THE **BEST BANKS** OF 2016 P. 86

Money

NOVEMBER 2016
MONEY.COM

How to Reach Your DREAM RETIREMENT

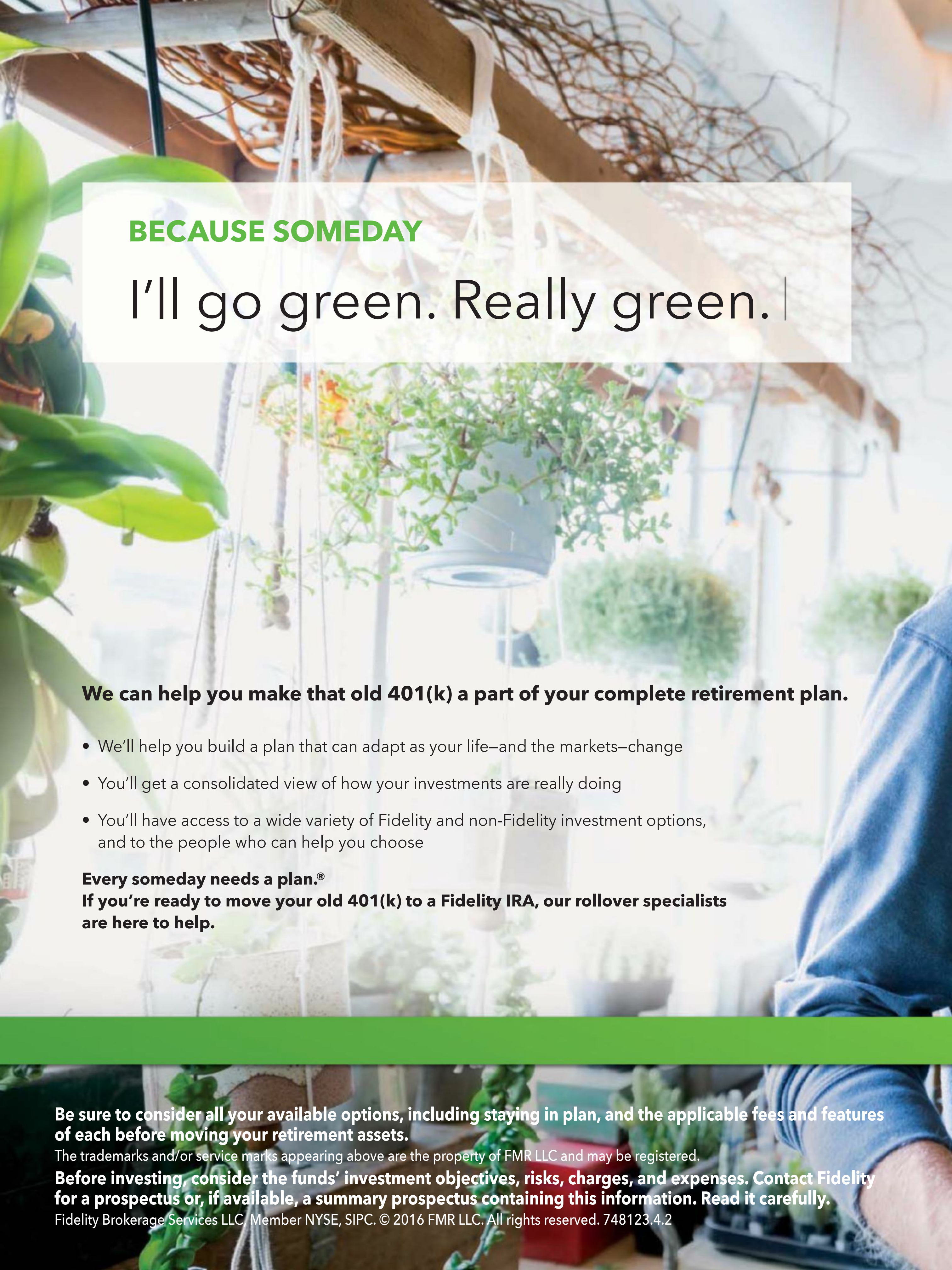
THE 21 SMARTEST **SAVING, INVESTING,** AND **CAREER MOVES** FOR COUPLES OF ALL AGES P. 48

Plus

The Best Places to Retire P. 64

+ 3 WAYS TO SLASH YOUR STUDENT DEBT P. 29

+ ELECTION SPECIAL: THE CANDIDATES AND YOUR WALLET P. 78


BECAUSE SOMEDAY
I'll go green. Really green.
We can help you make that old 401(k) a part of your complete retirement plan.
• We'll help you build a plan that can adapt as your life—and the markets—change
• You'll get a consolidated view of how your investments are really doing
• You'll have access to a wide variety of Fidelity and non-Fidelity investment options, and to the people who can help you choose
Every someday needs a plan.®
If you're ready to move your old 401(k) to a Fidelity IRA, our rollover specialists are here to help.
Be sure to consider all your available options, including staying in plan, and the applicable fees and features of each before moving your retirement assets.
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800.FIDELITY

Money FEATURES

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"Being charged for a doctor's visit while you were out of town may be a mistake—or it may be a scam." —Anne Avery, *American Voices, page 26*

COLUMNS

PHOTOGRAPH BY JEFF ELKINS; HAIR AND MAKEUP BY SUSAN HEYDT

NOVEMBER 2016 VOLUME 45, NUMBER 10

Money.com

Find the latest at ***money.com/getdigital.***

GUIDE TO THE NEW COLLEGE FAFSA

This year, the Free Application for Federal Student Aid became available in the fall, a full three months earlier than ever before. Find out what the early FAFSA means for you, learn how to apply, and get insider advice on the best ways to score the most financial aid possible. ***money.com/fafsa***

THE SCIENCE OF MONEY

Consumer psychologist Kit Yarrow explains why we do what we do with our hard-earned cash. ***money.com/scienceofmoney***

HOW TO TACKLE TOUGH TALKS

Sure, discussing finances can be awkward and uncomfortable—but it doesn't have to be. Use these scripts to help you broach money topics with partners, parents, and kids. ***money.com/moneytalks***

MEET THE PEOPLE WHO HAVE FOUND THEIR DREAM JOBS

Urban beekeeper, Whole Foods forager, children's-toy tester—these folks get paid to do what they love. ***money.com/dreamjobs***

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Sign up for our weekly newsletters: Ask the Expert, Retire With Money, and our latest, the MONEY College Planner. ***money.com/newsletters***

COLUMNIST

TAYLOR TEPPER keeps tabs on what the Fed is doing—and what that means for you.
@TaylorTepper

(CLOCKWISE FROM TOP) PHOTOGRAPH BY JEFF HARRIS; CHAD GRIFFITH; FREDERIC CIROU/GETTY IMAGES; LORI ANDREWS/GETTY IMAGES

EDITOR'S NOTE

Write the Editor: editor@moneymail.com

Your Retirement: *A Team Effort*

FOUR OUT OF FIVE SPOUSES cite saving for retirement as a very or extremely important financial goal, according to a MONEY nationwide survey of married couples. And yet research earlier this year by the consulting firm Hearts & Wallets found that only about a third of husbands and wives have actually discussed retirement planning with each other.

Do not count my husband and me among them. We are positive chatterboxes when it comes to talking, planning, and dreaming about our post-career lives, using everyday opportunities as a jumping-off point. Another couple's decision to downsize might prompt a conversation about whether and when we'd like to do the same, morphing into a chat about where we'd like to live when we quit work. A particularly challenging or, alternatively, stimulating week at the office leads to talk about how many more years we'd like to be full steam ahead in our careers and at what point we want to scale back. We make an occasional game of checking our 401(k) balances and quizzing each other to see who comes closest to guessing the right amount (we're nerdy that way). And, yes, wine is often involved.

True, we don't always see eye to eye on the plan. My husband's oft stated dream is to retire to "a little shack on a lake," to which I invariably reply that I didn't work as hard as I have my whole adult life to end up in a shack, no matter how pretty the locale. What we do agree on: when we'd like to quit, the pursuits we hope to enjoy when we do, the nest egg we'll need to support that lifestyle, and how much to save to get there.

These types of discussions can really pay off, studies suggest. Research by Fidelity last year, for example, found that couples with a plan are more than twice as likely as those without one to expect to live a "very comfortable" retirement (42% vs. 18%) and far less likely to worry about outliving their savings (33% vs. 56%).

With this month's cover story, "The Ultimate Guide to Retirement: Couples Edition" (page 48), we hope to provide the tools and information you and your partner need to put your ideal plan in place. And for inspiration when the conversation turns to where to hang your hat when you stop working, check out our annual ranking of "Best Places to Retire," this year focusing on low-tax towns, following on page 64.

