as volatile as a core bond fund, so limit your investment to just 10% or so of your core bonds.

#### DON'T OVER-SHIFT YOUR CORE

While core funds are more at risk than shorter-dated bonds, "a core bond fund can still play a very constructive role in a diversified portfolio," says Toms. "Those bonds do a good job of offsetting equity volatility." To be sure, the typical core bond fund sports a duration of around five years. But a big reason you own bonds is to counteract potential stock market losses. And for truly long-term diversification, a five-year duration can still be a good compromise between higher rates and rising volatility. □

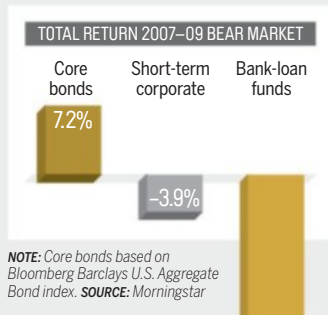
### Shorten up...

Since rates started rising, short-term funds have outpaced longer-dated "core bonds."



### ...Within reason

But you still need core bonds for when stock volatility kicks up.



# Spring-Clean Your Portfolio

DON'T JUST REBALANCE YOUR MIX OF STOCKS AND BONDS. PERIODICALLY PRUNE FUNDS TO RESET YOUR STRATEGY.



by *John Waggoner*

**AS YOU WADE** through your tax statements and cast about for something to hurl out the window, here's a suggestion: How about getting rid of some funds you bought years ago and lost track of?

Think of it as a complement to rebalancing. In addition to routinely checking to see if your mix of mutual funds is right, regularly "ask yourself why you hold each fund," says Myhanh Hoskin, senior financial consultant at Charles Schwab. "Is the reason still there?"

You may own funds that seemed like a good idea years ago, but you might also have a hard time remembering what that idea was. Plus, odds are good that your goals—and some of your funds' managers—have changed since you bought them way back when. Cleaning house could do your portfolio worlds of good.

## LESS IS MORE

Owning a multitude of funds may seem like another form of diversifi-

cation, but accretion is a problem. Among your various retirement plans and taxable accounts, you probably have several that own the same type of investments. (To find out if there's overlap, you can use Morningstar.com's X-Ray tool.)

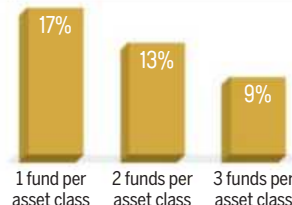
What's the harm? You don't really need three large value funds. And hold too many funds and you'll collectively own so many stocks that eventually your returns will look remarkably similar to a broad-based index, such as the S&P 500.

If indexing is what you want,

## Di-worse-ification?

The more active funds you hold, the harder it is to beat the market.

### CHANCES OF OUTPERFORMING INDEX FUNDS



SOURCE: Richard Ferri and Alex Benke, "A Case for Index Fund Portfolios"

you can buy a fund that mirrors the S&P 500 for as little as 0.04% a year. Creating an index strategy by holding too many funds may end up costing you nearly 1%. Plus, it defeats the purpose of buying actively managed funds—to try to beat the market (see the chart below).

## PRUNING SEASON

Start with the basics: Ask yourself if the funds you own still match your goals and time horizon. Those volatile growth funds may have been just what you needed in your youth but may no longer be suitable if you're about to take minimum distributions from an IRA.

Spring tax-prep season can also be a good time to do some pruning, says Maria Bruno, senior investment analyst for Vanguard. "Assess not only if there's overlap, but also tax inefficiencies to minimize," she says. Are any of your duplicative funds generating greater-than-average capital gains distributions? Conversely, are any sitting on capital losses? That may be the perfect trigger to sell, as you can reset your strategy while lowering your taxes.

Worried you may be tossing out too many funds? Don't be. You can form a solid portfolio with just four, says Hoskin: a large-company U.S. stock fund, a small-company stock fund, an international equity fund, and a bond fund. And if managing even that seems like too much work, there's no shame in using a single target-date fund, says Bruno.

"The beauty of an all-in-one fund is that you get a high level of diversification across all asset classes," she says—without ever having to worry about pruning. ■

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

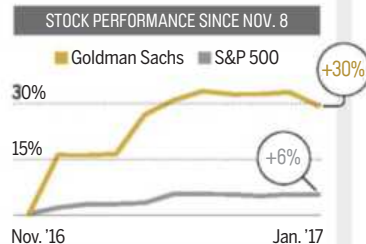
# X-Ray: Goldman Sachs

CAN THE POSTER CHILD OF GLOBALIZATION KEEP WINNING BIG LEAGUE? *by Taylor Tepper*

Perhaps no institution benefited more from Donald Trump's election than the investment bank he flayed during the campaign as the very symbol of economic globalism. Goldman Sachs shares have soared since Trump's win on hopes of more stimulus spending, coupled with looser banking regulations. The 45th President has also tapped several Goldman alums to run key posts, including the Treasury Department, reviving talk of "Government Sachs." But global growth concerns and legal hurdles haven't gone away, raising the question: Can Goldman deliver again in 2017?

## On a Roll

Even before Trump's win, Goldman's trading business had been surging.

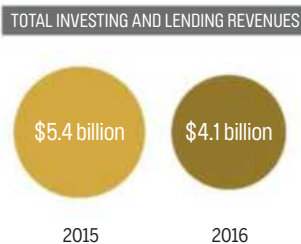


➔ This \$100 billion investment bank tore through profit expectations for much of 2016. Chalk it up to growing trading revenues, especially from the bank's fixed-income business, which saw a 78% year-over-year increase in the fourth quarter. And there's more wind at Goldman's back.

The Federal Reserve's move to lift short-term rates in December, along with the recent jump in longer-term yields, should make lending even more profitable. And Goldman added billions in deposits when it recently bought GE Capital Bank and created Marcus, an envoy into the \$100 billion personal loan business. "Even a relatively small share of this market could move the needle for Goldman Sachs over time," notes Devin Ryan of JMP Securities.

## Not All Golden

Expectations are high, but Goldman isn't firing on all cylinders.

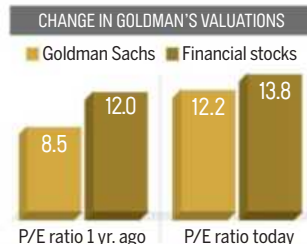


➔ Goldman shares have surged 30% since Trump's election, about five times more than the overall market. That's partly because of the expected pro-banking policies of the Trump administration. "Banks spend a lot of money on compliance," says T. Rowe Price Equity Income Fund manager John Linehan. "A looser regulatory system will allow for more lending."

But the regulatory system is more an oil tanker than a steamboat—any change will take time to craft and implement. And Goldman's lending business hasn't exactly been on fire, with investing and lending revenues down 25% last year. Meanwhile, uncertainties caused by the shift toward economic nationalism and away from global trade could weigh heavily on this bank.

## A Real Bargain?

While the stock is cheaper than average, it's not necessarily a deal.



➔ Goldman trades at a 12% discount to other bank stocks while being 30% cheaper than the market. But Goldman's valuation has jumped 50% over the past year, meaning the stock is getting pricey fast.

So after Goldman's big Trump run, Citigroup banking analyst Keith Horowitz downgraded the company to sell in January. All the optimism surrounding Goldman and other banks was already baked into the stock price, he argued, adding that investors would see very little upside if Goldman continued to perform well and a steep decline if the bank delivered disappointing earnings. If you already own the stock, hang on. Profits are expected to grow 11% annually over the next five years. New investors, though, should tread carefully. □

NOTE: Price/earnings ratios are based on projected profits.  
SOURCES: Bloomberg, company filings



# PROTECTED.

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†Access to assets may be restricted or limited.

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Your first name and initial  
Last name  
Home address (number and street), if you have a P.O. box, use P.O. box number and street, if you have a P.O. box only  
City, town or post office, state, and ZIP code  
Foreign address, also complete spaces below (see instructions)  
Foreign province/state/country  
Foreign postal code

**Filing Status**  
Check only one box.  
a  Single  
b  Married filing jointly (even if only one had income)  
c  Married filing separately. Enter spouse's SSN above and full name here  
d  Head of household (with qualifying person in a child but not a dependent, enter this child's name here)  
e  Qualifying widow(er) with dependent child  
f  Dependent (if the dependent's SSN is entered, do not enter your own SSN)  
g  Yourself, if you are filing as a dependent, do not enter your own SSN  
h  Spouse (if the spouse's SSN is entered, do not enter your own SSN)  
i  Dependents (if the dependent's SSN is entered, do not enter your own SSN)


**Income**  
7 Total number of exemptions claimed  
8a Wages, salaries, tips, etc. Attach Form(s) W-2  
8b Taxable interest. Attach Schedule B if required  
8c Dividend distributions. Do not include on line 8a  
8d Annuity payments. Attach Schedule D if required  
8e Taxable IRA distributions. Attach Schedule E  
8f Alimony received. Attach Schedule E  
8g Business income or loss. Attach Schedule C or E-EZ  
8h Capital gain or loss. Attach Schedule D if required  
8i Other payments or benefits. Attach Schedule E  
8j IRA distributions  
8k Pensions and annuities  
8l Social Security benefits. Attach Schedule E  
8m Other income. Attach Schedule E  
8n Other income. Attach Schedule E  
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8z Other income. Attach Schedule E

**Adjusted Gross Income**  
9a Educator expenses  
9b Certain business expenses of nonprofit organizations  
9c Health savings account deduction. Attach Form 8889  
9d Moving expenses. Attach Form 3903  
9e Deductible part of self-employment tax. Attach Schedule SE  
9f Self-employed health insurance deduction  
9g Penalty on early withdrawal of savings  
9h Alimony paid. Recipient's SSN  
9i IRA deduction  
9j Student loan interest deduction  
9k Tuition and fees. Attach Form 8817  
9l Domestic production activities deduction. Attach Form 8803  
9m Add lines 7 through 9j  
9n Subtract line 9m from line 8. This is your adjusted gross income.  
9o For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

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# 33 WAYS TO CUT YOUR TAXES

BY KAITLIN MULHERE,  
ELIZABETH O'BRIEN,  
KERRI ANNE RENZULLI,  
TAYLOR TEPPER,  
PENELOPE WANG,  
AND MARTHA C. WHITE

PHOTOGRAPH BY  
GREGORY REID

YES, IT'S THAT TIME OF YEAR AGAIN. OUR ANNUAL TAX GUIDE HAS MONEY-SAVING TIPS FOR YOU, NO MATTER WHAT STAGE OF LIFE OR SITUATION YOU FIND YOURSELF IN. BUT DON'T JUST LOOK BACKWARD: SMART MOVES NOW CAN LOWER YOUR TAX BILL FOR 2017 AND BEYOND.

**P**reparing your 2016 tax return may feel a lot like filing last year's did, because there are very few changes in the rules. But you're completing this annual chore against a backdrop of uncertainty, as President Donald Trump and congressional Republicans contemplate a sweeping overhaul of U.S. tax laws.

How to proceed? Keep an eye on the doings in Washington, of course (see page 60 for the most likely changes). But focus first and foremost on what you can do today to trim your tax bill for 2016. "There are still plenty of last-minute moves people can make," says Lisa Greene-Lewis, a CPA with TurboTax. And get a head start on 2017 planning while you're at it.

The key is to home in on the special breaks for people in your particular situation—whether you are, say, building a nest egg or paying for college or celebrating a joyous event like a marriage or birth. The 33 moves that follow, organized for people in various circumstances and life stages, will help you keep more money in your pocket and away from your state and Uncle Sam.

## YOU HAVE TAXABLE INVESTMENTS

The stock market ended 2016 with a "Trump rally," pushing the S&P 500 to a 12% gain—in its eighth profitable year in a row. The downside of a long bull market: the sizable capital gains tax you are likely to owe if you or the funds you own sold winners.

### FOR YOUR 2016 RETURN

▶ **ENJOY YOUR LEFTOVERS.** If you have investment losses from 2015 or earlier that you didn't use to offset income on previous returns, put them to work now. Those losses can be subtracted from profits on holdings you sold in 2016 without any limit. And if

0%

Tax on long-term capital gains in the 10% and 15% tax brackets.

losses exceed 2016 gains, you can subtract up to \$3,000 of them from your ordinary income (an \$840 savings in the 28% bracket).

▶ **REPORT LESS INCOME TO YOUR STATE.** Most states don't tax your funds' income from Treasury securities. But if you own diversified taxable-bond funds, you may need to hunt around on fund-company websites for tax documents that list the proportion of Treasury interest. (For instance, in 2016, Vanguard Total Bond Market Index Fund received 30% of income from U.S. debt.) Similarly, you generally don't have to pay state tax on income that a national municipal bond fund earned from muni bonds in your state.

### PLANNING AHEAD FOR 2017

▶ **SELL LOSERS WHEN YOU CAN.** Many taxpayers wait until late in the year to check for holdings that have lost money since purchase and could be sold to offset gains. Instead, "look for opportunities to harvest 'tax losses' throughout



the year,” says St. Louis CPA Mike Piper. An opportunity that presents itself around Valentine’s Day could be gone long before Thanksgiving. Last year, MONEY 50 fund iShares North American Natural Resources declined 11% in the first six weeks of 2016 before skyrocketing as global growth fears abated. You can shift into a fund that is similar, but not nearly identical, to maintain that exposure.