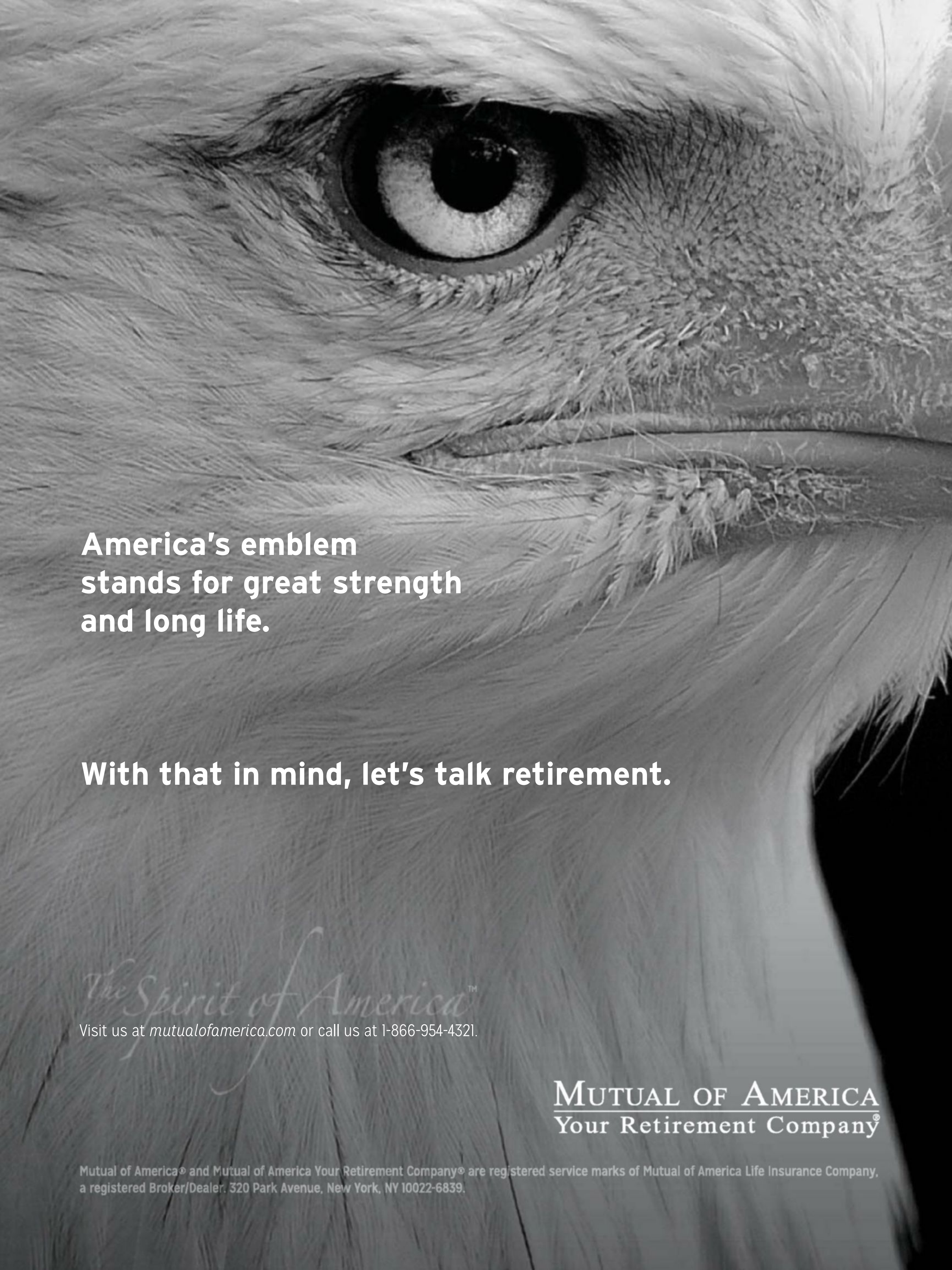
I hope you enjoy the issue.

Diane Harris

DIANE HARRIS
twitter.com/dianeharris

PICTURE-PERFECT RETIREMENT Photographer Jessica Antola snaps Beth and Russ Weimer, who often discuss plans for their work-free future over wine, at local restaurant Death & Taxes in Raleigh, N.C. **See the story on page 48.**

ILLUSTRATION BY ALEXANDRA COMPAIN-TISSIER; PHOTOGRAPH BY LACEY BROWNE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With that in mind, let's talk retirement.
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You don't get anywhere in life by sitting still.
It's the doing that takes you forward.
So whatever you're inspired to build in life, this is the time to find it.
Fulfill it.
Make it possible.
And the best preparation for tomorrow is building a strong portfolio today.
Start building your portfolio with iShares Core funds at iShares.com/build
U.S. STOCKS
IVV


INT'L
STOCKS
IEFA
INSPIRED
TO BUILD.
U.S.
BONDS
AGG
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by BLACKROCK

LETTERS & COMMENTS

Write to MONEY: letters@moneymail.com

Sunset at Lake Kittamaqundi in No. 1, Columbia, Md.

RE: THE 50 BEST PLACES TO LIVE IN AMERICA [OCTOBER]

I suggest adding another criterion that will help you make excellent recommendations: infrastructure. How much are communities investing in infrastructure? Are crumbling roads repaved and leaky roofs replaced? Just because a city is a great place to live this year doesn't mean it will stay that way if capital improvements do not get funded.

PAUL FEINER, *Greenburgh, N.Y.*

PATIENT, HEAL THYSELF

"Pick the Best Health Plan" [October] failed to address anything about accountability for one's own health and the subsequent expenses. It's been proved that poor food choices and a sedentary lifestyle lead to many major medical conditions and the massive expenses that are the consequence. Before a person seeks out the best health plan, how about a life plan that promotes an individual's best health?

DOUGLAS WEISS
Lakemont, Ga.

SEXISM ON A BUDGET

I was dismayed that "Snob on a Budget" [August] addressed custom suits and business backpacks for men only—the suits with the drawing of a man at a tailor, and the backpacks with a more direct "If you're a hip guy ..." Meanwhile, the only item picturing a woman was a wellness spa retreat. This left the impression that men work, women relax. Women, including myself, do work in professional positions.

MARTHA LEMMOND
Williamstown, N.J.

WHEEL SAVINGS

Following up on "Tap Your Inner Millionaire" [September], here's my favorite tip for building wealth: Don't own a car! My transportation costs are about $200 a month (public transit + car sharing + cabs + bikes). The average cost of owning a car is hundreds more per month. Living car-free in the city is one of the best things I've done for my budget.

SARA SIERSCHULA
Philadelphia

OUR FAVORITE COMMENT

Columbia, Md., your No. 1 Best Place to Live, is where my husband and I raised our sons and lived for 33 years. Montclair, N.J., about which you wrote your Editor's Note, is where my husband and I met in high school. Thank you for this serendipitous pairing of two best places in our lives.

HOLLY SMITH, *Fort Myers, Fla.*

ONLINE COMMENTS ABOUT RECENT *MONEY* STORIES

um ... Oh boo hoo?

@CAUDELAC
Re: "7 Reasons Why Being a Millionaire Is Kind of Awful"

I can understand limiting mobile data, but on a home Internet connection, there's no excuse other than greed.

KEVIN RIEKER
Re: "Netflix Says the FCC Should Crack Down on Annoying Internet Data Charges"

I have a '04 Accord w/238,000 miles. Best car I've ever owned.

@AJ18018
Re: "Buying a Used Car Saved Me $25,000 Over 12 Years"

Because it's delicious. Full stop.

VANETTA YOUNG
Re: "Why Halal Food Is a Hot Seller With More Than Just Muslims"

CORRECTION

The Editor's Note in the October issue incorrectly located Montclair, N.J. It is 12 miles west of Manhattan, not east. MONEY editor-in-chief Diane Harris, a 27-year resident of Montclair, regrets the error.

PHOTOGRAPH BY ACKERMAN+GRUBER


U.S. STOCKS
IVV
INSPIRED BY LEARNING MORE AND BORROWING LESS.
INT'L STOCKS
IEFA
U.S. BONDS
AGG

FIRST

This Year's Spike in Online Fraud

The chip in most new credit and debit cards makes it harder for crooks to crank out counterfeits. The downside: Upgraded in-person security, says cybersecurity firm Forter, has driven thieves to go digital, more than doubling online fraud attacks over a recent 12-month span. Take these steps to defend yourself.

SAFETY MEASURES

AVOID RECYCLING If an online store you shop at gets hacked, crooks can not only nab personal and payment data but also hijack any other accounts with the same password. So create a new one for each site and manage them all with apps like 1Password or LastPass.

BE PHONE-SMART Use your cellular connection when shopping on your phone—not public Wi-Fi, via which hackers can steal credit card numbers and other info. If you respond to emails or texts claiming to be from a store or bank, make sure you reach the real one: Go to the site or app directly rather than clicking on any links.

LOCK UP YOUR CASH Mobile wallets like Android Pay and Apple Pay protect transactions through encryption and single-use codes. Don't undermine them: Use a nonobvious passcode (so, no "1–1–1–1") or a thumbprint lock, if your phone has one. —MARTHA C. WHITE

PROP STYLING BY BRIAN BYRNE

Photograph by JEFF HARRIS

INSURANCE

Bundled Policies Can Save You a Lot... Sometimes

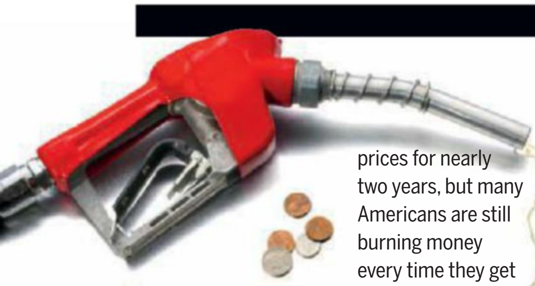
COMBINING YOUR INSURANCE policies, or "bundling," is a tactic insurance salespeople tout as a way for you to save money. Exactly how much you can save on premiums, however, depends a lot on where in the U.S. you live, what type of home you reside in, and whether you are a homeowner or a renter, new research shows.

You can get an average discount of 16% if you combine auto and homeowners insurance in a package deal, according to data from insurance shopping website InsuranceQuotes.com. But you can expect only half those savings if you're just a renter looking to combine your renters insurance with car coverage, and 11% if you're living in a condominium apartment.

At the high end of the scale, homeowners in Illinois can shave an average of 23% off their total premium by combining auto and homeowners policies. Florida residents receive the smallest benefit, on a percentage basis, from bundling these policies: an average discount of just 7%.

The dollar amount of your savings, of course, will depend on the cost of coverage, which varies by state. In Louisiana, for instance, homeowners who buy auto and home insurance policies separately pay nearly $3,000, on average. Based on the state's average bundling discount of 20%, that translates to a savings of $584 a year. Other states with the biggest dollar-amount savings, according to InsuranceQuotes.com, are Louisiana neighbors Texas and Mississippi and nearby Oklahoma and Kansas.

Although Idaho residents also enjoy an average discount of 20%, lower insurance prices overall translate into estimated savings of only $214 a year. —MARTHA C. WHITE



AMERICANS' $2 BILLION GAS MISTAKE

The U.S. has been enjoying low gas prices for nearly two years, but many Americans are still burning money every time they get in the car.

While manufacturers recommend premium gasoline for certain high-performance models, the AAA auto club found that 16.5 million drivers of cars for which premium gas is not recommended still filled up with the pricier fuel over the past 12 months, usually at least once a month.

If your owner's manual calls for regular (lately, 50¢ cheaper per gallon), you're wasting money. AAA's Megan McKernan said in a statement, "There is no benefit to using premium gasoline in a vehicle that requires regular fuel." *—M.C.W.*

QUOTED

"Women do ask. However, women do not get."

***Australian researchers** who found that, contrary to popular belief, female employees are just as likely as their male counterparts to pipe up and ask for raises. They're just less likely to get them.*

ILLUSTRATION BY MARCO MELGRATI

*See InsuranceQuotes.com's estimate of bundling savings in your state at **money.us/bundling.***

THE BEST PLACES FOR WORKING PARENTS

The U.S. doesn't guarantee paid parental leave for employees. But these spots have the strongest protections for moms and dads on the job, according to the National Partnership for Women and Families. —*KRISTEN BAHLER*

1 CALIFORNIA
This state, which earned the organization's only unqualified A grade, guarantees private-sector workers six weeks of paid family leave, which can be extended if a medical condition arises.

2 NEW YORK
Starting in 2018, private-sector employees will be able to take eight weeks of paid family leave. That allotment is slated to grow to 12 weeks in 2021.

3 WASHINGTON, D.C.
The District of Columbia's family-leave law, which permits 16 weeks of unpaid time off over two years, covers more employees than federal protections do. District government employees get up to eight weeks of paid leave to care for a new child.

PHOTOGRAPHS BY GETTY IMAGES (4)

RETIREMENT

California's Big IRA Push

A new state retirement savings plan has been approved in California—one that could help millions of workers, both in the state and across the country.

California Gov. Jerry Brown signed a bill in September establishing a program called Secure Choice, designed to be a savings vehicle for some 7 million small-business employees in the state who lack workplace retirement plans. Under Secure Choice, small employers will be required to enroll their workers in IRAs automatically.

Coming from the nation's most populous state, the program adds major momentum to a movement to improve retirement security for workers without 401(k)s or other employer plans. "It's a game changer," says Sarah Mysiewicz Gill, senior legislative representative for AARP.

Already some 30 states are in various stages of setting up auto-IRA programs. California's is expected to roll out in 2018. —*PENELOPE WANG*

$7.88 Average extra cost of a featured item on Amazon.com vs. the lowest available price on the site.

NOTE: Based on study of 250 popular items. SOURCE: ProPublica

WHY BUYING A FIXER-UPPER MIGHT NOT BE WORTH IT

Thinking about bidding on a home in need of TLC? You may want to think again.

Nabbing a bargain by purchasing a home needing repair may be harder than you think. Fixer-upper homes list for an average of 8% less than market value, according to a new analysis by Zillow Digs. For the median fixer-upper, that leaves buyers just $11,000 for renovations—not nearly enough in many cases for the work these properties typically require.

Zillow analyzed about 70,000 listings of fixer-uppers nationwide, identified by keywords like "good bones" and "fixer-upper." It then compared their list prices to estimated values to determine how good a deal these homes were.

Among major cities, homebuyers in Phoenix were offered the smallest discounts: about $1,000. In costly markets, though, fixer-uppers could give buyers a sizable cash hoard for repairs, even if the percentage discount appears small. For instance, the 10% fixer-upper discount in San Francisco amounts to $54,000 in savings. —*KERRY CLOSE*

Join the conversation: twitter.com/money
facebook.com/moneymagazine • pinterest.com/moneymagazine

Dream-School Debt

THE QUESTION: I want to tap the equity in our home to help my son pay for his dream college, but my husband wants him to go to a cheaper school instead. How do we navigate this disagreement?

THE READERS

One benefit of certain universities is that they offer elite networks and post-graduate opportunities that go beyond what is available in the classroom. If your son feels that he'll take full advantage of that network, then taking out a home-equity loan at today's low rates will pay off in the form of decades of advancement.

ROD SALVADOR
Walnut, Calif.

You need to take the emotion out of education and treat it as an investment. Your son should go for whichever will give him the greatest return. You don't buy a car or house you cannot afford. You should not buy an education you cannot afford either.

MARY VICK
Waukesha, Wis.

Before tapping into your home equity, consider negotiating with colleges. We did it, and it works.

MICHAEL ANTHONY
Landing, N.J.

One of the best gifts you can give him is a set of financially secure parents—ones who won't need him to support them later.

NANCY BUHN
Sheboygan, Wis.

Why is it his dream college? Is it one he just likes, or would the degree carry more prestige? A degree from the right school will pay off in higher earnings for a lifetime.

RAY BADGER
Beaver Falls, Pa.

THE EXPERT SAYS

Don't rule out any college as too expensive. Your son might receive need- or merit-based aid that makes a pricey school affordable. You and your husband should agree on how much you can contribute, including borrowing. Then let your son know before he applies for admission. That should prevent surprises when the acceptances arrive.

KALMAN A. CHANY, *Author,*
Paying for College Without Going Broke

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

SEE OUR RETIREMENT COVER STORY (PAGE 48)

FACEBOOK QUESTION OF THE MONTH

WHAT ONE GUILTY PLEASURE IS IN YOUR RETIREMENT BUDGET?

"The ability to scuba dive at least three times a week." —KEN BREEHN

"An expensive bike to keep me in shape." —KEVIN KOEPPEN

"Attending major golf tournaments around the world." —CHARLES ARNESTAD

"I have an antique camera collection that never seems to shrink." —JOHN CLERE

"I want to hire a personal assistant, someone to do all my errands, like going to the DMV." —JAN GREY

"Travel and more travel." —SHANAE LANTIGUA

"More concerts!" —INDIRA VELASQUEZ

PHOTOGRAPHS BY GETTY IMAGES (HOUSE AND LEVEL); JENNIFER BYRON/GETTY (COLLEGE)

Wireless for Less

Your new phone lacks a headphone jack? Enjoy high-quality sound from these rechargeable Bluetooth models instead of shelling out for more expensive cans. —RICK BROIDA

▼ FOR RUNNERS AND CYCLISTS

SainSonic BM-7 ($70)

One big advantage of these bone-conduction headphones if you're running or biking along the side of a road: The phones don't go in your ears or cover them. Instead, like Google Glass, they transmit sound to your inner ear by vibrating against your head. That lets you hear ambient noise (such as approaching cars and angry dogs) while still enjoying music and podcasts. This sweatproof model also lights up to make you more visible at night.

▼ FOR WORKING OUT

Ansin sport earphones ($30)

Ideal for the gym, these sweatproof earbuds hook over your ears to stay firmly in place, even when you're bouncing on a treadmill. Because they're noise isolating, they block unwanted sound from blaring playlists and weight-lifting lunks. Packaged with three sets of ear tips to ensure the best fit, they're priced far lower than the comparable Bluetooth model sold by Beats.

▲ FOR EVERYDAY USE AT HOME OR WORK

Photive HF1 ($49)

The major appeal of on-ear headphones is that they're lightweight and comfortable. Photive's luxurious-looking 5.3-ounce model adds one-touch controls and a built-in microphone for answering telephone calls. An old-school audio cable that comes included also enables you to use the headphones with non-Bluetooth devices.

▲ FOR APPLE FANS ON A BUDGET

SmartOmi Boots ($70)

Do you find yourself lusting after the new Apple AirPods cordless earbuds? You can save yourself $90 by getting these SmartOmi earphones instead. Like Apple's new offering, they're wireless and waterproof. You can activate Google or Siri with just one touch. You can even hold phone conversations, thanks to a built-in microphone. The buds are also smart enough to power off automatically after five minutes of inactivity.