► **GRAB A 0% TAX RATE ON GAINS.** People in the 10% and 15% brackets (including joint filers with less than \$75,900 in income and singles under \$37,950) pay no tax on long-term capital gains. If that’s you, be ready to sell some winning funds later in the year, even if you will buy them back right away. Yes, you may have to pay a trading fee. But you will reset your “cost basis” (what you paid) higher, so that you’ll owe less tax on future gains than you would have otherwise. Just keep an eye on Washington: This opportunity would disappear under a plan from House Republicans.

► **PICK YOUR SPOTS.** Use your brokerage account to hold funds that won’t throw off a lot of taxable income, such as a municipal-bond fund or a low-turnover stock index fund you expect to hold for years. Stash a high-income choice like a junk-bond fund in an IRA or 401(k) to keep that income off the return you’ll file next spring.

High-earning job changers can recoup excess tax subtracted from their pay.

GIL CHARNEY  
OF H&R BLOCK

## YOUR CAREER HAS ADVANCED OR STALLED

If your career saw a big shake-up last year, there’s a good chance your tax situation did too. A move up the ladder may have pushed you into a higher tax bracket. A drop in income because you were out of work may qualify you for additional tax savings. Note, though, that unemployment benefits are taxable.

### FOR YOUR 2016 RETURN

► **RECLAIM A SOCIAL SECURITY OVERPAYMENT.**

If you changed jobs last year and made more than \$118,500 between them, you overpaid Social Security tax, says Gil Charney, director of the Tax Institute at H&R Block. Employees were assessed 6.2% on pay up to that amount last year, but a new employer starts the counter at zero regardless of how much you already earned. Document the overpayment on line 71 on your 1040.

► **GET CREDIT FOR A ROUGH SPELL.** People who earned some income during the year but were out of work for a long time may be eligible for the Earned Income Tax Credit. Married couples with three or more kids can have an income of \$53,505 and still qualify to lop up to \$6,269 off their tax bill.

► **DEDUCT JOB-CHANGE COSTS.** If 2016 job-hunting expenses like printing, résumé preparation, and travel—plus other miscellaneous expenses—added up to more than 2% of your income, the amount over that can be deducted if you itemize. That 2% floor will be lower than usual in dollar terms if you had a tough year. One caveat: You must be looking for a job in your current field. Separately, if you had to relocate to land a new job, you might be able to deduct unreimbursed moving bills.

► **SAVE ON SCHOOLING.** Did you take courses at a college or vocational school to help you advance? The Lifetime Learning Credit can trim your tax bill by up to \$2,000 if your

### WHY A CREDIT BEATS A DEDUCTION

A credit offsets the tax you owe dollar-for-dollar, while a deduction cuts taxable income.



SOURCE: MONEY

income didn't exceed \$65,000 for a single filer or \$131,000 if married and filing jointly.

**PLANNING AHEAD FOR 2017**

▶ **SAVE YOUR RAISE.** Before you get used to the higher take-home pay of a fab new job, boost your 401(k) contribution. If it's a traditional plan funded with pretax dollars, you'll lower your tax bill for 2017. The annual maximum you can set aside from your pay remains at \$18,000 if you are younger than 50, plus another \$6,000 if you are at least 50 or will celebrate that birthday by year-end. (Your take-home pay may go down by less than you feared, as you can see in the graphic below.)

▶ **DON'T TEMPT FATE.** If you've changed jobs, you may decide to shift money from your old company's 401(k) to an IRA or your new employer's plan. The IRS last year eased the rules for people who take money from one plan and err by having it in their hands for more than 60 days on the way to the next spot. It's now easier to avoid having the full amount taxed—along with a 10% penalty—when that happens. Still, there's no reason to take the risk. Make sure you do a direct institution-to-institution transfer, says Michael Sonnenblick, editor and author with Thomson Reuters Tax & Accounting.

**69%**

of taxpayers claimed the standard deduction in 2014.

**YOU'RE NEW TO THE WORKING WORLD**

Last year's college graduates entered a job market with the lowest unemployment rate since 2007 and with more than 40% of employers expecting to ramp up hiring, according to a survey from the National Association of Colleges and Employers. If you're a young adult who has just joined the full-time workforce, you may have more taxable income than you have ever had before, although you also become eligible for more tax breaks.

**FOR YOUR 2016 RETURN**

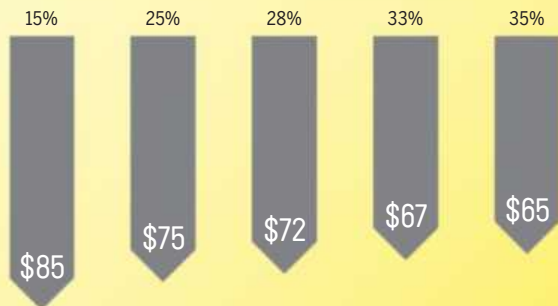
▶ **LET UNCLE SAM HELP.** Just started repaying student loans? You can deduct up to \$2,500 in interest you paid in 2016 if the loans are in your name, you can't be claimed as a dependent, and your income didn't exceed \$80,000 as a single filer. It's an "above the line" deduction, meaning you can take it even if you don't itemize.

▶ **SAY NO TO AN IRA WRITE-OFF.** You can still contribute to an IRA for 2016 and deduct the contribution on your return. But if you haven't invested yet, a better route is to go with a Roth IRA instead, says Craig Wild, a CPA in Woodbury, N.Y. This is one situation in which it may be better to forgo a tax break now for a richer one down the road. A tax deduction isn't worth a lot when you are in a low bracket. With a Roth, you give up that tax break to instead pay no tax on withdrawals later on, when you are likely to be in a higher bracket.

**A SURPRISINGLY PAINLESS WAY TO SAVE MORE**

When you boost your contribution to a pretax 401(k), you have less income on which tax is withheld.

CUT IN TAKE-HOME PAY FROM SAVING AN ADDED \$100 PER PAYCHECK, IN VARIOUS TAX BRACKETS



NOTE: Exact numbers may vary depending on state taxes and details of your tax withholding. SOURCE: MONEY

**PLANNING AHEAD FOR 2017**

▶ **ACCOUNT FOR OUTSIDE INCOME.** The W-4 form you filled out for your employer sets your tax withholding so that you ideally don't get a huge refund or a steep bill when you file. But you could be in for a painful surprise if you also have substantial outside income from which tax isn't withheld, such as from a side job driving for Uber or selling crafts on Etsy. Fill out a new W-4 specifying an additional amount to be withheld from your regular pay so you won't get hit with a big bill in April 2018, says Greene-Lewis of TurboTax.

## WHY APRIL 18 IS THE TAX DEADLINE IN 2017



SAT., APRIL 15

The tax deadline is always postponed when April 15 falls on a weekend or legal holiday.

SUN., APRIL 16

This day is usually Emancipation Day in Washington, D.C., marking President Lincoln's April 16, 1862, signing of a law freeing slaves there...

MON., APRIL 17

... But the holiday will be observed this day, the next weekday. Under the tax code, legal holidays in Washington affect the filing deadline across the nation.

TUE., APRIL 18

No more delays. It's tax day!

## YOU HAVE OBAMACARE COVERAGE

About 85% of people who bought 2016 health coverage through Affordable Care Act marketplaces got a price break: a subsidy paid by the U.S. to their insurer. But if you earned more in 2016 than the estimate you gave when you signed up, you may owe back some of that aid. Last year, some 60% of subsidy recipients who filed their taxes with H&R Block had to pay back an average \$716, the firm says.

### FOR YOUR 2016 RETURN

► **GRAB A LAST CHANCE TO TRIM 2016 COVERAGE COSTS.** Compare your actual 2016 income with what you had estimated (check on [healthcare.gov](http://healthcare.gov) if you bought there). You can still lower your income retroactively by contributing to your IRA or health savings account (HSA) by April 18. To figure exactly how much to put in, use IRS Form 8962.

### PLANNING AHEAD FOR 2017

► **AVOID A PAINFUL SURPRISE NEXT SPRING.** If you signed up for Obamacare for 2017, be ready to boost retirement contributions if your pay grows vs. the estimate. You can also tell the marketplace that you want to take less than the full premium subsidy that you're allowed based on your estimated income. Yes, you'll pay more now, but you'll get it back next tax season if your income matches your estimate.

The American Opportunity Tax Credit is the richest of three tuition tax breaks for 2016.

CPA CHRIS WITTICH

## YOU'RE SAVING OR PAYING FOR COLLEGE

Thirty-two states plus the District of Columbia offer a tax break for people saving for college, while there are two U.S. credits and one deduction, with varying rules, for people who paid tuition in 2016. One big change for 2017 returns: The \$4,000 tuition and fees deduction used by an estimated 1.7 million families has expired. It's still possible that Congress will restore that program, as it has done before.

### FOR YOUR 2016 RETURN

► **NAB A LAST-MINUTE 529 BREAK.** Residents of seven states can still make a contribution to a state-sponsored 529 college savings plan that will earn a deduction for 2016 state tax returns, says Kathryn Flynn, content director at [Savingforcollege.com](http://Savingforcollege.com). In Mississippi and Oklahoma, married couples can deduct up to \$20,000. The five other states are Georgia, Iowa, Oregon, South Carolina, and Wisconsin.

► **SEIZE THIS OPPORTUNITY.** For parents currently paying college bills, the American Opportunity Tax Credit (AOTC) is a richer break than the Lifetime Learning Credit or the tuition deduction (and you can use only one). "If you can claim it, the AOTC is the best of the bunch," says Chris Wittich, a CPA in Minneapolis. You can cut your tax bill by \$2,500 if you spent \$4,000 on tuition and fees. Only the first four years of undergraduate study qualify, and you must earn below \$90,000 as a single filer or \$180,000 if married and filing jointly.

### PLANNING AHEAD FOR 2017

► **GET ALL THE CREDIT YOU DESERVE.** If your student owes little tuition—say, she is attending a state school and receiving a generous scholarship—keep receipts for required educational materials such as textbooks and lab equipment that also count toward the Opportunity credit. In the same vein, tap a 529 account for housing expenses but not for tuition, since you can't count spending from a 529 toward the credit.

## YOUR LIFE HAS CHANGED IN A BIG WAY

Marriage, the birth of a child, divorce, the death of a spouse. A significant joy or sorrow in your family could mean a sizable impact on your taxes as well. If so, file a new W-4 form with your employer to adjust your withholding, if you haven't done that already. Your filing status for 2016 is based on your situation at year-end, with one key exception.

### FOR YOUR 2016 RETURN

- ▶ **NEWLYWEDS: FILE A JOINT RETURN.** “A lot of people believe that it is better to file as married [filing] separately,” says Troy Lewis, a CPA in Draper, Utah. But contrary to what they think, filing separately doesn't help you avoid the so-called marriage penalty, or tax increase that many couples with similar earnings face after they are wed. You'll do better filing jointly except in rare situations, such as if one of you has low pay but high miscellaneous expenses, which are deductible only above 2% of income.
- ▶ **TAKE CREDIT FOR THAT BEAUTIFUL BABY.** You get to claim a child tax credit of up to \$1,000 per child, in addition to an exemption for that new family member. Married couples filing jointly can claim the full credit up to \$110,000 of income. It is phased out above that; for a couple with one child, a reduced credit is available for incomes below \$130,000. One requirement: You must have a Social Security number or taxpayer identification number for your little one.
- ▶ **AFTER A DIVORCE, GO TO THE HEAD OF THE CLASS.** An unmarried custodial parent will typically qualify to save money by filing as a “head of household.” If you have \$55,000 of taxable income, for instance, you'll cut your tax bill by \$1,474 (to a total \$8,048), compared with filing as “single.” You can do this even if your ex claims the exemption for your child.
- ▶ **DEDUCT ALIMONY YOU PAY.** You can deduct alimony checks you write to your ex, while he

# \$27,447

Average itemized deductions claimed on 2014 tax returns

or she must report it as income. (Child support, by contrast, doesn't get deducted or taxed.) You and your ex should make sure alimony sums match on your tax forms; otherwise you could be hearing from the IRS, says CPA Gail Rosen of Martinsville, N.J.

▶ **AS A WIDOW OR WIDOWER, FILE JOINTLY ONE LAST TIME.** This is a rare case in which your tax status isn't determined by where you stand on Dec. 31, says Rosen: No matter how few days of 2016 your partner saw, you can still submit this year's return as married filing jointly, a better outcome financially than filing as single or head of household.

### PLANNING AHEAD FOR 2017

- ▶ **FUND AN IRA FOR A NONWORKING SPOUSE.** Couples filing jointly can contribute up to \$5,500 from one spouse's income to a spousal IRA for the other. (It's \$6,500 if the account owner is 50 or older at year-end.) Depending on your income and if you have a retirement plan at work, you may be able to deduct your full contribution. For a 40-year-old in the 28% tax bracket, that could save \$1,540.
- ▶ **DOUBLE UP ON CHILDCARE BREAKS.** For higher-earning parents, the most valuable childcare benefit is usually a dependent-care flexible spending account at work. But if you signed up to have the maximum \$5,000 set aside from your pretax pay and you have expenses above that, apply the excess toward the child and dependent care credit on your 2017 return. Working parents can collect between 20% and 35% of qualifying expenses, up to maximum bills of \$3,000 for one child or \$6,000 for two or more.
- ▶ **CUT A DEAL WITH YOUR EX.** After a divorce, a custodial parent with low pay can allow a higher-earning ex to claim their child as a dependent—generally required to get the child tax credit and any education expense credits—in exchange for a lump-sum payment.
- ▶ **CLAIM A SPECIAL STATUS AS A WIDOWED PARENT.** If you have a dependent child and don't remarry, you can file for the next two years as a “qualifying widow or widower,” retaining the same benefits as married filing jointly.



## CLEANING OUT THE CLOSET

You can deduct donations of items “in good used condition or better,” the IRS says. Here are possible values to use.

GUIDELINES FROM GOODWILL



SOURCE: Goodwill

## YOU'RE RETIRED

Taxes can erode a big portion of your income in retirement, especially when you begin tapping your pretax retirement accounts. The required minimum distributions (RMDs) starting at age 70½ can push you into a higher tax bracket.

### FOR YOUR 2016 RETURN

► **KEEP PUMPING UP YOUR SAVINGS.** Got some income from a part-time job or consulting for your old employer? If you are under 70½, you can still lower your 2016 tax bill by stashing up to \$6,500 in a pretax IRA by the tax-filing deadline. (That beats the \$5,500 cap for people under 50.) If you have self-employment income, such as consulting pay, you could alternatively fund a SEP-IRA with 20% of the profit left after an adjustment for self-employment tax.

► **LAST CHANCE BEFORE DEDUCTING HEALTH COSTS GETS TOUGHER.** This is the last return on which the threshold for deducting medical expenses is 7.5% of income for people 65 and older; it rises to 10% (already the rule for younger filers) for 2017. If you have \$80,000 in adjusted gross income, the threshold is \$6,000 rising to \$8,000. Don't forget that you can deduct what you pay for insurance, including Medicare Part B doctor coverage, Part D drug coverage, and a Medigap

“It's about the only tax do-over you can get.”

CPA JEFFREY LEVINE,  
ON THE OPTION  
TO UNDO A ROTH  
IRA CONVERSION

supplement policy, which together could add up to more than \$4,500 per person. If you are paying for a long-term-care policy that meets certain requirements, you can include up to \$3,900 of that cost between ages 61 and 70, and \$4,870 at older ages.

### PLANNING AHEAD FOR 2017

► **OPT FOR A ROTH IRA CONVERSION.** If you are a recent retiree in a low tax bracket, take advantage by converting some of the money in pretax 401(k)s and IRAs to a Roth. You will owe tax on what you convert, but if you are in a higher bracket in the future, you are likely to come out ahead. Of course, estimating your future bracket is dicey, given Washington's plans to change taxes. But it's not risky to go ahead, since you can undo a 2017 Roth conversion as late as mid-October 2018. “It's about the only tax do-over you can get,” says CPA Jeffrey Levine of Ed Slott & Co. Do this only if you can pay taxes with money outside your IRA, so that you don't dilute the nest egg that will keep growing tax-free in the Roth.

► **GRAB A CHARITABLE BENEFIT FOR NON-ITEMIZERS.** If you're over 70½, you can make charitable gifts of up to \$100,000 a year via a direct donation from your IRA. This may be especially valuable to you if you don't itemize deductions and thus don't usually get any write-off for giving. The transfers count toward your RMDs and aren't taxed as those distributions ordinarily would be. (This move can also be attractive for some itemizers, but you lose the charitable donation.)

► **FUND A GRANDKID'S 529 PLAN.** You can get a state tax deduction in many states for putting money in a 529 college savings account for a grandchild. And there's also an option to superfund a 529—by bundling five years of gifts into one year—that may appeal to some well-off seniors who are concerned about estate tax. You can contribute \$70,000 per grandchild (or \$140,000 for married couples) without having to file any special IRS paperwork or face potential gift and estate tax. ■

IT'S CLEAR BIG TAX CUTS ARE COMING YOUR WAY, COURTESY OF PRESIDENT TRUMP AND THE GOP-CONTROLLED CONGRESS. LESS CERTAIN ARE WHICH TAXES WILL FALL, BY HOW MUCH, AND HOW MANY COULD SEE THEIR TABS TICK UP—NOT DOWN—AS A RESULT OF REFORM. READ ON FOR HOW TO NAVIGATE THE SHIFTING LANDSCAPE.

# HOW WASHINGTON TAX

# CUTS

WILL  
AFFECT  
YOUR  
WALLET

BY IAN SALISBURY  
PHOTOGRAPH BY GREGORY REID



**D**onald Trump was swept into office on a pledge to cut taxes more than any President has in nearly four decades. And if the first few weeks of his presidency are any indication, this POTUS aims to make good on his pledges—even the controversial ones.

In some ways Trump's tax goals are *more* ambitious than those of Ronald Reagan, who oversaw the most significant tax reform since before the Great Depression. The Gipper's first cut in 1981 amounted to roughly \$200 billion a year in today's dollars. Trump's proposals—at least at face value—amount to more than twice that. Plus, Trump starts with the strongest hand of any newly seated GOP President since 1929, with solid control of the House and Senate.

“Congress is in the mood to adopt a comprehensive overhaul, not just tinkering,” says Alan Viard, a scholar at the American Enterprise Institute. But while Trump and congressional Republicans agree on broad goals like lower rates, their approaches differ—on issues ranging from corporate tax rates to the treatment of key deductions.

Even the pundits are wary of guessing how things will unfold. So the smart move is to prepare for reforms that Washington is likely to tackle, still needs to hash out, and could throw you big curveballs on.

## ON THE FRONT BURNER

As President Trump and congressional Republicans start negotiating tax cuts, these policies are most likely to be front and center in the debate.

### Lower income tax brackets

Nothing would drive home Trump's populist theme more than cutting personal income tax rates. “It's a very visible way to cut taxes,” says Howard Gleckman, senior fellow at the Tax Policy Center. Plus, “since Ronald Reagan, Republicans have been arguing that one of the most, if not the most, important ways to boost growth is to lower tax rates.”

Both Trump and GOP leaders in the House of Representatives want to consolidate today's seven brackets to three—12%, 25%, and 33%. Under both plans, top earners are likely to see rates fall from 39.6% to 33%, saving them \$66 for every \$1,000 taxed at the top rate.

But one big difference is where the top marginal rate kicks in. Under Trump's plan, the top rate starts at \$127,500 for single filers. So unmarried workers earning \$127,500 to \$200,500, currently in the 28% bracket, would actually face a higher top rate. Under the House plan, everyone in today's 28% bracket would pay a top rate of 25%. The top 33% rate would kick in at \$202,150 for single filers.

### Raise the standard deduction

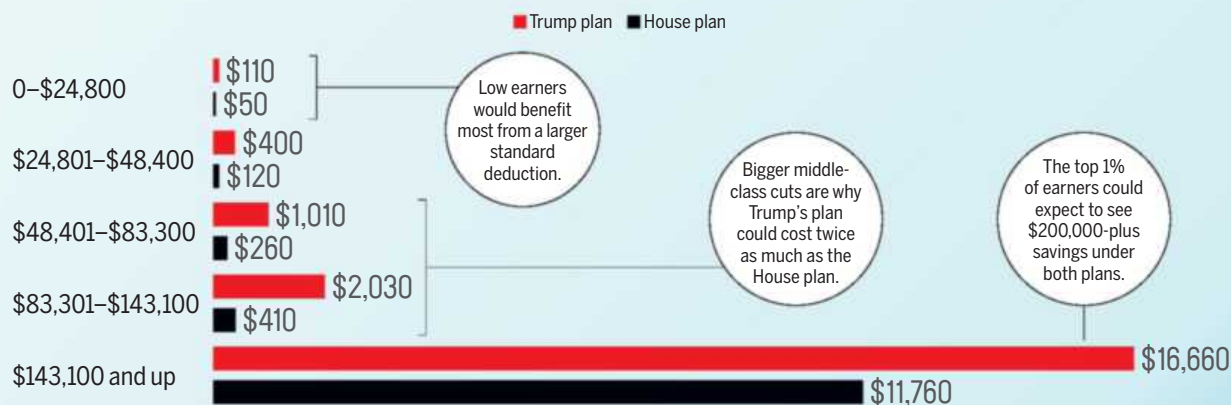
There's another point of general agreement: The White House and congressional Republicans want to increase the standard deduction. If Trump has his way, it would climb to \$30,000 for joint filers, up from \$12,600 last year. The House plan would hike it to \$24,000. That could simplify filing for millions of Americans. As many as 38 million of the 45 million tax filers who itemize could simply take the standard deduction instead under the House's comprehensive reforms.

But both plans get rid of or curtail personal exemptions—the \$4,050 you can deduct for each member of your family, available to couples earning less than \$311,300 last year (and singles at less than \$259,400). Trump's plan would also eliminate the head of house-



## HOW THE TAX CUTS STACK UP

Here's what you might save annually on income taxes based on the plans of President Trump and the congressional GOP.



NOTE: Incomes are divided into quintiles. SOURCE: Tax Policy Center

hold filing status, used by about 23 million single parents. Together those provisions could mean higher taxes for some families.

An analysis by NYU professor Lily Batchelder found that a single parent of two kids earning \$75,000, without childcare costs, would pay an added \$2,440 under Trump's plan.

### Cut capital gains taxes

Congress has already taken steps to begin repealing Obamacare, and that means it's likely that capital gains taxes for high earners are headed lower. The Affordable Care Act is funded in part by a 3.8% surtax on investment income, which pushed the top rate on long-term capital gains last year to 23.8% for couples making \$466,950 or more.

But congressional Republicans may not settle for going back to 20%. House Speaker Paul Ryan wants to make half of capital gains tax-free and tax the rest like income. Based on the proposed 33% top bracket, the top capital gains rate could fall to 16.5%.

### Eliminate state tax deductions

Even assuming tax cuts will lift growth, experts on both sides agree they won't pay for themselves. One tax break with a target on its back: the ability to deduct state and local taxes. Not only does this cost the Treasury roughly \$50 billion a year, but Republicans worry that this deduction subsidizes profligate spending by state legislatures. Those who would be hit hardest by this move also happen to live in

high-tax blue states like California (13.3% top income tax rate) and New York (8.82%).

#### YOUR BEST MOVES

► **MAX OUT ON TAX-DEFERRED SAVINGS NOW.** You might think lower taxes reduce the appeal of tax shelters. But the likelihood rates will come down in the next few years makes maxing out on your 401(k)s and IRAs now that much more attractive, says Colorado Springs financial planner David Haraway. "You want to be taxed in the future, not now."

Think of it this way: If you're in the 28% bracket, stuffing the \$18,000 annual maximum into your 401(k) this year would save you \$5,040 in upfront taxes. Assume in a few years you pull that same \$18,000 out. At that point, Trump's tax cuts might push you down into the 25% bracket, so withdrawing that sum would cost you about 10% less in taxes.

► **REEXAMINE A ROTH CONVERSION.** Converting a traditional IRA into a Roth—in which taxes are paid now but withdrawals are free from federal income tax—can make a lot of sense. This is especially true if you expect your income to rise soon—for instance, if you're on the verge of turning 70½, when you must start taking required minimum distributions (see story on page 52). But if you're younger, waiting until Trump tax cuts are enacted to convert can make sense, since the conversion amount is taxed as ordinary income. "For most people postponing could really make a lot of sense," says Haraway.

“  
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the future,  
not now.”

FINANCIAL  
PLANNER  
DAVID HARAWAY

## ON THE BUBBLE

These tax cuts are popular among GOP leaders, but key details still need to be hashed out for a greater likelihood of passage.

### Eliminate estate taxes and the AMT

“Estate tax repeal has been on the Republican wish list for decades,” says Gleckman. “There is a good chance it gets repealed.” The right-leaning Tax Foundation says the move could boost growth by nearly 1% over the next decade, as inherited wealth is reinvested. That’s about the same impact as lowering and rejiggering income brackets, but costs about one-sixth as much in lost revenue. But focusing on this issue will let Democrats raise issues of economic inequality. The tax, which applies to estates with assets of \$5.49 million this year, affects about 5,000 estates.

There is more bipartisan support for repealing the alternative minimum tax—a separate gauge of tax liability originally designed to keep the wealthy from avoiding paying their fair share but that now affects a broader swath of Americans. One potential obstacle to repeal: The AMT is forecast to bring in more than \$350 billion in revenues from 2016 to 2025.

### Cut corporate taxes

An overhaul of corporate taxes won’t affect you directly, but it could impact your stocks. At 35%, the top U.S. rate is among the highest in the world. The Obama administration proposed a cut in 2016, only to watch legislators bicker over key details, like how to treat the \$2.4 trillion in overseas profits that U.S. firms are keeping abroad to avoid taxes.

Trump wants a 15% rate, while letting firms repatriate foreign profits held in cash at 10%. House Republicans seek a 20% top rate, with “border adjustability.” Companies would get to keep profits on exports tax-free. But when they sell goods in the U.S., they wouldn’t be able to deduct the

“Estate tax repeal has been on the Republican wish list for decades.”

HOWARD  
GLECKMAN,  
TAX POLICY  
CENTER

cost of imports from profits. Trump has already disparaged the plan.

### YOUR BEST MOVES

▶ **FOLLOW THE MONEY.** All tax cuts create winners and losers, as stock prices tend to follow corporate earnings. And profit growth could swing wildly based on the passage of rate cuts.