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

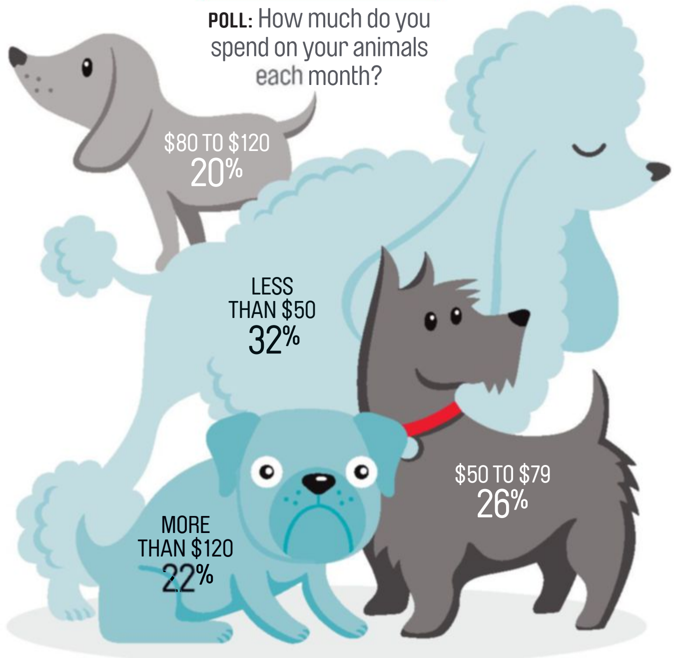
PHOTOGRAPHS COURTESY OF COMPANY (4)

Who were the richest pets of all time? *To find out, go to* ***money.us/richestpets.***

The Price of Owning a Pet

***MONEY* READERS WEIGH IN**

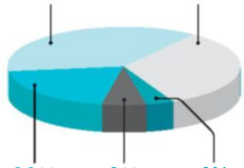
POLL: How much do you spend on your animals each month?



SOME DOGS HAVE ALL THE FUN—OR AT LEAST MORE TOYS

$47 PER YEAR Dog toys VS. $28 PER YEAR Cat toys

WHERE PEOPLE GET POODLES (AND OTHER CANINES)



AVERAGE ANNUAL VET EXPENDITURES FOR ALL PET OWNERS

$375

MONTHLY PET INSURANCE PREMIUMS

APPROX. 85% OF ALL PETS INSURED ARE DOGS

HIGHEST

1. New York **$43**
2. California **$42**
3. Rhode Island **$40**

CHEAPEST

1. Kansas **$29**
2. Mississippi **$30**
3. Nebraska **$30**

TRAVELS WITH FLUFFY

These hotels welcome pets, but usually for a price.

1. *Loews* **$300/week**
2. *W* **$250/week**
3. *Grand Hyatt* **$100/week**
4. *La Quinta* **Free**

AVERAGE SPENT ON BOARDING PER YEAR

Horse	$1,383
Dog	$333
Cat	$130
Bird	$102

AVERAGE FOOD COST PER YEAR

FELINE VITAMINS

$33

Average amount spent annually per cat

SIX PAWS UNDER: AVERAGE ANIMAL BURIAL PRICES

Burial plot and grave **$500** + Casket **$250** + Tombstone **$625** + Monthly maintenance fee **$20** = TOTAL **$1,615**

NOTES: *Hotels based on a six-night stay in Atlanta hotels; insurance costs in most- and least-expensive states; burial costs assume one year of maintenance; boarding costs are for 2014.* ***SOURCES:*** *ASPCA, American Veterinary Medical Association, petinsurancequotes.com, hotel websites, Angie's List*

ILLUSTRATIONS BY THE WORKS

A Passion for Teaching

ANNE AVERY has spent her adult life bridging cultures. Arriving in Louisville with family at age 17, she often translated for Koreans working at a local garment factory when problems came up. Years later, after taking a job as a bilingual clerk with the federal government and eventually landing at the Department of Health and Human Services, she developed a passion for educating the Asian-American and Pacific Islander communities about benefits. By 2006 Avery was spending so much of her own time and money on outreach that HHS made it her job. Through workshops, webinars, YouTube videos, and more, Avery has educated tens of thousands across the country. Now after 31 years, she is retiring. Still, she notes, "I want to keep helping."

HER MEDICARE ADVICE

DO AN ANNUAL CHECKUP. Use open enrollment—Oct. 15 to Dec. 7—to review your coverage with any health changes in mind. "Are you on new drugs for high blood pressure? Prices vary year to year and plan to plan," says Avery.

PAY ONLY FOR CARE YOU RECEIVED. Check your Medicare summary for errors. "Being charged for a doctor's visit while you were out of town may be a mistake—or it may be a scam," she says.

STAY ALERT TO FRAUD. A Medicare counselor won't contact you for your Medicare or bank account numbers without permission. "Don't let anyone rush you," says Avery. "There are no early-bird discounts." —JOAN CAPLIN

ANNE AVERY
58, COLUMBIA, MD.

BACKSTORY: Emigrated from South Korea in 1975.

EDUCATION: Studied at University of Louisville.

PROFESSION: National lead for Asian-American and Pacific Islanders outreach at Centers for Medicare and Medicaid Services.

VISION: Promote good health and access to federal health care benefits.

PHOTOGRAPH BY JEFF ELKINS; HAIR AND MAKEUP BY SUSAN HEYDT

For more stories in this series, go to time.com/americanvoices.


"MY WISH IS TO BE A HOLLYWOOD STUNT DRIVER."
THE 2017 CAMRY
With an available sport-tuned suspension, Camry can handle the boldest of wishes.
Professional driver on closed course. Do not attempt. Prototype shown with options. Production model will vary. ©2016 Toyota Motor Sales, U.S.A., Inc.
TOYOTA
Let's Go Places


Now is the moment to focus on your retirement.
Why now? Because we are better equipped than ever to help you solidify your retirement strategy. With new, broader solutions—including access to guidance through Scottrade Investment Management—knowing Scottrade has never been more valuable. And our local Investment Consultants are ready to give you the time and attention you deserve. Why today?
Scottrade
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Scottrade.com/YourMoment
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Restrictions apply. Visit Scottrade.com/yourmoment for offer terms and conditions.

Plan

Climb Out of Student Debt

TODAY'S FLEXIBLE REPAYMENT PLANS CAN MAKE IT EASIER—BUT AT A PRICE.

by **Kaitlin Mulhere**

MORE THAN A MILLION class of '16 grads who took out federal loans for college will make their first payments this month. They'll also face a decision with potentially costly consequences: which of the growing number of repayment plans to choose.

But they aren't the only ones who should take a close look at their options. Anyone who still has federal student loan debt might benefit from switching plans—even if your college days are well behind you. Some of the payment plans will sharply reduce your current bill but cost you more in the long run. Others have the opposite tradeoff: larger payments

Photograph by **KEVIN VAN AELST**

now but a lower outlay overall. To decide which type is right for you, ask yourself these questions.

CAN YOU AFFORD THE STANDARD MONTHLY PAYMENT?

If you're starting repayment on federal student loans this year and don't do anything, you'll automatically be put into a standard 10-year plan with 120 equal monthly payments. You'll pay less in this program over the long run, so it's usually your best bet if you can afford it.

To determine that, add up all of your monthly debt obligations, such as credit cards and car payments. If you're a recent grad with an early-career salary, the total generally shouldn't exceed 10% of your pretax pay, says Mari Adam, a certified financial planner in Boca Raton, Fla. So, for example, if your salary is $40,000 a year, and your student loan would push your total debt bill to over $333 a month, you should look to a plan that will extend your payments or tie them to your income.

Even if you can handle the standard payments, you should switch to an income-driven repayment plan if you work for a nonprofit or a government agency. That's because your remaining debt will be forgiven after 10 years of payments.

DO YOU NEED TO REDUCE YOUR MONTHLY OUTLAY?

Though it may be costlier in the long run, an extended or income-driven plan can ease your cash crunch now.

Extended plans stretch your payments over a period of up to 25 years. To qualify, you may have to consolidate all of your government loans into a new one. Your new interest rate will be based on the weighted average of your existing loans' rates—likely to be about 5% for the class of 2016. As with a standard 10-year plan, your payments will be fixed for the life of the loan.

Income-driven plans also stretch out your payments, but because they're set at 10% or 15% of take-home pay, the amount can change each year. Your payments may be lower at the outset, but they'll rise if your salary does.

Income-driven plans have the added benefit of loan forgiveness. Though your debt can be erased after 10 years if you work for the government or a nonprofit, the period is at least 20 years for everybody else. As a result, many borrowers will have paid off their debt before forgiveness starts, notes Mark Kantrowitz, a financial aid expert. What's more, the forgiven amount is taxable, which is not the case for government or nonprofit workers.

There are five types of income-driven plans, each with its own terms and eligibility requirements. For example, the newest one, Repaye, is open to anyone, but if you're married, your payments will be based on your income plus your spouse's instead of yours alone, so you'll most likely pay more than you would in a different plan. You can learn more about the five plans and sign up for one at studentloans.gov.

DO YOU WANT TO PAY YOUR DEBT OFF EVEN FASTER?