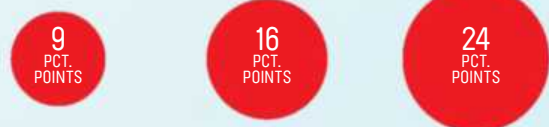
Among likely beneficiaries of tax reform are companies like railroads and telecoms with high effective tax rates, says John Linehan, manager of the T. Rowe Price Equity Income Fund (see chart for a fuller list). Both groups derive most of their sales domestically, as do many other high-tax industries. For U.S.-focused stocks, look to **WisdomTree Strong Dollar U.S. Equity ETF (USSD)**, whose holdings generate more than 90% of their sales domestically. Among the ETF’s top stocks: AT&T and Union Pacific.

### WHO PROFITS?

Even a modest tax cut could impact the earnings of S&P 500 firms, which pay an effective rate of 26% ...

JUMP IN PROFIT GROWTH IF CORPORATE TAXES FALL TO:

20% effective tax rate      15% effective tax rate      10% effective tax rate



... And stocks that pay the highest effective rates are likely to benefit the most.

10-YEAR MEDIAN TAX RATES THROUGH 2015

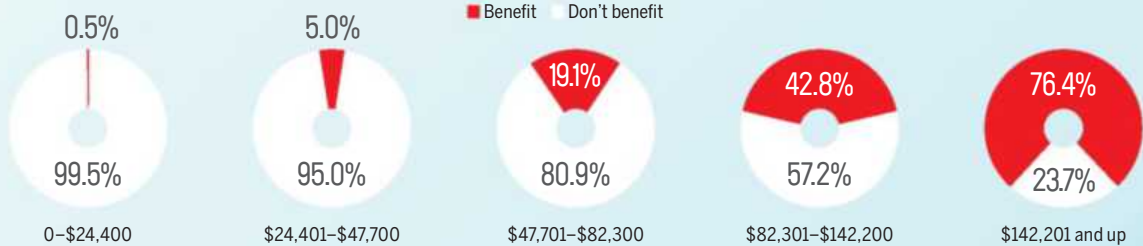


SOURCE: Goldman Sachs Global Investment Research

## THE HAVES AND HAVE-NOTS

While popular, the mortgage deduction benefits only a minority of Americans in most income groups.

HOW BROADLY THE DEDUCTION IS USED, BY INCOME



SOURCE: Tax Policy Center

### THE WILD CARDS

Many tax proposals are long shots but could have a big impact if enacted—so be prepared.

#### Address childcare issues

During the campaign, Trump proposed allowing parents to deduct childcare costs—up to the average cost of care in their state—from their income taxes. For low-income parents, he offered a \$1,200 rebate.

Support from Democrats makes it look like no-brainer, right? Not so fast. Trump's plan could cost \$150 billion to \$550 billion, according to the American Action Forum. And an expensive new deduction goes against GOP desires to eliminate tax perks to streamline the tax code and lower rates.

#### Create a special business tax rate

Trump and congressional Republicans have proposed taxing business owners such as doctors, law partners, and freelancers at lower rates than wage earners. The idea is to help “job creators” by taxing them like large public firms. Congressional Republicans want businesses to pay a top rate of 25%, while Trump seeks an even more generous 15%.

But while there are 28 million small businesses in the U.S., only 5.7 million employ anyone other than the owner. And of these, only about 200,000 are the kind of “high growth” companies that tend to add lots of workers, a recent Harvard study found.

#### Eliminate “third-rail” deductions

Republicans could pay for a much bigger rate cut if they limit or eliminate popular

and politically charged deductions like those for mortgage interest (\$75 billion a year in lost revenue) and charitable giving (\$47 billion). Both rank among Uncle Sam's top 10 tax expenditures. Separately, Trump has proposed capping the value of deductions across the board for the wealthy (at \$200,000 for married filers; \$100,000 for singles).

Getting rid of these deductions could have a big impact. A Federal Reserve study found that eliminating the mortgage deduction could knock 11% off home values, at least in the short term, as demand would be expected to fall. But reform on this scale remains a long shot, says the Tax Policy Center's Gleckman.

#### YOUR BEST MOVES

##### ► DON'T LET THE TAX TAIL WAG YOUR FINANCIAL DOG.

Thinking of starting a business, buying a home, or having a child? Tax policy in Washington could change your budget math, at least at the edges. But just as with investing, the key to planning your finances is to tune out the noise and look to the long term.

Ralph McLaughlin, chief economist at Trulia, says curtailing the mortgage interest deduction could make it harder for some buyers to afford homes, but only at the margins. Yet nothing Beltway policymakers do will overturn the basic benefits of homeownership. “The fundamental benefits of owning a house—if you are going to live there for five to seven years—are not going to change,” says McLaughlin. “You are building equity. You are paying off an asset that you will eventually own.” □

“  
The benefits  
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to change.”

ECONOMIST  
RALPH  
MCLAUGHLIN


# CYBERCRIME GETS PERSONAL

A fast-growing menace can take your computer hostage, wiping out precious family photos, important financial documents, and other critical files. But you *can* defend yourself against this virtual home invasion.

**BY ANDREA ROCK**

ILLUSTRATION BY DANIEL HERTZBERG





ne afternoon last fall, Kevin, an engineer who works for a Florida power company, was quickly checking emails on his home computer when he spotted what he thought was a message containing the mailing label he needed to return some headphones he had recently bought.

The attachment came up blank, so he moved on. Soon his computer began to run a little sluggishly. Then, three hours later, his screensaver—a photo from a South Pacific vacation he and his wife had enjoyed—disappeared. When he checked the directory holding all his photos, he was startled to find them all renamed with strings of gibberish.

Also on his screen was an icon for a document he didn't recognize. He clicked on it and panicked as he read a chilling message: "All of your files are encrypted," it began. And they would be lost to him forever unless he made a ransom payment of \$2,400.

"What they had taken was irreplaceable: 20 years' worth of my financial and personal files and every photo taken of my wife and me during the 16 years we've been married," says Kevin, who asked that his last name be withheld to protect his privacy. "The trauma you feel when you understand what's happened to you is overwhelming."

What happened to Kevin and thousands of other people last year could easily happen to you. Your computer or smartphone could be attacked by what's known as ransomware, a fast-growing online scourge that can cost you thousands of dollars if you pay to regain your files—and thousands of dollars if you don't. Also at stake: documents critical to your business or personal finances, priceless family photos, and the days or weeks you might spend trying to replace what you have lost. Want to recover your photos or financial records? You

could be ordered to pay anywhere from \$200 to \$10,000—the range of ransom money typically demanded of individuals, according to a recent IBM Security survey. And nearly a quarter of businesses hit by a ransomware attack end up paying \$40,000 or more. As the Department of Homeland Security warned last year, ransomware's effect can be "devastating."

Ransomware has spread with terrifying speed. This type of malware—short for "malicious software"—accounted for fewer than 2% of emails with malicious links or attachments in the fall of 2015, according to PhishMe, a cybersecurity firm. By last fall, ransomware's share had zoomed to a shocking 97%. Total ransomware losses in the U.S. hit \$1 billion in 2016, up from \$24 million in 2015, the FBI estimated.

More than 5,100 ransomware complaints were reported to the FBI over the past two years. Your odds of being hit, though, are far greater than that figure might suggest; based on an analysis of threats detected by anti-malware programs, the cybersecurity firm Symantec reported ransomware's volume at 4,000 attacks *per day* in early 2016. "Because so many victims never file reports, the cases we know about rep-

resent only a very small percentage of what's actually happening," says Will Bales, the supervisory agent in the campaign against ransomware at the FBI's cyber division in New York City.

Just as scary as ransomware's growth is the ease with which you can fall victim to it. This malware, which makes online scams like emails from a Nigerian prince seem almost quaint, can infect your computer not only if you open up a rogue email attachment, as Kevin did, but even if you simply land on a mainstream website booby-trapped by cybercriminals.

What can you do to avoid becoming a victim? Quite a lot, as it turns out. Once you understand the nature of the threat, you can put safeguards in place to minimize the chances of a successful attack. And if, despite your best efforts, your computer is taken hostage, you may be able to recover your files even without paying a ransom. What you need to know:

## WHEN RANSOMWARE STRIKES

To be able to take over your computer, cybercriminals first have to get their malware onto your machine. To that end, they're refining other scammers' time-tested stratagems.

### THE SNEAK ATTACK

In the U.S., 59% of ransomware attacks occur via phishing emails that lure you into clicking on malicious links or attachments, according to a 2016 study by Osterman Research. Thanks to a steady stream of data breaches at big names including LinkedIn, Yahoo, and Google, cybercriminals can easily and cheaply obtain a slew of email addresses and other personal information they can use to blast out thousands of ransomware-laden emails, experts say. Then all they have to do is wait for recipients to take the bait.

Though you might think you're a pro at spotting phishes, think again. "Cybercriminals are getting better at creating content that can fool users and bypass detection technologies," reports Osterman.

## THE RANSOMWARE EXPLOSION

Incidents of ransomware have grown astronomically, and the amounts demanded are on the upswing too.



NOTE: Attacks per day in 2016 is for the first three months only. SOURCES: PhishMe, Symantec

It was that kind of sophisticated mimicry that tripped up Wolfgang Sailer, a Salem, Ore., financial planner, last September. Sailer had regularly received—and ignored—phishing emails purportedly from banks and other businesses. But an authentic-looking email he received from FedEx about a missed delivery rang no alarm bells, partly because he had recently moved and was waiting for a forwarded FedEx package. So he clicked on the attached delivery notice to get more details. What he got instead was a ransom note demanding \$300 to retrieve his encrypted data. "I was angry," he says.

Another delivery mechanism is malvertising—the term for online ads that criminals have covertly embedded with ransomware. Attackers

This story is the first in a series looking at the financial risks of digital technology.

# THE RANSOMWARE TRAP

Cybercriminals use trickery and fear to separate you from your money.

are adept at creating ads that evade detection by the networks that distribute online ads, says John Wilson, chief technical officer at the cybersecurity firm Agari. Even without clicking on those ads, you can be infected just by viewing a web page that carries them. Sites that have unwittingly carried malvertising include those of the *New York Times* and the BBC, plus Realtor.com and NFL.com, according to software developer Malwarebytes.

Ransomware can also hide in other website content, including photos, videos, and readers' comments on blogs. In the spring of 2015, for example, Debbi Schaeffer of Clearwater, Fla., was online scouting locations for her daughter's wedding. One venue's site had links to photos posted by people who had been married there. Clicking on one of those photos infected the entire computer system at the electronic-display firm she co-owns and led to a ransom demand of \$500. "It's hard to believe that doing something that seems so harmless could be so devastating to your business," Schaeffer says.

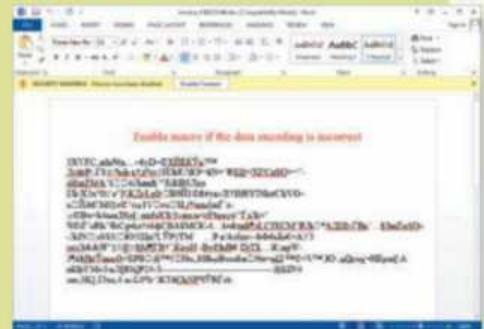
## THE PRESSURE MOUNTS

Once on a computer, the malware—either a stand-alone program or code that piggybacks on programs like Microsoft Office and Adobe Flash Player—communicates with the attacker's computer to get encryption keys, which are complicated passcodes it uses to scramble files. The malware targets a wide range of data: files for all types of images, music, documents, spreadsheets, and more.

After the files are encrypted (and perhaps renamed), a process that might take hours, the attackers deliver a ransom note, which either replaces your desktop screen or shows up there as an icon. That note—often accompanied by frightening images of characters from horror movies such as *Saw*,

## THE HOOK

You open an attachment or click on a link, and a screen like this pops up, asking you to take some action—in this case, enable a macro in a Microsoft Word document. Do that, and you open the door for ransomware to encrypt your photos and files, turning them into a jumble of characters just as unintelligible as these.



## THE SCARE

A ransom note appears, often displaying unsettling images like this vicious clown. The gist: Your photos, files, and other irreplaceable and valuable data will be lost forever unless you follow instructions for paying a ransom. If you cooperate, the attackers promise to send you a private decryption key that will restore your data.

## THE SQUEEZE

To pressure you into paying up, the cybercrooks may set a countdown clock on your screen, ticking off the time remaining until you hit the deadline they have set—commonly 72 hours—to send them the ransom. If you miss their deadline, some ransomware attackers start deleting your files. Others will double the ransom amount that they are demanding.





or Voldemort from the *Harry Potter* series—typically contains a link sending you to a web page with instructions for how to pay the ransom and get your files back. Most impose a deadline of a week or less for you to come up with the ransom, threatening to double the amount or begin deleting your files once the appointed hour passes.

To scare you further, “they’ll put a ticking countdown clock on your screen or use other techniques to pressure you to act quickly,” says Donn Hoffman, a Los Angeles County deputy district attorney in the cybercrime division. “One variant I’ve seen covers your locked computer screen with pornographic images.”

#### ■ GETTING DOWN TO BUSINESS

If you decide to pay the ransom, the attackers will go from threatening to extremely helpful, says Ondrej Krehel, CEO of Lifars, a digital forensics and cybersecurity intelligence firm. They want to make it fast and easy for you to pay the ransom, which they usually demand in the form of the digital currency Bitcoin.