You might be able to get a lower interest rate if you refinance with a private lender, freeing up cash to pay your loan off faster. But there's a catch or two. For one, you'll lose the option of ever switching to a more flexible federal plan. Plus, the best rates, sometimes as low as 3.5%, can require a credit score in the high 700s, above-average earnings, and sometimes a cosigner, says Adam Minsky, a lawyer in Boston who specializes in student debt.

A better approach for most grads is to stay in the federal program and simply kick in an extra, say, $100 each month.

How Paying Faster Can Pay Off

Switching to a different repayment plan can lower your monthly payments, but you'll pay more in the long run, as this table for a $31,000 loan shows.

REPAYMENT PLAN	MONTHLY PAYMENT	TOTAL INTEREST	TOTAL PAYMENTS
Pay off early in 7 years	$441	$6,079	$37,079
Standard 10-year	$331	$8,700	$39,700
Extended 15-year	$246	$13,310	$44,310
Extended 20-year	$205	$18,218	$49,218

NOTES: *Based on a total debt of $31,000, the federal borrowing maximum for undergraduate students. Assumes a 4.9% annual percentage rate, based on the average interest rate for unsubsidized undergraduate loans over the past four years plus 1.07% in loan origination fees.* ***SOURCES:*** *MONEY calculations; finaid.org*

For more advice, visit money.com/studentloanguide.

Q

REAL ESTATE

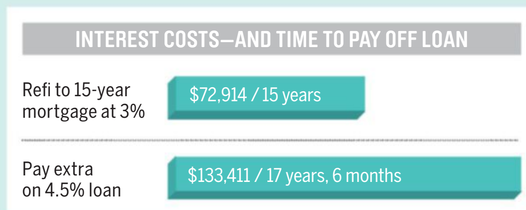
I want to get rid of my mortgage faster. What's the best way to do it?

A If you can pay more each month, you have two options: refinance to a shorter-term loan or write bigger checks to trim the principal. While 15-year loans have lower rates than 30-year ones, the refi costs might outweigh your interest savings, says **Owen Ricketts, a CFP in Midlothian, Va.**

To find your best option, get a refi quote online and add the closing costs to your total new payments going forward. Now check Bankrate's mortgage calculator: If you simply paid the higher amount each month until the principal was gone, would you spend more or less? If more, a refi may make sense (see chart above).

There's another factor to consider, says Ricketts. Avoid a refi if you think the larger checks may be a stretch. Instead, pay extra now, and revert to the old amount if money gets tight.

You could hike a $1,792 payment to $2,072 by refinancing to a 15-year loan, or put that extra $280 toward the principal.



NOTE: Assumes $300,000 loan balance and total monthly payment of $2,072.
SOURCE: Owen Ricketts, CFP

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FINANCIAL ADVICE

I need both tax help and broad financial advice. Where should I go?

—C. SCHERSCHING, *Pine Knoll Shores, N.C.*

A There are two types of financial pros trained to help with both taxes and broader planning.

Certified financial planners have taken the equivalent of 18 college credit hours and sat for an exam with a first-time pass rate of about 68%. "CFP professionals get a comprehensive education in tax planning and are tested on it as part of the CFP exam," says **Dan Drummond, a spokesman for the CFP Board.** Yet if they don't also hold a CPA, CFPs might not do tax returns themselves.

If yours doesn't, look for an accountant who has taken additional training to become a "personal financial specialist." Professionals with the CPA/PFS license have studied estate planning, retirement, investments, insurance, and other topics. Search at FindaPFS.org to locate one near you.

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TAXES

Does muni bond interest count toward my taxable income?

—LARRY KENT, *Wash.*

A The interest paid by municipal bonds—issued by states, cities, and other public entities—is typically exempt from federal income tax. You might also get a related break on your state or local income taxes.

But you still need to include muni bond income in your modified adjusted gross income when you file your taxes, says **Steve Pitchford, a CFP and CPA with BOS**, a San Francisco wealth advisory firm. This tally determines whether you qualify for deductions like IRA contributions and student loan interest. It also affects the Medicare surtax and your Medicare Part B premiums.

Also note that muni bond tax perks apply only to the interest generated. "If you sell a bond at a gain," says Pitchford, "you pay the same tax as you would on any other investment." ■

By Kerry Close, Sarah Max, and Elizabeth O'Brien

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

When a Premium Card Pays Off

A POPULAR NEW OFFER RAISES THE QUESTION: CAN A CREDIT CARD EVER BE WORTH $450? *by Taylor Tepper*

WHEN THE NEW $450-a-year Chase Sapphire Reserve card launched in August, demand was so fierce that the bank said it approved tens of thousands of applicants in the first two days. Why the clamor? While premium cards have long been sold as luxury goods with concierge service, this card offered more tangible benefits: a sign-up bonus worth about three times the annual fee, a high rewards rate, and other perks.

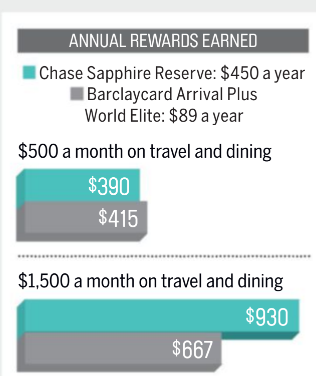
In an era of Google flight search and OpenTable, a concierge desk isn't enough to justify the $450 charged by both the Chase card and its popular rivals, the American Express Platinum and the Citi Prestige. Plus, you can get decent travel rewards for a much lower fee with the Barclaycard Arrival Plus World Elite, one of MONEY's 2016 Best Credit Cards winners.

That said, a few people can actually get a financial payoff by shelling out the higher fee. If you're looking for value, sign up for a premium card only if you fit into one or more of the following categories.

You're a road warrior. Premium cards offer valuable rewards for ultra-frequent fliers: those spending, say, $7,500 a year on travel. The Sapphire Reserve, for instance, gives you a $300-a-year credit against travel charges, which would cut the effective yearly fee to $150. The Prestige and Platinum cover $250 and $200 a year, respectively. And the Prestige and Sapphire Reserve pay 3% rewards on travel spending, better than the Barclaycard, while Platinum pays 5% on some airfare—but you get less on other purchases.

Higher Fliers, Richer Rewards

The more you spend on travel, the more likely you'll get a better deal by choosing a premium card.



***NOTES:** Calculations assume another $1,500 charged monthly on other spending. Rewards are net of annual fee. **SOURCE:** MONEY calculations*

You'd pay for the perks. Premium cards also may be worthwhile if you pay cash now for some of the freebies they include.

For example, the Amex Platinum card gives you early hotel check-ins, late checkouts, and discounts on some business- and first-class companion fares. And all three top premium cards give you—and, in some cases, your guests—access to more than 900 airport lounges worldwide, which offer free food and drinks, Wi-Fi access, and a place to chill.

How valuable could that be? The lounges in the Priority Pass Select network, for instance, charge $27 per person for each visit. If you and your travel companion typically visit such lounges twice a year, say, a premium card could save you $108. If you would never dream of paying cash for lounge access, however, you'd get a potential lifestyle upgrade—but no financial benefit.

You'll take the bonus and run. With the Chase card, in particular, most of the cash you earn is from the juicy sign-up bonus: 100,000 points if you spend $4,000, on anything, in three months. (The Citi and Amex have much lower bonuses.) That payout is worth $1,000 if you use the points to cancel out travel charges on your statement, and $1,500 if you book travel through Chase's portal, which delivers a 50% bonus on points.

Yet if you're a more typical spender, charging about $2,000 a month total, you would earn higher ongoing rewards—with a lower fee—by dumping the premium card after cashing in the bonus and switching to the Barclaycard.

> “The business started as a ‘honey-do’ list for my wife.”

Crafting a Big Business

FORMER ENGINEER AND WOODWORKING HOBBYIST BRETT HAUGEN HAS CARVED OUT A LUCRATIVE SPACE AMONG HANDICRAFT ENTHUSIASTS. *by Daniel Bortz*

BRETT HAUGEN, *44, HUTCHINSON, MINN.*

THEN	MECHANICAL ENGINEER
NOW	FOUNDER, STAMP-N-STORAGE

BRETT HAUGEN'S MILLION-DOLLAR business idea hatched eight years ago when his wife, Mary, asked for a favor. She wanted him to use his design and woodworking skills to build storage units that could hold all of her crafting materials—ink pads, markers, paper punches—in one place.

Mary loved the custom cabinets he made for her, and her friends did too. Haugen, a mechanical engineer and manager at a computer-parts manufacturing company, sensed a business opportunity. “The only thing being sold in stores were generic storage units,” he says.

Photographs by ACKERMAN + GRUBER

To test the market, Haugen built a few dozen products in his garage and posted them on eBay in early 2009. It was a good proving ground. Units that hold 48 ink pads, for instance, took 15 minutes to assemble, cost $5 in materials, and quickly sold out at $35 apiece, he says. But a display shelf was a dud. "It was generic," he says in hindsight.

NICHE MARKET Products include storage for ribbons, ink pads, and markers.

Over the next few months he tweaked designs and refined the products to fit demand. With eBay fees taking a 15% bite out of every sale, he spent $500 to create an e-commerce website. As the family's sole breadwinner, he wasn't able to quit his day job, where he earned a six-figure salary. But he soon was putting 30 to 40 hours a week into the side business, now dubbed Stamp-n-Storage.