“Criminals view this as a business,” Krehel says, “and they refer to victims as their clients or customers.” In fact, the customer service that some ransomware operators provide rivals that of law-abiding operations, complete with FAQs and online chats with technical support agents who can help you through the process of obtaining Bitcoin and transferring it to them.

Credit the businesslike atmosphere to ransomware’s efficiency in generating cash. Unlike identity theft or credit card fraud, which can take months to deliver a payoff, this scam makes money with minimal effort and minuscule risk of being caught. Just one version of ransomware making the rounds in 2016 netted its perpetrators about \$34 million from victims paying around \$300 to \$500 each, according to the information technology company Cisco.

By using Bitcoin and communicating with victims via the anonymizing Internet network known as Tor, criminals who make money from ransomware are difficult to trace, says Leo

Taddeo, a former FBI agent now at the cybersecurity company Cryptzone. And even if they are identified, he adds, many of them are based in Russia or some Eastern European countries from which extradition to the U.S. is difficult.

## HOW TO PROTECT YOURSELF

As prevalent and insidious as ransomware has become, there are concrete steps you can take to lower your risk of attack and minimize the damage if you’re hit. One thing is sure: You can’t rely on a particular type of computer to protect you. Although ransomware attacks have primarily targeted Windows computers and Android mobile devices, Apple computers suffered their first ransomware infections in 2016, and iPhones could be next, experts say.

#### ■ GET YOURSELF SOME BACKUP

A strong backup system for your data is your best safety net, since it will let you restore your hijacked files and photos without paying ransom, says Mark Rasch, a cybersecurity executive at Verizon Enterprise Solutions. For true protection, cybercrime attorney Hoffman recommends having at least two different types of backup.

Start, he says, with an online backup and storage service—one that continuously scans your computer, automatically uploads any new data or changes in existing files, and then stores the most recent version at an offsite data center. Lawrence Abrams, founder of the ransomware information site BleepingComputer.com, recommends using a service that includes “versioning,” a feature that allows you to access files older than your most recent backup. Crashplan, Backblaze, and Carbonite are three companies that offer the service, typically charging about \$5 a month to cover a single computer.

In addition, regularly back up your data onto a USB drive or an external hard drive, says Hoffman. Even though backup services use tough encryption to protect your stored data, they are not immune to hacking and other digital catastrophes, he says. And be sure to disconnect the



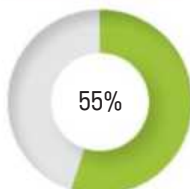
**IT'S HARD TO BELIEVE THAT DOING SOMETHING THAT SEEMS SO HARMLESS COULD BE SO DEVASTATING TO YOUR BUSINESS."**

—DEBBI SCHAEFFER,  
RANSOMWARE VICTIM

## PARENTS WILL GIVE IN

Having children makes you more willing to fork over cash for your files.

PEOPLE WHO'D PAY FOR PHOTO RECOVERY



Parents



Nonparents

SOURCE: IBM X-Force

drive right after backing up. If it's still plugged into your computer when ransomware hits, the copy you made will be hijacked too.

Depending on the value of your files and how often you add or update them, do your home backup monthly or even weekly. The importance of frequent backups became apparent to Debbi Schaeffer and her partner, James Ullery, after their business was attacked. "The backup we had was 30 days old, so it was missing a lot of critical data that was worth more to us than the \$500 ransom they were demanding," says Ullery. "We'd already lost three business days trying to climb out of this mess, so we decided to pay." He and Schaeffer got their decryption key within an hour, but the restoration process, which changed the "last modified" dates of all their files, created organizational headaches. They now do weekly backups of their data onto an external hard drive, which they store offsite as an extra precaution in case of fire or flooding.

### STAY CURRENT

Keeping your computer's operating system and other programs up to date is crucial because malvertising and other booby-trapped content tend to prey on vulnerabilities in older software that have been subsequently fixed, says Chester Wisniewski, principal research scientist at the IT security company Sophos. Common targets are operating systems, browsers, and browser plug-ins such as Adobe Reader, Flash Player, and Java. When you get notices that updates and security patches are available, don't ignore them, says Wisniewski. "When people say that they're still using Microsoft Word 2003 because they don't need any new features, they don't understand that it's like driving a car without seatbelts or antilock brakes."

Fortunately, online tools can do most of the updates for you automatically. If your home computer is a Windows PC, download Flexera's Personal Software Inspector, a free security scanner that identifies any programs that need security updates and installs them—in most cases without any effort on your part.

Mac users can also automate the process of finding and installing available updates. Simply open the Apple menu in the top left corner of your screen, select System Preferences, and then click on the App Store option. Click on the heading "Automatically check for updates," where you can turn on this feature.

### INOCULATE AGAINST VIRUSES

Installing antivirus software is another good layer of protection, since developers adjust their products to detect ransomware variants soon after they emerge. Two choices of experts are Malwarebytes and Sophos Home, both of which have free versions for PCs and Macs.

The antivirus fight never ends because malware developers regularly update their own software to avoid detection. For example, Cerber, one of the most widespread ransomware families, first appeared in February 2016. Within just nine months, its developers had already released Cerber 5.0, according to Bryan Campbell, a threat intelligence analyst at the technology company Fujitsu.

### HANDLE EMAIL WITH CARE

You have probably learned to be suspicious of emails peppered with misspellings and grammatical errors, but criminals are getting better at designing phishing emails without such red flags. No matter how authentic they look, don't click links inside unsolicited emails that appear to come from businesses, your bank, or even the IRS. Instead, call or email using separate contact information you have for the sender to confirm that what you received is legitimate.

If you receive an emailed attachment or link that seems out of character from a friend or relative, call—don't email—to make sure that person really sent it. Agari's John Wilson explains that his mother once received a suspicious email from her choir director, so she emailed him to check before she clicked on the attachment. "But it was the person who'd hacked his email who replied," says Wilson, "so she got a flood of malware as a result."

## MORE SCAMS TO WATCH OUT FOR

Ransomware isn't the only form of cyberattack threatening your money and your digital life. Protect yourself from these additional online menaces targeting your technology:

### MOBILE MALWARE

A growing amount of malicious software has been designed specifically to attack your smartphone—not just ransomware, but also programs devised to steal usernames and passwords for your financial accounts. That's particularly worrisome, since nearly 40% of people say they interact with their bank primarily via mobile devices, reports Clarabridge, a software firm. Viruses can get delivered not only via email, but also by text messages, games, and other apps.

**YOUR DEFENSE:** To cut your risks, delete apps

you don't use anymore and keep the ones you do use up to date. Install apps only from major stores, such as Google Play for Android devices and the App Store for iOS users, advises Jon Clay of the cybersecurity firm Trend Micro. Avoid third-party app stores, which he says are much more likely to carry counterfeit apps, and ignore emails and text messages inviting you to install an app by clicking on a link.

### THE GMAIL PHISH

Even security-conscious techies have fallen for this one. It starts with an email in your Gmail account, apparently from someone you know,

containing a believable-looking attachment. Click on it, and you're prompted to sign in again on a normal-looking Google log-in page.

That page, however, is a fake designed to steal your username and password. Once you sign in, a cyberattacker can immediately access everything in your Gmail account. Using "Lost Your Password?" services on other sites—the ones that send you an email to verify it's really you—they can then hijack your accounts at financial institutions and online stores. (And using your previous emails as a model, they can hit your contacts with the same

scam.) Google says it's aware of the issue and is working to strengthen safeguards against the problem.

**YOUR DEFENSE:** Google recommends establishing what's known as two-factor authentication in your Google account settings. This will require you to enter a special passcode anytime you log in from a new machine—a requirement that prevents cybercrooks from seeing your Gmail even if they've stolen your password.

### BOGUS HELP

Scammers have long offered fake computer technical support. The latest version starts old-school, with a telephone call. Someone claiming to be from Microsoft tech support calls to alert you to a virus or another urgent problem

with your PC. These techies seem credible: By using publicly available directories or information exposed in data breaches, they may know your name and might even correctly guess which operating system is on your computer, says the Federal Trade Commission.

To get at your money, they trick you into installing malware that either steals your information or allows them to remotely control your computer. Then they'll charge you for fixing the security problem they just created.

**YOUR DEFENSE:** Just hang up. "Microsoft will never proactively reach out to you to provide unsolicited PC or technical support," the company says. "Any communication we have with you must be initiated by you."

Be especially wary of any unsolicited email that instructs you to enable macros to view the content of an attached Microsoft Office document, Wilson adds; it's probably ransomware. Macros are computing shortcuts that automate repetitive tasks—such as inserting your company's name and address in a letter—in programs such as Word. But cybercriminals can create macros that actually contain malicious code instead of useful shortcuts.

## WHEN YOU'VE BEEN HIT

If your files get scrambled by ransomware and your data isn't backed up, you face a difficult choice: Pay up, or not? But forking over money isn't your only option for recovering your files.

### FIND A KEY

To unlock files encrypted by ransomware, you need what's known as a decryption key—a

string of data that, when used by a decryption program, can restore your files to normal.

Your cyberattacker wants you to pay for that key, of course. But cybersecurity researchers and other volunteers have at times cracked code to obtain ransomware keys, which they make available for free. You can find out what type of ransomware you have been hit with and whether a decryption key is available at NoMoreRansom.com, a free website backed by law-enforcement agencies in 25 countries.

Another useful site is Abrams's BleepingComputer.com, where computer forensics experts inform and assist ransomware victims. They have figured out encryption codes themselves for many common families of ransomware, and they link to other reliable sites offering free decryption tools for versions they haven't cracked. BleepingComputer also operates forums where victims can share information to help one another. Robert Orsello,



**CRIMINALS  
VIEW THIS AS  
A BUSINESS.  
AND THEY  
REFER TO  
VICTIMS  
AS THEIR  
CLIENTS OR  
CUSTOMERS."**

—ONDREJ KREHEL,  
CYBERSECURITY EXPERT

**IF YOU EXPLAIN THAT YOU CAN'T AFFORD WHAT THEY'RE ASKING, THESE PEOPLE WILL NEGOTIATE."**

—LAWRENCE ABRAMS, RANSOMWARE EXPERT

a Scottsdale engineer, regained access to his hijacked files in the fall of 2015 with the help of a volunteer. He now donates the use of a high-performance server to help BleepingComputer's engineers crack codes for other victims.

Treat with caution other sites promising help, says Avivah Litan, a cybersecurity analyst at Gartner, an IT research firm. Some criminals lure victims by falsely advertising themselves as ransomware experts while loading computers with even more malware.

■ **PAY THE PRICE ...**

If you can't get assistance from these Good Samaritans, you might decide to hand over the ransom to retrieve your hijacked data.

Before you pay, Abrams recommends using the customer support links provided in your ransom note to try to negotiate better terms. "We've found that if you explain that you can't afford what they're asking, these people will negotiate because they just want to get paid and move on," he says. In fact, the European cybersecurity firm F-Secure reported recently that three out of four criminal gangs they evaluated were willing to negotiate their ransom fees downward, giving victims an average break of nearly 30% in the cases they examined. And all of them were willing to extend payment deadlines as well.

As for whether you'll get your data back, cyberattackers usually do provide decryption keys in return for ransom, because if they don't, word gets out and fewer victims will pay up. "Last summer a strain of ransomware started going around that deleted people's files even when they'd paid," says Sophos's Wisniewski. "But the guys behind it started getting death threats from other ransomware groups because what they were doing would screw up the scam for the rest of them."

■ **... OR STAND FIRM**

If on principle or for economic reasons you choose not to pay, you might want to save

your encrypted data; a free decryption key for the ransomware that hit you might become available someday. In that case, Abrams recommends copying your entire hard drive—including all encrypted files and ransom notes—onto an external hard drive. A local computer technician can help you with this process (known as cloning) and also with clearing malware and encrypted files off your computer's infected hard drive so that you can get back to using it. Then periodically check online to see if decryption tools for your strain of ransomware are available yet.

That's what Kevin, the Florida engineer, ultimately did. "I have the resources to pay the \$2,400 ransom, but I refuse to give these criminals money to become even more proficient at ruining the lives of other people," he says. "It's only a matter of time until a free decryption key becomes available, so I'm going to let my files and photos stay safely frozen in time off-line until that day comes."

Sailler, the financial planner, also chose not to pay. "I keep all of my crucial business or personal information on a computer that is never connected to the Internet," he says. He simply wiped his hard drive clean.

Whether you pay ransom or not, report the attack to the FBI at IC3.gov, as Kevin did. Last fall the agency urged victims to file reports to help it get a better picture of ransomware's spread and impact. When Kevin returned to work after his ransomware attack, he learned something about the scope of the threat. "In just the first few days I was back, several people told me that the same thing had recently happened to them or someone they were close to," he says. "If they hadn't overheard me talking about my own experience, they never would have mentioned theirs, which says something to me about how big this problem really is." ■



**MORE ONLINE**

Watch a ransomware expert explain more about the spread of malware and how to defend yourself against it at [money.com/video](http://money.com/video).



# CREATE YOUR OWN SHOT WITH A BUSINESS THAT GOES THE DISTANCE



This is your chance to get in on the big game action as a team player with Right at Home, where the average net revenue per franchisee entity is \$1.4 million<sup>#1</sup>.

In his previous career, Bill Love spent many successful years working in manufacturing and merchandising for well-known department stores. After years of traveling back and forth to New York City and spending days at a time away from his family, Bill was ready for a career change. He and his wife, Christy, decided it was the right time to pursue an opportunity that allowed them to make a difference in their community while simultaneously providing the lifestyle they wanted for their family.