That cut into family time, he admits—but "I was working in the garage, so I was at least home."

Haugen set aside $500 a month to buy Google ads and promotions on a stamping and scrapbooking forum, but he relied largely on word of mouth to build sales. Over the next three years he moved Stamp-n-Storage from his garage to a production and shipping facility in Hutchinson, Minn.—using a $20,000 Small Business Administration loan—and added new products, including specialized units for tape and ribbon and all-in-one kits for $209 to $514.

By 2012 the father of three (all teens at the time) was finally making enough to leave his job and still cover his family's mortgage and living expenses. "Mary and I were fairly confident that the business would be profitable enough for us to continue to make ends meet," says Haugen. He tapped a home-equity line of credit—since paid off—to cover expenses but didn't touch personal or retirement savings. His engineering background gave him a safety net, he says: "If the business went belly-up, I knew I could go back to doing what I was doing."

Haugen hired his first employee that November, bringing on more people as sales grew. Revenue hit $1.1 million in 2014, he says, then grew to $1.6 million in 2015 amid a crafting boom. Sales of coloring and art supplies rose about 7% last year and are now a $1.1 billion market, according to research firm NPD Group.

Stamp-n-Storage still sells on eBay—"It's mainly just a way to get eyeballs at this point," says Haugen—but does most of its business via direct online orders, with a few sales at crafting expos. As sole owner, Haugen makes about double his previous pay, enough to cover at least part of college costs for his two older kids.

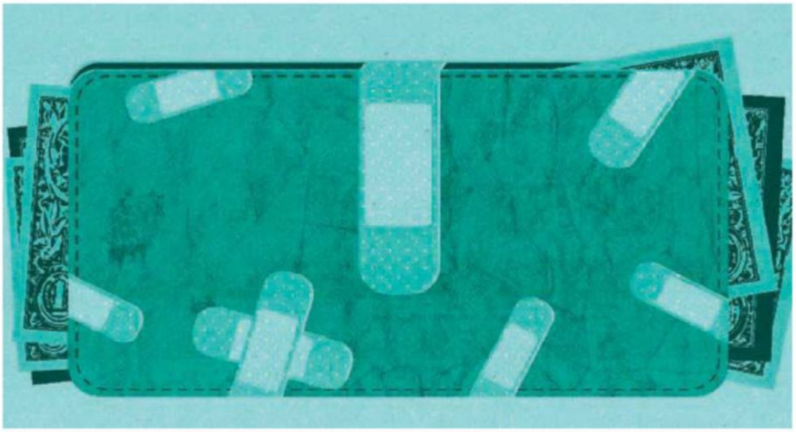
"My family hasn't had a drop in our standard of living since I went full-time," he says. "I'm happy with where I am." ◻

BY THE NUMBERS

ZERO **OUTSTANDING DEBT** Haugen borrowed $20,000 from the Small Business Administration in 2012 to move the business out of his garage and into a factory. (It has moved twice since then.) He also used $80,000 from a home-equity line of credit to give the business funding when needed. He has since paid off both debts.

56% **EXPECTED 2016 GROWTH** Stamp-n-Storage has shown double-digit revenue growth almost from the outset and projects 2016 revenue of $2.5 million. By selling directly to customers, the company keeps its profit margin at roughly 20%, Haugen says.

23 **EMPLOYEES, INCLUDING HAUGEN** To keep a close eye on product quality, "we do all the manufacturing at our facility," says Haugen. A marketing manager and an administrative assistant help Haugen handle operations, while the other workers build and ship the products.



The Best Cure for Obamacare Woes

DESPITE HIGHER PRICES AND FEWER CHOICES, YOU CAN STILL FIND THE COVERAGE YOU NEED. *by Lisa Zamosky*

AS OBAMACARE open enrollment kicks off on Nov. 1, anyone in the market for an individual health plan is facing a tough road. With insurers like Aetna and Humana ditching the insurance exchanges created by the Affordable Care Act, nearly one in five marketplace shoppers may find just one carrier offering plans in their area, according to the Kaiser Family Foundation. Premiums, which averaged $396 a month on Healthcare.gov in 2016, are expected to rise 24% on average in 2017, ACASignups .net reports. To find affordable coverage, take these steps.

Get full credit. You can buy a plan on the federal and state-run marketplaces (find yours at Healthcare.gov) or privately. But if you qualify for a tax credit—available to individuals earning $47,520 or less or a family of four making up to $97,200—you'll need to shop via the marketplaces to collect.

Those subsidies can offset higher costs since they are tied to plan premiums and your income, but not everyone who can benefit does. In October, the government reported that some 2.5 million people are missing out on subsidies by not shopping on an exchange.

Stay private. If you're sure you won't qualify for a subsidy, also shop outside the marketplaces, where you're likely to find more choice. At insurance broker eHealth.com, in 15 states, including California, at least three insurers will offer plans that they won't be selling on the exchanges; in another 28 states, at least one insurer will.

You may be able to get past another exchange-plan problem: narrow doctor networks. A McKinsey study of 2017 exchange plans in 18 states and D.C. found that 75% will be HMOs or EPOs, both of which restrict you to a limited network of doctors and hospitals.

Turn off autopilot. If you have an exchange plan and are among the nearly 2 million people whose insurer will no longer offer coverage for 2017, select a new policy by Dec. 15. Otherwise, the exchange may do it for you. Shop anew even if your insurer is staying put—the carrier that was the best value in 2016 won't necessarily be tops in 2017. Open enrollment runs until Jan. 31.

Look past the premium. You may have a choice of platinum, gold, silver, or bronze plans, and shouldering more out-of-pocket costs with silver or bronze can cut your premium. But even within those tiers, deductibles and out-of-pocket limits can vary. "It's very challenging for people to understand what that means for them," says Sara Collins, vice president for health care coverage and access at the Commonwealth Fund. To do a worst-case scenario calculation, add your annual premiums to your out-of-pocket max. The calculators at Healthcare.gov can help you dig deeper on costs.

In addition, more than 60% of ACA plans don't cover prescriptions until you meet your medical deductible, says Nate Purpura, vice president of communications at eHealth. Check each plan's drug formularies. "Your best chance of saving money is to make sure your prescriptions are covered," says Purpura. "That's the biggest area other than the provider network where you can manage costs."

Illustration by KOTRYNA ZUKAUSKAITE

5 Things to Know About *the New FAFSA*

by Kim Clark and Kaitlin Mulhere

1 IT'S AVAILABLE EARLIER THIS YEAR

The Free Application for Federal Student Aid, or FAFSA, which families fill out to apply for college scholarships and loans, became available at fafsa.ed.gov on Oct. 1 this year, three months earlier than in the past. The CSS/Financial Aid Profile, an additional form required by some 300 private colleges and scholarship providers, also changed its timeline to correspond with the FAFSA. Within two weeks of submitting your FAFSA you should receive a report showing how much federal aid you're likely to get.

2 YOU SHOULD FILE EARLIER TOO

As a result of the earlier FAFSA release, a small number of colleges have moved their financial aid deadlines into November or December, ahead of their admission application deadlines. So check as soon as possible with any school you might apply to. Even if a college isn't changing its deadline, a lot of aid is first come, first served, so you should still submit your FAFSA as early as you can, says Jodi Okun, the founder of College Financial Aid Advisors. This is especially true for cash-strapped state universities.

3 FILLING IN YOUR FINANCIAL INFO WILL BE EASIER

For students starting college in the fall of 2017, families will use 2015 income tax information. In the past, when the FAFSA came out in January, families had to supply data for the year just ended, often before they filed a tax return, then update the form later. Now you can use the IRS Data Retrieval Tool to automatically fill in parts of the FAFSA based on your 2015 return. If your financial situation has changed significantly since then, such as a large drop in income, you can send additional information directly to each school.