"Both my wife and I had always wanted to own our own business, and we knew that we wanted to serve the senior population," said Bill Love. "When we found Right at Home, we were impressed with their business model, their corporate staff, and the support system they offered to their franchisees; we knew it was the right fit for us."

The couple purchased a second territory after a year of operating their first location. "Owning a Right at Home Franchise has been very rewarding and has allowed us to build a secure future for our family," said Love.

Right at Home's Success with Significance<sup>®</sup> initiative has become a central focus in the company's mission "to improve the quality of life for those we serve," and the brand has been proud to welcome franchisees like the Love's that fully embody the principles of this mission.

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— AVERAGE GROSS MARGIN<sup>#2</sup>  
**38%**



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**CALL 1-888-997-3041 OR GO ONLINE TO [WWW.RIGHTATHOMEFRANCHISE.COM/MONEY](http://WWW.RIGHTATHOMEFRANCHISE.COM/MONEY) TODAY!**

\*There is no assurance that your Franchise Business will do as well as those referenced above. Actual results vary from business to business.

<sup>#1</sup>Net Billing 2015 for 237 Franchisee Entities who own, collectively, 367 Franchised Businesses open 12 months or more as of December 31, 2015. 86 or 34% of these Franchisee Entities attained or surpassed the represented level of financial performance.

<sup>#2</sup>Average gross margin in 2015 of 367 Franchise Businesses open 12 months or more as of December 31, 2015; 189 or 51% of these Franchise Businesses attained or surpassed the represented level of financial performance.

Right at Home, Inc. 4444 Center St., Ste. 150, Omaha, NE 68106. This information is not intended as an offer to sell, or the solicitation of an offer to buy a franchise. It is for information purposes only.



**GET A**

**BETTER**

**JOB**

**NOW**

WHETHER YOU WANT TO CHANGE EMPLOYERS  
OR CLIMB THE LADDER AT YOUR CURRENT COMPANY,  
HERE'S A PLAYBOOK FOR SUCCESS.

When it comes to the job market, 2017 might be the year of the wandering eye. Employee turnover is approaching a 10-year high, per the latest Bureau of Labor Statistics data, and a near record number of unfilled jobs are giving workers plenty of opportunities to jump ship. With a hot job market, though, comes serious competition: Some 40% of all U.S. employees are either actively hunting for a new job or soon will be, according to consulting firm Dale Carnegie. If you're one of them, you'll need to find a way to stand out from the pack. Start by using the tools and tips on the following pages.

BY KRISTEN BAHLER AND MARTHA C. WHITE

ILLUSTRATIONS BY JOÃO FAZENDA



# GAME PLAN FOR A NEW GIG

Employees who change jobs in 2017 can expect a significant pay hike: 10% is typical, HR experts say. And for some in-demand roles, that number can go even higher.



## Start With Some Soul-Searching

The first step in any successful job change is figuring out what's important to you. Chances are your current gig isn't meeting your expectations—why else would you be eyeing the door?—so think beyond just pay to what might bring you greater satisfaction. Is it more flexibility? A shorter commute? Tuition reimbursement? Tailor your search accordingly, advises John DiMarco, Ph.D., author of *Career Power Skills*. Otherwise, he says, you risk “ending up in the same situation with a different logo on the door.”

Next, set concrete progress metrics for your hunt. These action items, which can be as simple as reaching out to a certain number of connections each week, will make the ultimate goal of snagging a new gig much more attainable, says Robin Sendrow, founder of Job Sparker. “It's easy to search for a job if you have the time, but it can be hard to balance if you already have a job, are going to school, or have kids,” she says. “Clear, simple goals can keep you on track and give you direction.”

## Assess Your Skills

According to the latest BLS data, the number of job openings in the U.S. stands at 5.5 million, surpassing the pre-recession peak of 4.1 million by 34%. Yet an enduring skills gap—the difference between the skills employers want and the ones that applicants possess—means many of those jobs will go unfilled. Be the solution an employer needs by acquiring the most sought-after skills in your industry.

► **FIND THE GAPS.** Comb through postings for the types of jobs you're interested in, Sendrow suggests. If a certain skill, or set of skills, appears multiple times, that's a pretty clear sign you'll need to add it to your résumé. The priority these days, of course, is tech skills. But you don't need to work in the tech industry to benefit: A 2016 report from analytics firm Burning Glass found that half of jobs in the top income quartile (defined as those paying more than \$57,000 a year) require some degree of coding ability.

► **ASK THOSE IN THE KNOW.** Informational interviews or informal meetings with people in the types of jobs you want can clue you in to the credentials employers value most. Some good questions to ask: When you were hired, what certifications did you require? Where do you see the industry headed? What are the most pressing needs in your workplace?

► **GET UP TO SPEED.** Once you've found your weak spots, shore them up by registering for continuing education classes at a local college, or through low-cost online course portals like Udemy, Coursera, and Khan Academy. Your current employer might even pay for it: Companies spent an average of \$1,252 per employee on training and development in 2015, 28% of which went to outsourced or external activities, according to the Association for Talent Development.



# Build Your Brand

What sets you apart from others in your industry or job title? Maybe you have deep category knowledge, or an unmatched list of client contacts, or a killer way with a spreadsheet. “Get a handle on what makes you different,” advises résumé writer Cheryl Lynch Simpson. Then build an identity around it. “What career management usually comes down to,” she says, “is branding.” (For résumé tips, see page 80.)

## ► FIND YOUR SUPERPOWER.

If you're having trouble defining what makes you a stellar employee—your “superpower,” as executive résumé writer Laura Smith-Proulx calls it—tap former bosses and colleagues for insights. If you're uncomfortable asking them directly, Smith-Proulx suggests looking to past performance reviews for ideas. “What have people said about you that's differentiating?” she says. “When you last

got promoted, what did your boss tell you? What do you do better and faster than others? Those are the tendencies you should be paying attention to.”

## ► BECOME AN EXPERT.

Nothing says “qualified” more than demonstrated industry influence. Highlight your expertise by speaking on panels, writing for industry publications, or starting your own (relevant) blog. “There

are so many outlets in this day and age that can be used as thought-leadership tools,” says Lynch Simpson. “Find a place to air your knowledge, and allow employers to get inside your head before the [hiring] process even starts.”

## ► OPTIMIZE SOCIAL MEDIA.

About 60% of employers screen candidates on social media, according to a 2016 CareerBuilder survey. Which means your public

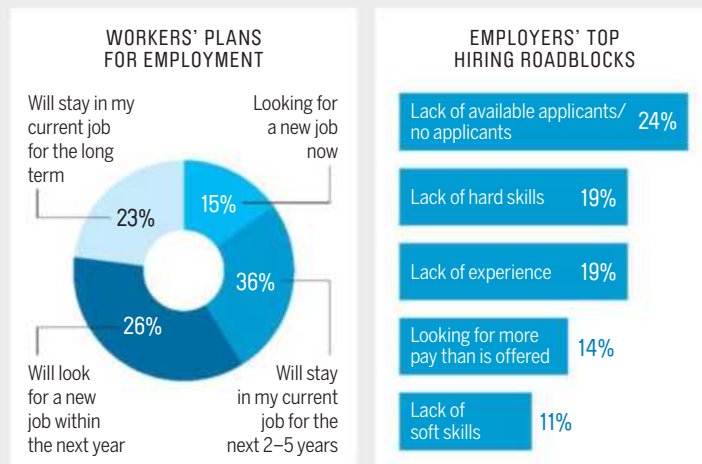
Facebook, Instagram, and Twitter feeds should be free of anything you wouldn't be comfortable discussing in an interview. And your LinkedIn profile (you have one, right?) needs to be optimized to the max. Lynch Simpson suggests starting with a short “brand bio” that tells the story of your work history and using the rest of the page to expand on things you don't have room for on your résumé. If you have supporting documents that flaunt your skills, such as a marketing or advertising case study, include a link. “Employers are looking for an introduction into your work experience that a résumé can't give them,” Lynch Simpson says. “LinkedIn can help put more meat on your brand.”

**BONUS TIP**

*On average, a JobVite study found, referred applicants are 15 times as likely to be hired as those who come through a job board.*

## Supply and Demand

Nearly half the workforce is looking for a new job or expects to within the next 12 months, and companies have a near-record number of openings. So what's the problem? According to Manpower's annual Talent Shortage Survey, employers say there's a dearth of applicants with the requisite skills and experience.



SOURCES: Dale Carnegie Global Leadership Study 2016; Manpower Talent Shortage Survey 2016

## CONQUER THE INDUSTRY EVENT

Job postings represent only about 20% of open positions out there, says Mark Anthony Dyson, career blogger and host of the “Voice of the Job Seeker” podcast. To snag an unadvertised vacancy, you'll have to do some networking. Try these three techniques.

► **VOLUNTEER TO HELP.** Lending a hand in the organizing or production of an event usually makes for less awkward introductions, Dyson says. “Even if it's just handing out the itinerary or taking coats, participating gives you a reason to start conversations on a very practical level.”

► **CONTACT PEOPLE AHEAD OF TIME.** Ask an organizer for a list of attendees in advance. Then shoot potential contacts an email to see if they're willing to set aside a few minutes to chat the day of the event.

► **PERFECT THE ASK.** You want your new connections to put you in touch with like-minded people, but you'll get a lot further if you make them part of the process, says Claire Wasserman, founder of Ladies Get Paid. “Seek their counsel,” she advises, not just their contacts. “You could say, ‘Hey, I'm a huge fan of this industry person, and I'd love your take on how she got where she is.’”

## Why You Need a Personal Website

Even if you're not in a creative industry like photography or graphic design, an online portfolio is an easy way to show off your work product. Sign up for a low-cost template on a user-friendly site like SquareSpace or Weebly, and populate it with anything that flaunts your skills: testimonials, photos, case studies, articles. For career switchers, a personal website can help demonstrate your competence in the industry you're targeting. PR wannabes can write pitches; sales strategists can create 100-day action plans. "We live in an evidence-based world," DiMarco says. "Employers want to see samples."

### WHAT ARE YOU WORTH?

When it comes to salary negotiations, it pays—literally—to know the going rate for your skills. These three free websites are a good place to start.

- ▶ **PAYSCALE.COM** This salary data powerhouse lets you compare your salary with those of others in your industry.
- ▶ **GLASSDOOR.COM** Like PayScale, this employer review site creates personalized salary reports with its Know Your Worth tool, which factors in a user's experience, location, and education level.
- ▶ **BLS.GOV** The online portal of the Bureau of Labor Statistics is a treasure trove of state- and city-specific wage data, as well as earnings information by demographics such as age, sex, and education.

## Make Technology Your Friend

"The job market does not operate the same way it used to," says David Lewis, president and CEO of HR consultancy OperationsInc. The days when candidates found jobs by scanning the Sunday classifieds are long gone. The advent of online job boards in the mid-'90s and, more recently, automated screening tools has brought a slew of technical innovations that dictate the job hunt today. To conquer the job search, learn to use them to your advantage.

- ▶ **GO DIGITAL.** Upload a copy of your résumé to your smartphone, Dyson suggests. Doing so will make answering postings on the go and shooting follow-up emails to networking contacts a breeze.
- ▶ **TAKE ADVANTAGE OF NEW PLATFORMS.** Check out Shapr, an app that matches users with potential networking connections (much like the dating app Tinder), as well as Switch and Jobr, which do the same with hiring managers and job postings. Online job boards like CareerBuilder, Indeed, and SimplyHired all have mobile apps. And more esoteric offerings, like the digital business card creator Inigo, are useful tools for bringing your job search into the 21st century.
- ▶ **LEVERAGE PASSIVE SEARCH.** Track the roles you're looking for by

signing up for updates from job boards and setting Google Alerts. You can also use LinkedIn's Open Candidates tool to privately signal to the site's universe of recruiters that you're on the market. "Today most of the places where we find jobs are set up in such a way that, if potential job seekers are willing to let certain services know who they are and what they do, employers will tap them on the shoulder," Lewis says.

## WHAT YOUR RÉSUMÉ SHOULD LOOK LIKE IN 2017

Résumé trends change quickly, but when it comes to packaging your work experience, crisp writing and brevity still reign supreme. Add a clean, modern design and some descriptive storytelling, and you're well on your way to landing an interview. As you shop the job market, make your résumé stand out by using these tips.

- ▶ Find our downloadable template at [money.com/resume](http://money.com/resume).

**PROMOTE YOUR BRAND.** If you've still got an objective section underneath your header, dump it. You want to show what you can do for an employer, not what an employer can do for you, says Sam Nolan, a professional résumé writer. In its place, add a qualifications summary. "The point is to highlight what you can't afford a potential employer to miss," she says. "It's a high-level overview of your candidacy."

**CONTROL YOUR TIMELINE.** If you're anything beyond an entry-level employee, your early jobs are taking up valuable space. Omit experience dating back more than 10 years unless it's essential to your narrative—say, an internship with Jeff Bezos that changed your career trajectory.

**SHOW KEY WORK METRICS.** When you get to your work experience, don't just list titles and dates. Use a few lines of text to weave a story for hiring managers. When did you change industries? Why were you promoted? Where do you aim to go next? Then use bullet points to back your claims with statistics.

# Jane Doe

Retail Industry Manager

**PAY ATTENTION TO FORMAT.** You want a smooth, clear look that's got just enough panache to stand out. Add a small pop of color to spice things up, and nix Times New Roman in favor of a sans serif font. "A clean, sleek font gives a more tightened-up presentation," says Dana Leavy-Drerrick, owner of Brooklyn Resume Studio.

**MAKE THE TOP COUNT.** "The top one-third of your résumé is what a recruiter or hiring manager scans to determine if they will read the rest...and they give it only three seconds," says career coach Jennifer Braganza. Make yours an attention grabber: Point the reader to places where you have samples of your work product, such as LinkedIn or a personal website, and add your phone number and email address.

**History of orchestrating successful sales strategies** and marketing initiatives designed to increase revenue. Strong background in retail sales.

**Inventory planning, branch management, and operations oversight experience**, with nine years in progressive roles at large regional chains.

**Refined relationship-building skills** and experience working collaboratively with vendors and customer-facing sales staff.

## PROFESSIONAL EXPERIENCE

### Assistant General Manager

Grayson's Furniture Stores, Jacksonville, FL, 2011–Present  
Joined as Assistant Manager, promoted rapidly through a series of management positions of increasing responsibility, based on strong financial, operating, and team leadership performance. Currently manage 160-plus employees at six regional locations.

- Increased profit \$5 million amid tough economic pressures.
- Reduced absenteeism 47% and turnover 35% with strategies to recruit, train, and retain high-quality employees.
- Implemented next-generation POS technology.
- Reduced annual purchasing costs 3.5%.

### Manager, Multiple Store Locations

Boaters World (Virginia/Maryland Regional District), 2007–2011  
Coached and led a 13-store district with 150 employees. Educated customers on products and provided customized solutions for increased sales. Drove growth by focusing on customer service, merchandising, and teamwork.

- Launched new safety product in response to regulatory requirements and sold \$2 million worth in first year.
- Cut operating budget 20% by implementing cost-saving initiatives.
- Received three "Top Sales Producer" awards. Ranked No. 4 out of 214 sales associates nationwide.

123.456.7890

janedoe@gmail.com

linkedin.com/jane-doe

www.janedoe.com

## SKILLS

Merchandise Planning and Allocation  
Financial Planning and Profit Analysis  
POS Software (Lightspeed, ShopKeep)  
Inventory Shrinkage Control  
Sales Coaching  
QuickBooks  
Multisite Retail Operations  
Merchandising Standards  
Vendor Relations and Negotiation  
Employee Training and Development

## HIGHLIGHTS

Financial responsibility to **\$35 million**  
Achieved record sales in multiple markets, up to **40% sales growth**  
Hired and trained more than 50 employees  
10-year proven sales growth track record  
Won 14 "**Branch Manager of Month**" and "**General Manager of Year**" awards for profit and revenue growth

## EDUCATION

**Bachelor of Arts**, cum laude  
University of Virginia, Charlottesville, VA  
**Capstone project**, Coaching Skills for Managers course

**EMPHASIZE KEY SKILLS.** Tailor this section to highlight the skills that make the most sense for the role you're seeking. The software that companies use to scan résumés looks for relevant keywords to move a candidate forward. The trick to making it into the yes pile, Nolan says, is to mirror those keywords on your résumé.

**HIGHLIGHT PERFORMANCE.** Don't make hiring managers hunt for your achievements, says executive résumé writer Laura Smith-Proulx. Pull out a stand-alone summary of promotions earned, accolades won, or the amount of money that your innovations saved your department.

# EYE ON THE CORNER OFFICE

Job-hopping is the surest way to boost your salary, but it's not the only way. These tips will give you a leg up on the corporate ladder.

## Snag a Bigger Raise

Consulting firm Willis Towers Watson predicts an average pay raise of 3% for 2017. But that's if you're an average performer. Last year, top-rated employees got salary bumps about 77% larger than those of average workers. Here's how to demonstrate your worth.

► **DO YOUR HOMEWORK.** Asking for more money just because it's time for your review isn't going to sway your boss. Your request should be based on your performance, not on the calendar. "Start laying the groundwork as much as a couple of months ahead of time," says LinkedIn career expert Blair Decembrele. Always be thinking about what should go into your highlights reel, a recap of your accomplishments that "focuses on results and expresses them in a way that reinforces the impact to the company," she says.

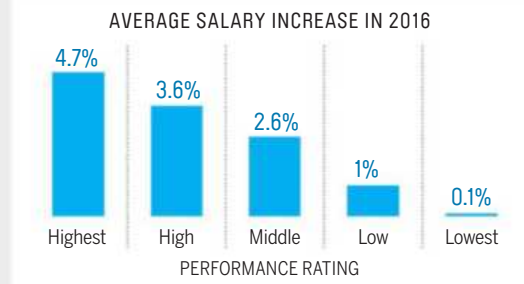
► **PRACTICE YOUR DELIVERY.** "Rehearse what you will say out loud," Decembrele advises. Hit up a friend, trusted colleague, or mentor to give you honest feedback about how your verbal and nonverbal cues come across in person.

► **HAVE A FIGURE IN MIND.** "Go into the conversation with a number or percent, and be willing and able to justify the request," says career coach Todd Dewett. There are plenty of websites that can help you figure out what your skills are worth (see page 80). Studies have shown that a range is a better negotiating strategy than a single number, especially if you put the amount you're really after at the bottom.

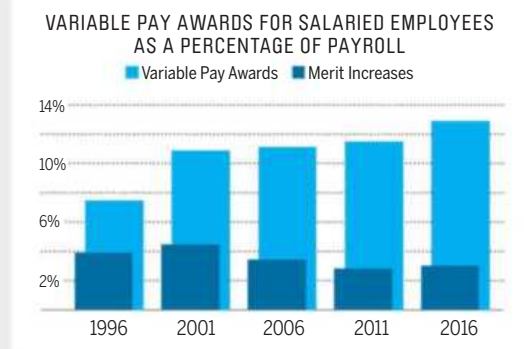
► **DON'T UNDERESTIMATE THE POWER OF ASKING.** According to PayScale research, 43% of workers have never asked for a raise. Yet when people do ask, a surprising number—around 75%—get at least some increase. That's especially true of higher-paid workers: People who earn \$150,000 or more got the amount they requested 70% of the time.

## Where the Money Is

According to salary data from Mercer, high performers got nearly double the increase of average performers in 2016. In 2017 the average raise for the highest performers is expected to go up slightly, to 4.9%.



Overall, though, annual raises are declining as a share of compensation budgets in favor of one-time payments, such as bonuses. Last year 60% of companies gave such payments in lieu of all or a portion of salary increases.



SOURCES: Mercer 2016/2017 U.S. Compensation Planning Survey; Aon Hewitt U.S. Salary Increase Survey 2016-17



## Have a “Plan B” Ready

Even if you do everything right, sometimes a raise just isn't in the cards. But don't get discouraged. Instead, ask if you can revisit the request in six months or a few quarters down the road, contingent on quantifiable performance metrics. That way, Dewett says, your boss will have “more clarity about the budget situation and a higher ability to specify the type of performance that would justify your raise.” If a fatter paycheck isn't an option, try negotiating for better benefits or additional perks. “Think of what other benefits you could ask for that carry a monetary value that could help your income,” recommends Scott Dobroski, career trends analyst at Glassdoor.com. In cities with high commuting costs, for example, being able to work from home a day or two a week could free up more of your take-home pay. Assistance with tuition or continuing education courses lets you acquire and maintain skills that will benefit you in the future.

### BONUS TIP

According to management consultants CEB, the percentage of workers willing to “give it their all” is at a six-year low. If you're looking for a way to distinguish yourself, this is a no-brainer: Go the extra mile to really stand out.

### HOW NOT TO MAKE YOUR CASE

When you're discussing a raise or promotion, avoid these common mistakes, says Diana Faison, partner at Flynn Heath Holt Leadership:

▶ **DON'T HEM AND HAW.** A little small talk is nice, but too much can backfire. Start demonstrating your efficiency from the outset by stating what you'd like without beating around the bush.

▶ **DON'T SHIFT THE FOCUS.** Never compare yourself with a coworker, even if you know (or think you know) how much your colleague makes. He may do more work than you realize.

▶ **DON'T FIB.** Don't say you've been offered another job if you haven't. Suppose your boss says, “That's too bad; we'll miss you.” What then?

▶ **DON'T JUMP THE GUN.** If you're new to a job, you need time to demonstrate your value. Wait six months at minimum.

## Corner Office or Bust

If you're like most people, what you're really after is the next rung on the corporate ladder. A recent Korn Ferry survey found that 63% of people would rather get a promotion than a raise. Start making your case now.

▶ **KNOCK FIRST.** More than half of respondents in the Korn Ferry survey who didn't advance blamed bottlenecks or “nowhere to go” in the corporate hierarchy. But opportunity doesn't always come knocking. “Start planting the seed,” says Faison of Flynn Heath Holt Leadership. Lay out what you've learned, how you've contributed, and where you think your talents could be put to better use. At worst, you've put yourself on the radar for a future opening; at best, your boss creates a position tailored to your skills.

▶ **BE READY WHEN OPPORTUNITY STRIKES.** It's likely you'll need some skills that are outside the scope of your current role. Make sure you're prepared, Decembrele says. If you're headed for management, consider brushing up on “soft skills,” like communication, organization, and teamwork. In a LinkedIn survey of nearly 300 hiring managers, 59% said they had trouble finding job candidates with those traits. □

## When a Bonus Isn't as Good as a Raise

Consulting firm Aon Hewitt says that nearly 90% of companies give some workers “variable pay,” a category that includes bonuses and other lump-sum awards, and that a growing number view it as the primary means of rewarding performance (see chart, at left). Bonuses are great, of course, but if you're offered one in lieu of a salary adjustment, take the opportunity to inquire about the possibility of a raise in the future. There are good reasons for doing so: A bonus is a one-time thing, while a raise is permanent. And Social Security benefits are based on salary, not bonuses, so the payments you draw in retirement won't reflect variable compensation.

# Tech Stocks Join Market Rally

**THE WALL STREET RUN-UP** that began after the Nov. 8 election broadened to include the technology sector in the four weeks ended Jan. 18. You can thank the resurgence of the so-called FANG stocks this year—Facebook, Amazon.com, Netflix, and Google, now known as Alphabet.

## S&P 500 RATIOS



## BENCHMARKS

INDEX	TOTAL RETURN		
	ONE MONTH	ONE YEAR	THREE YEARS <sup>1</sup>
S&P 500	0.8%	23.5%	9.6%
Nasdaq <sup>2</sup>	2.2	23.8	9.8
Russell 2000	-0.3	36.9	6.6
Morgan Stanley EAFE	3.5	13.4	-0.9
Dow Jones industrial average	-0.1	27.3	9.1
Barclays U.S. aggregate bond index	1.5	2.0	2.9

SECTOR	ONE MONTH	ONE YEAR	THREE YEARS <sup>1</sup>
Information technology	2.3	29.1	14.2
Consumer discretionary	1.6	19.7	10.7
Health care	1.3	7.3	9.0
Basic materials	1.2	35.8	12.8
Utilities	1.2	16.9	12.8
Industrials	0.6	31.1	9.1
Consumer staples	0.6	11.6	10.4
Telecom services	0.2	23.9	9.6
Financials	-0.9	36.2	11.3
Energy	-2.6	38.1	-2.0

**NOTES AND SOURCES:** Stock index data as of Jan. 18 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. <sup>1</sup>Annualized. <sup>2</sup>Price change only.