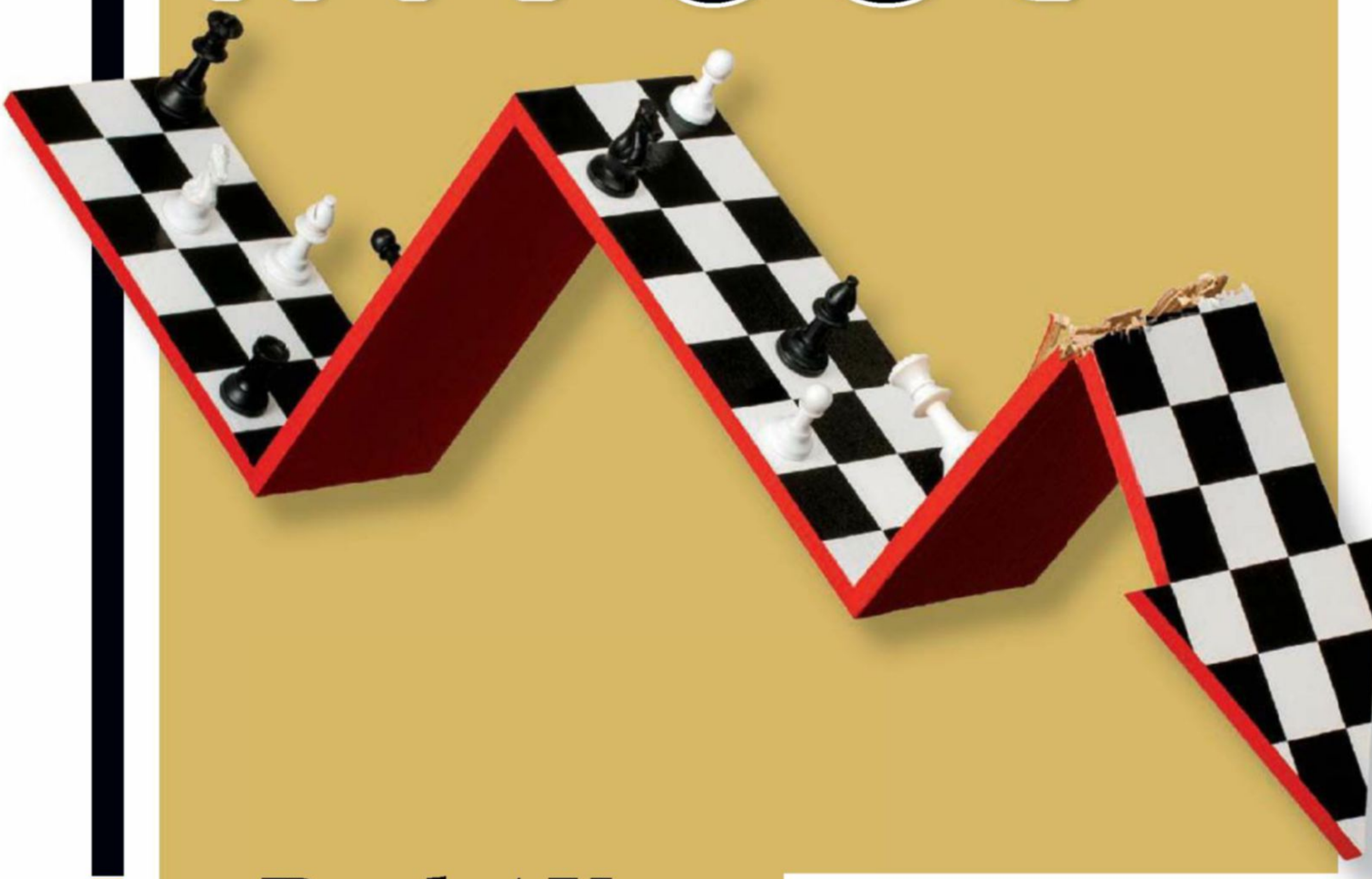
4 YOU NEEDN'T LIST EVERYTHING

In fact, it's to your advantage to report only the types of assets and investments that the FAFSA specifically asks about. For example, don't include your IRAs, 401(k) plans, and other retirement accounts, which are not supposed to be counted on the FAFSA, says Kalman A. Chany, a financial aid counselor and the author of *Paying for College Without Going Broke*. You should also omit any equity you might have in your home and the value of any small business you own that has fewer than 100 employees.

5 FILE EVEN IF YOU DON'T EXPECT AID

Just submitting a FAFSA will automatically qualify you for a low-cost federal student loan of up to $5,500 for freshman year. The interest rate on undergraduate student loans is currently 3.8% plus about 1% in fees, which works out to an annual percentage rate of roughly 4.1%. The FAFSA is also required for many other kinds of aid, including work/study jobs; federal parent PLUS loans; scholarships from state agencies, private foundations, and colleges; and, in a few cases, merit aid.

Invest



Replot Your Income Plan

INTEREST RATES HAVEN'T GONE UP AS EXPECTED, SO BOND INVESTORS NEED TO RETHINK THEIR MOVES. *by* **Carla Fried**

IT'S BEEN NEARLY A YEAR since the Federal Reserve hiked interest rates for the first time in a decade. Yet far from ringing in a new era of rising bond yields, the central bank has yet to make another move. Even if the Fed finally gets around to lifting rates in December—as some economists predict—policymakers are still likely to be cautious next year. In fact, Fed officials currently anticipate only two modest quarter-point rate increases in 2017.

Why so timid? The Fed finds itself walking a tightrope of wanting to return rates to something closer to normal without causing the weak

Photograph by KEVIN VAN AELST

economic recovery to stall. As the Fed takes things slowly, fixed-income investors who have been waiting for the market to do the heavy lifting when it comes to boosting yields now have to go back to the drawing board to find ways to generate sufficient income without taking on too much risk.

Not that the Fed is entirely to blame for low interest rates. As frustrating as the 1.6% yield on 10-year Treasuries is to Americans, it is manna from heaven for investors in Europe and Japan who are grappling with what was once unthinkable: negative interest rates.

As a result, overseas investors seeking relief have been pouring money into U.S. debt. That has lifted prices on longer-term bonds, causing market interest rates to fall (see chart below) and putting the Fed in a bind.

U.S. policymakers know that if they're too aggressive with rate hikes, they run the risk of spurring more foreign demand for Treasuries. As that happens, the U.S. dollar will gain strength against global currencies, making American goods less affordable abroad and threatening growth. That's something the Fed is not keen to do. "Pull it all together, and we have the pieces for bonds to remain in a low-volatility range," says Jeffrey Moore, manager of **Fidelity Investment Grade Bond** (FBNDX).

This presents both a challenge and an opportunity for investors looking for higher income than Treasuries can offer, without taking on too much added risk. Here's how to rethink your income game plan.

BET ON BOND BLUE CHIPS

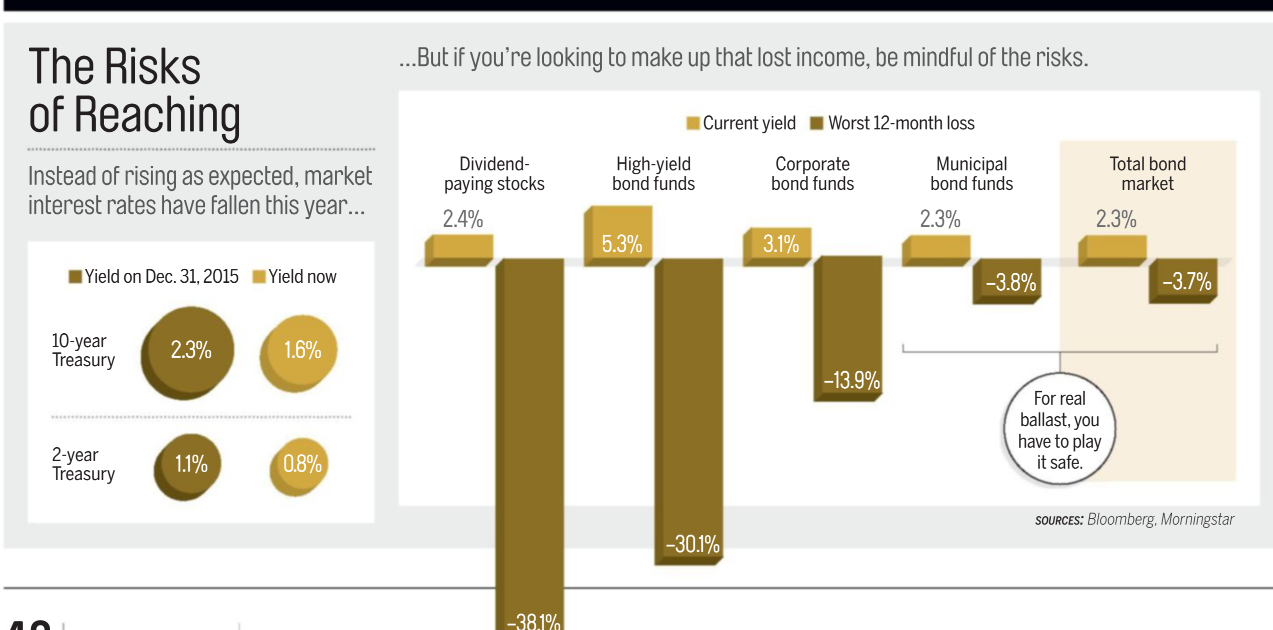
Low unemployment, decent job growth, and a slight increase in wages are signs that the U.S. economy continues to heal and grow, with no imminent threat of a recession. Against this backdrop, corporate debt issued by companies with strong balance sheets offers a mix of stability with higher payouts over supersafe Treasuries.

The 2.7% yield on Standard & Poor's index of investment-grade bonds, for instance, is more than one percentage point higher than what you could earn on a comparable length Treasury bond. Moreover, high-quality corporate bonds are a tad less sensitive to interest rate changes than government bonds. So in the event there is a moderate uptick in rates later this year or next, corporate bond prices aren't likely to fall as much as Treasuries.

One way you can gauge the interest rate sensitivity of your bond fund is through a measure called duration, which you can look up for free at Morningstar.com. If a fund has a duration of five years, that means it is likely to rise or fall in price about 5% given a one percentage point change in market rates.

Moore says corporate issues with durations of four to eight years are the sweet spot for grabbing a bit more yield without taking on the volatility that comes with longer-term issues.

Since total market index funds are loaded with low-yielding government bonds, adding some active manage-



ment will give your bond portfolio a bit more of a corporate tilt. **Dodge & Cox Income** (DODIX), on our MONEY 50 recommended list, holds 48% of its assets in corporate debt, yields 3.2%, and has a duration of four years. If you prefer an index option, go with a fund that just focuses on high-quality corporates, such as **Vanguard Intermediate-Term Corporate Bond ETF** (VCIT), yielding 3.2% with a duration of 6½ years.