## BIGGEST MUTUAL FUNDS BY CATEGORY

CATEGORY	TOTAL RETURN		EXPENSES (AS % OF ASSETS)
	ONE YEAR	THREE YEARS <sup>1</sup>	
<b>LARGE-CAP STOCKS</b>			
American Funds Growth Fund of America (AGTHX)	24.4%	8.7%	0.66
Fidelity Contrafund (FCNTX)	16.9	7.6	0.71
Dodge & Cox Stock (DODGX)	35.9	9.2	0.52
American Funds Investment Co. of America (AINSX)	26.7	9.2	0.58
American Funds Wash. Mutual Investors (AWSHX)	24.3	8.6	0.58
<b>MIDCAP</b>			
Vanguard Mid-Cap Index (VIMAX)	26.0	8.4	0.08
Fidelity Low-Priced Stock (FLPSX)	18.6	5.7	0.88
Vanguard Extended Market Index (VEXAX)	32.5	6.8	0.09
Fidelity Spartan Extended Market Index (FSEVX)	32.4	6.8	0.07
Vanguard Strategic Equity Fund (VSEQX)	33.2	10.2	0.21
<b>SMALL-CAP</b>			
Vanguard Small-Cap Index (VSMAX)	33.7	7.3	0.08
Vanguard Small-Cap Value Index Fund (VSIAX)	39.1	9.7	0.08
T. Rowe Price Small-Cap Value (PRSVX)	40.5	7.4	0.92
Vanguard Explorer (VEXRX)	29.3	4.6	0.35
Vanguard Small-Cap Growth Index (VSGAX)	27.2	4.3	0.08
<b>BALANCED</b>			
American Funds American Balanced (ABALX)	15.3	6.8	0.58
Fidelity Balanced (FBALX)	15.9	6.4	0.55
Fidelity Puritan Fund (FPUJRX)	13.6	6.2	0.56
Vanguard STAR Fund (VGSIX)	14.9	5.0	0.34
Vanguard Balanced Index Fund (VBIAX)	15.3	6.6	0.08
<b>INTERNATIONAL</b>			
Vanguard Total International Stock Index (VTGSX)	19.1	-0.3	0.19
Harbor International (HAINX)	12.8	-2.6	0.76
American Funds EuroPacific Growth (AEPGX)	14.3	0.0	0.83
Oakmark International Fund (OAKIX)	24.6	0.2	1.05
Vanguard International Growth Fund (VWILX)	19.5	0.2	0.34
<b>EMERGING MARKETS</b>			
American Funds New World (NEWFX)	17.9	-0.8	1.04
Vanguard Emerging Markets Stock Index (VEMAX)	30.8	0.5	0.15
T. Rowe Price Emerging Markets Stock (PRMSX)	31.0	2.6	1.24
Fidelity Emerging Markets (FEMKX)	18.6	-0.2	1.05
Northern Emerging Markets Equity Index Fund (NDEMFX)	29.8	-0.6	0.31
<b>U.S. GOVERNMENT BONDS</b>			
Fidelity Government Income (FGOVX)	0.0	2.1	0.45
American Funds U.S. Government Securities (AMUSX)	0.0	2.0	0.63
MFS Government Securities (MFGSX)	-0.1	1.6	0.88
Sit U.S. Government Securities (SINGVX)	0.2	1.4	0.80
JPMorgan Government Bond (JGGAX)	0.4	2.2	0.75
<b>INVESTMENT-GRADE</b>			
Vanguard Total Bond Market Index (VBTIX)	1.8	2.7	0.06
Vanguard Total Bond Market II Index (VTBIX)	1.6	2.6	0.09
Dodge & Cox Income (DDIX)	6.1	3.2	0.43
Vanguard Short-Term Investment-Grade (VFSUX)	2.5	1.9	0.10
T. Rowe Price New Income (PRCIX)	2.2	2.6	0.54
<b>HIGH YIELD</b>			
Vanguard High-Yield Corporate (VWEAX)	15.3	4.8	0.13
American Funds American High-Income Trust (AHTX)	21.5	2.7	0.71
Fidelity Capital & Income (FAGIX)	17.6	5.5	0.75
Fidelity High Income (SPHIX)	20.4	3.7	0.73
Northern High Yield Fixed Income (NHFIX)	15.5	3.3	0.81
<b>TAX-EXEMPT</b>			
Vanguard Intermediate-Term Tax-Exempt (VWILX)	0.2	3.3	0.12
Vanguard Limited-Term Tax-Exempt (VMLLX)	0.3	1.2	0.12
Vanguard Tax-Exempt Money Market (VMSXX)	0.4	0.1	0.15
Fidelity Municipal Money Market (FTEXX)	0.2	0.1	0.41
Vanguard Short-Term Tax-Exempt Fund (VWSUX)	0.6	0.6	0.12

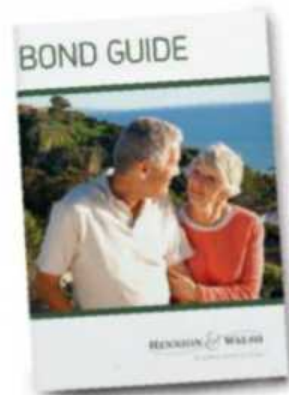
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# Foreign Funds Bounce Back

SLIGHT WEAKNESS IN THE DOLLAR HAS BEEN A TAILWIND FOR OVERSEAS MONEY 50 FUNDS.

**BOTH STOCKS AND BONDS** rose in the four weeks ended Jan. 18 as the so-called Trump Rally got a second wind. But in an ironic twist, the bullish sentiment on Wall Street in the wake of Trump's Inauguration has actually served to make foreign stock funds great again. That's because the dollar has been weakening since the start of the year, and a falling dollar can boost the returns of overseas funds held by American investors.

The majority of the equity portfolios in our recommended list of mutual and exchange-traded funds posted solid gains. They were led by **T. Rowe Price Emerging Markets Stock Fund**, which rose 5.4% in the month, and **Vanguard International Growth**, which returned 5.6%. —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			EXPENSES (AS % OF ASSETS)	PHONE NUMBER (800)
	ONE MONTH	ONE YEAR	THREE YEARS <sup>1</sup>		
<b>BUILDING-BLOCK FUNDS</b>					
▼ Large-Cap					
Schwab S&P 500 Index (SWPPX)	0.8%	23.3%	9.5%	0.09	435-4000
Schwab Total Stock Market Index (SWTSX)	0.8	24.9	9.0	0.09	435-4000
▼ Midcap/Small-Cap					
iShares Core S&P Mid-Cap (LH)	0.8	34.4	9.2	0.07	474-2737
iShares Core S&P Small Cap (LR)	-1.0	38.7	9.5	0.07	474-2737
▼ Foreign					
Fidelity Spartan International (FSIX)	2.8	14.0	-1.0	0.19	544-8544
Vanguard Total Intl. Stock (VETSX)	3.3	19.1	-0.3	0.19	662-7447
Vanguard FTSE A/W ex-U.S. Small (VFSVX)	3.6	18.4	0.1	0.31	662-7447
Vanguard Emerging Markets (VEIEX)	4.4	30.5	0.4	0.33	662-7447
▼ Specialty					
Vanguard REIT Index Investor (VIGSIX)	2.9	15.5	12.3	0.26	662-7447
▼ Bond					
Vanguard Total Bond Market (VTBFX)	1.2	1.7	2.6	0.16	662-7447

FUND (TICKER)	TOTAL RETURN			EXPENSES (AS % OF ASSETS)	PHONE NUMBER (800)
	ONE MONTH	ONE YEAR	THREE YEARS <sup>1</sup>		
Vanguard Short-Term Bond (VBISX)	0.5%	0.9%	1.1%	0.16	662-7447
Vanguard Inflation-Protected (VIPSX)	2.4	4.7	1.9	0.20	662-7447
Vanguard Short-Term Infl.-Prot. (VTIP)	0.8	2.7	0.5	0.08	662-7447
Vanguard Total Intl. Bond Index (VTIBX)	0.4	3.6	4.4	0.17	662-7447

## CUSTOM FUNDS

▼ Large-Cap					
Dodge & Cox Stock (DDGIX)	0.3	35.9	9.2	0.52	621-3979
PowerShares FTSE RAFI U.S. 1000 (PRF)	0.0	28.5	9.0	0.39	843-2639
Sound Shore (SSHFX)	0.4	28.1	7.5	0.93	551-1980
PowerShares S&P High Qual. Port. (SPHD)	0.7	23.3	11.4	0.29	983-0903
Primecap Odyssey Growth (POGIX)	1.3	24.5	9.7	0.64	729-2307
T. Rowe Price Blue Chip Growth (TRBCX)	2.7	17.1	8.3	0.71	638-5660
▼ Midcap					
Vanguard Mid-Cap Value Index (VIC)	0.6	29.4	9.3	0.08	662-7447
WisdomTree MidCap Dividend (DON)	1.0	31.8	11.9	0.38	909-9473 <sup>2</sup>
T. Rowe Price Div. Mid Cap Gro. (PRDMX)	1.6	22.6	7.7	0.87	638-5660
▼ Small-Cap					
PowerShares FTSE RAFI U.S. 1500S-M (PRFZ)	-0.1	39.8	7.5	0.39	843-2639
Vanguard Small-Cap Value (VBR)	0.3	39.1	9.7	0.08	662-7447
WisdomTree SmallCap Dividend (DES)	-0.6	45.3	10.2	0.38	909-9473 <sup>2</sup>
T. Rowe Price QM U.S. Small-Cap Gro. (PRQGX)	0.7	26.2	7.0	0.82	638-5660
▼ Specialty					
PowerShares Intl. Div. Achievers (PID)	1.9	29.5	-2.9	0.58	983-0903
SPDR S&P Dividend (SDY)	0.5	29.0	11.3	0.35	787-2257 <sup>2</sup>
Cohen & Steers Realty Shares (CSRSX)	3.1	12.7	12.5	0.96	437-9912
SPDR Dow Jones Intl. Real Estate (RWX)	4.4	9.3	1.4	0.59	787-2257 <sup>2</sup>
iShares N. American Nat. Resources (IEE)	-0.6	48.6	-3.3	0.48	474-2737
▼ Foreign					
Oakmark International (OAKIX)	3.0	24.6	0.2	1.05	625-6275
Vanguard International Growth (VWIGX)	5.6	19.3	0.1	0.47	662-7447
T. Rowe Price Emerging Markets (PRMSX)	5.4	31.0	2.6	1.24	638-5660
▼ Bond					
Dodge & Cox Income (DDIIX)	1.0	6.1	3.2	0.43	621-3979
Fidelity Total Bond (FTBFX)	1.5	6.2	3.5	0.45	544-8544
Vanguard Short-Term Inv. Grade (VFSIX)	0.6	2.4	1.8	0.20	662-7447
iShares iBoxx \$ Inv. Grade Corp. Bond (LQD)	2.0	6.3	4.1	0.15	474-2737
Loomis Sayles Bond (LSBFX)	1.2	13.7	1.8	0.89	633-3330
Fidelity High Income (SPHIX)	1.8	20.4	3.7	0.73	544-8544
Vanguard Intm.-Term Tax-Ex. (VWITX)	1.7	0.1	3.2	0.20	662-7447
Vanguard Limited-Term Tax-Ex. (VWLTX)	1.0	0.1	1.1	0.20	662-7447
Templeton Global Bond (TPGBX) <sup>3</sup>	-1.4	9.3	0.7	0.89	632-2301
Fidelity New Markets Income (FNWIX)	3.0	20.3	6.7	0.86	544-8544

## ONE-DECISION FUNDS

▼ Balanced					
Fidelity Balanced (FBALX)	1.3	15.9	6.4	0.55	544-8544
Fidelity Global Balanced (FGBLX)	2.0	8.4	0.0	1.02	544-8544
Vanguard Wellington (VWELX)	0.6	17.6	7.0	0.26	662-7447
▼ Target Date					
T. Rowe Price Retirement series (STOCK/BOND ALLOCATION)					
Example: 2005 Fund (38%/62%) (TRPF5)	1.4	11.6	3.8	0.60	638-5660
Example: 2020 Fund (61%/39%) (TRPF20)	1.6	15.7	4.6	0.66	638-5660
Vanguard Target Retirement series					
Example: 2025 Fund (65%/35%) (VTRVX)	1.5	15.4	5.0	0.14	662-7447
Example: 2035 Fund (80%/20%) (VTRH3)	1.6	18.5	5.3	0.15	662-7447

NOTES: As of Jan. 18, 2017. N.A.: Not available. Load funds are included for those who prefer to use a broker. <sup>1</sup>Annualized. <sup>2</sup>Phone numbers are 866-<sup>3</sup>4.25% sales load. SOURCES: Lipper, New York, 877-955-4773; the fund companies





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# Memories on Ice

by Richard Marshall

**WHEN I BOUGHT** my wife a pair of white figure skates for Christmas 2007, I had high hopes. Growing up in western New York State, I had learned to skate on a backyard patch of ice. I spent much of my childhood skating and playing for youth hockey teams. By the time I got Nicole that basic \$60 pair, I had already introduced our 3-year-old son, Patrick, to skating. I imagined the three of us replicating the carefree experience of my childhood—skating outdoors in the fresh, raw air, unconcerned about rink admission fees or operating hours.

The skates, however, didn't work the magic I dreamed they would. Nicole, who had skated only occasionally growing up—and never with me—made a few laps around indoor rinks near where we lived in Maryland. But she clearly wasn't thrilled. That yearning for the authentic skating experience was mine, not hers.

A few months later I got a work assignment in Germany. We packed up all our belongings, skates included. The following January, during an unusual cold spell—one that made outdoor skating a real possibility—I insisted we head to Holland for the weekend.

When we arrived, the nation was in a skating frenzy. Every Dutch citizen, it seemed, was out on the country's frozen canals. Had we not brought skates, we would have missed out, since not a pair was available to buy or rent.

At daybreak, mist hung over the frozen canals at Kinderdijk, home of the Netherlands' largest concentration



of historic windmills. Along the canal, these stunning wooden structures stretched into the distance. Patrick, then 5, raced down the canal in his hockey skates, disappearing into the fog that shrouded the sunrise. Nicole and I stepped onto the ice and followed. Stopping soon afterward near a mill whose entry door was adorned with weathered wooden shoes, we were speechless at the beauty and perfection of the moment.

The stillness was broken only

by the sounds of a nearby speed skater's blades cutting across the canal. Grabbing me by the arm, Nicole quietly told me, "I'm really glad you bought me these skates." At that moment, happy to be skating outdoors with Patrick and me, she began to feel for herself the experience from my youth that I had been trying to recapture.

Inspired by that weekend, we've continued to search for chances to skate together. Three years later, we returned to Holland to skate along the canals—this time pushing our then-2-year-old twin boys, Andrew and Robert, in a sled. Today, my three sons play on hockey teams, I serve as a coach, and Nicole cheers them on. In our kitchen hangs a photo of the boys playing hockey on a frozen Austrian lake. And in our garage, next to the hockey equipment, Nicole's skates stand ready, waiting for an extended freeze and another family adventure. **■**

*Richard Marshall is a U.S. government employee who lives with his family in the Annapolis area.*

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