MAKE ROOM FOR MUNIS

As the economy grows, so too do the tax revenues of cities and states. That's a solid foundation for tax-advantaged municipal bonds. Anthony Valeri, strategist for LPL Financial, says that the low supply of new issues is another plus and that munis have historically been "more resilient" than Treasuries and corporates when rates rise.

Today's 2.1% average yield on a high-quality A-rated 10-year muni is already a step ahead of the 1.6% yield on a 10-year Treasury. Add in the tax break and the payout looks even better. A 2.1% muni yield is equivalent to earning 2.8% if you fall in the 25% federal tax bracket and 3.1% if you land in the 33% bracket.

Marilyn Cohen, chief executive officer of bond investment firm Envision Capital Management, favors munis backed by revenues from a specific project like a toll bridge, rather than "general obligation" bonds relying on basic tax receipts: "We have learned from Puerto Rico, Detroit, and Stockton [Calif.] that general obligation is not rock solid." MONEY 50 fund **Vanguard Intermediate-Term Tax Exempt** (VWITX) keeps nearly 70% of its portfolio in revenue bonds.

DIP A TOE INTO THE JUNK POOL

Earlier this year, an index of high-yielding "junk" bonds paid nearly 8.5 percentage points more than Treasuries. After a ferocious rally, junk's yield premium is down to a below-average five points. Still, earning a yield of 6% or more is plenty compelling in this market.

> **"INCOME FROM A STOCK AND INCOME FROM A BOND ARE NOT EQUATABLE."**
>
> —MARILYN COHEN, CHIEF EXECUTIVE OFFICER, ENVISION CAPITAL MANAGEMENT

Given that the economic expansion and bull market are in the late stages, though, don't get greedy by wading into the riskiest end of the junk market—bonds graded CCC or unrated. Valeri also recommends limiting your high-yield exposure to no more than 10% of your fixed-income portfolio—and favoring higher-quality junk over the lowest-rated stuff.

You don't need to add a specific junk fund to your mix. Fidelity Investment Grade Bond, for instance, currently holds about 8% of the fund's assets invested in high-yield debt, with most focused on "fallen angel" issues that have lost their investment-grade rating but that manager Moore believes will eventually return to that status. Currently, BB-rated bonds—which are one step below investment grade—yield more than 4.5%.

For a junk-only fund, check out **Fidelity High Income** (SPHIX), a MONEY 50 fund with more than 70% of its assets in BB- or B-rated bonds.

To further reduce risk, build your high-yield exposure not by shifting money out of your high-quality bonds, but rather from your stock allocation, as this slice of the fixed-income market has equity-like risks.

BEWARE THE DIVIDEND TRAP

With bond yields so low, stocks with decent dividend yields can look like alluring bond replacements. After all, the 2% yield on the S&P 500 index of blue-chip U.S. stocks is slightly more than what 10-year Treasuries are paying. And the average yield of dividend-paying shares is nearly one percentage point higher than government bonds.

Don't fall for this. As the chart on the prior page shows, swapping your bonds for equities means giving up one of the primary reasons you own bonds in the first place: to provide ballast for your portfolio. Indeed, in the financial panic of 2008, some dividend stock funds lost nearly as much as the broad market while total bond market index funds gained ground.

Also, many traditional dividend-paying stocks tend to be in sectors sensitive to interest rates, meaning that if rates rise, their share prices are likely to fall. When the yield on 10-year Treasuries shot up from January 2015 to June 2015, utility shares lost more than 11% of their value.

The bottom line, says Envision Capital's Cohen, is that "income from a stock and income from a bond are not equatable." ■

Funds That Let Their Brood Grow

THERE'S A CASE FOR OWNING SMALL-STOCK FUNDS THAT HANG ON TO WINNERS EVEN AS COMPANIES GET BIGGER.

by John Waggoner

LET'S SAY YOU invested in the shares of a small-but-promising retailer back in 1975, and the stock shot up like a rocket—more than tripling in value by 1980. But say you were interested in investing only in small-caps, so you sold in 1980, when the company's market value crossed $1 billion.

If that was the case, you've probably spent the past quarter-century sobbing, as shares of **Walmart** (WMT) have gone on to soar nearly 45,000% ever since.

This is an extreme example, but in a nutshell it is the argument for investing through "smid-cap" funds, the portmanteau name for portfolios that can hang on to shares of winning small companies as they mature into larger businesses.

THE DEFENSIVE ARGUMENT

Small stocks can deliver good returns—since 1926 they've gained 12% a year on average. But there's no reason to sell just because the stock succeeds and the company develops into a midsize firm.

The fact is, companies that graduate from small-stock to mid-cap status can also fare well, often with less volatility. This explains how the smid-cap **Janus Triton Fund** (JGMAX) has beaten 85% of small growth funds over the past five years while being 15% less volatile.

Less rockiness is a trait you may be keenly interested in. While small stocks have been enjoying a resurgence—gaining more this year than in 2014 and 2015 combined—the bull market is nearly eight years old. So the chances of running into a downturn soon are on the rise.

THE OPPORTUNITY

The other advantage of these funds is simple: "Smid-caps can let their winners run more," says Todd Rosenbluth, director of ETF and mutual fund research for S&P Global Market Intelligence.

For example, Abiomed is the top holding of **Primecap Odyssey Aggressive Growth** (POAGX), the best-performing smid-cap fund for the past five years. The fund bought Abiomed when the medical device company's market value was $350 million; it's $5.5 billion now.

Primecap used to be on our MONEY 50 list of recommended mutual funds and ETFs until last year, when, unfortunately, it closed to new investors. But if you're an existing shareholder, it is a fund worth holding and adding to.

The good news is that you don't need an actively managed fund to deploy a smid-cap strategy. Both Fidelity and Vanguard offer low-cost index funds that invest in the "extended market"—essentially everything in the stock market except the very largest stocks.

Fidelity Extended Market Index Fund (FSEMX) is the cheaper choice, charging just 0.10% in annual expenses. Even better, it has beaten more than 85% of its peers over the past 15 years. ■

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

Illustration by TAYLOR CALLERY

X-Ray: Walmart

STILL FOCUSED ON BRICKS AND MORTAR—FOR GOOD REASON. *by Carolyn Bigda*

It's been a bumpy ride for the world's largest retailer. Since 2015, Walmart's shares have fallen from $90 to $56, then rocketed back up nearly 30%. "You don't often get that kind of volatility in a large stock in such a short amount of time," says Bob Burnstine of Fairpointe Capital. The reason: Amazon.com, dollar stores, and supermarkets have been chipping away at Walmart. In response, CEO Doug McMillon has spruced up stores, increased organic food options, expanded a grocery pickup service for web shoppers, and bought Jet.com to take on Amazon. Is it enough?

The Real Battleground

For Walmart, the key to success still starts with its physical locations.

While the $3.3 billion acquisition of e-commerce startup Jet.com has attracted attention, Walmart's priority is still driving shoppers to brick-and-mortar stores. The more people who shop there, the more competitive the retailer can be on price.

Walmart's prices were generally 20% lower than competitors' 15 years ago, says Connor Browne, comanager of Thornburg Value. Today it's more like 10%. "When you get more people in the stores, profits increase and you can reinvest some of those profits in lower prices," he says. The company also spent $2.7 billion on pay hikes and training to improve service. The result: Foot traffic at U.S. stores was up 1.2% in the past quarter—vs. a decline of 2.2% at rival Target—the seventh straight period of increases.

Discounted Price

Walmart shares don't fully reflect its e-commerce successes.

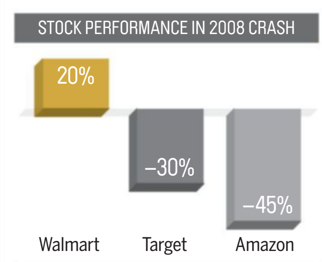
Wall Street has been fixated on Walmart's online struggles. After slowing for five straight quarters, the retailer's e-commerce growth rate reaccelerated to 11.8% in the second quarter. However, that's still down from 16% growth a year ago, helping explain why the stock trades at a modest price/earnings ratio of 16.4.

What investors don't appreciate is that online shoppers access Walmart in multiple ways. For example, online grocery customers spend nearly 50% more across all Walmart platforms than in-store-only shoppers.

"The company is reasonably valued," says Larry Haverty of Gabelli Multimedia Trust. And that value will show itself once earnings—weighed down by wage increases and falling food prices—start to bounce back.

A Steadier Bet?

The stock has been volatile lately, but it offers stability in a downturn.



Even if online and in-store sales improve, don't expect sizzling growth from a company this size, says Brian Yarbrough, an analyst at Edward Jones. Last year the retailer reported net sales of $479 billion, four times greater than Amazon's sales.

But while Walmart's upside may be capped, the stock's downside is limited too, he says. Historically, the stock has held up well during market selloffs, something you can't say for Amazon. In 2008, Walmart's shares actually gained 20%, while the broad market and most retail stocks fell double digits. As this bull market approaches its eighth anniversary, that fact—plus Walmart's higher-than-average dividend yield of 2.8%—could be reason enough to stick it out a while longer.

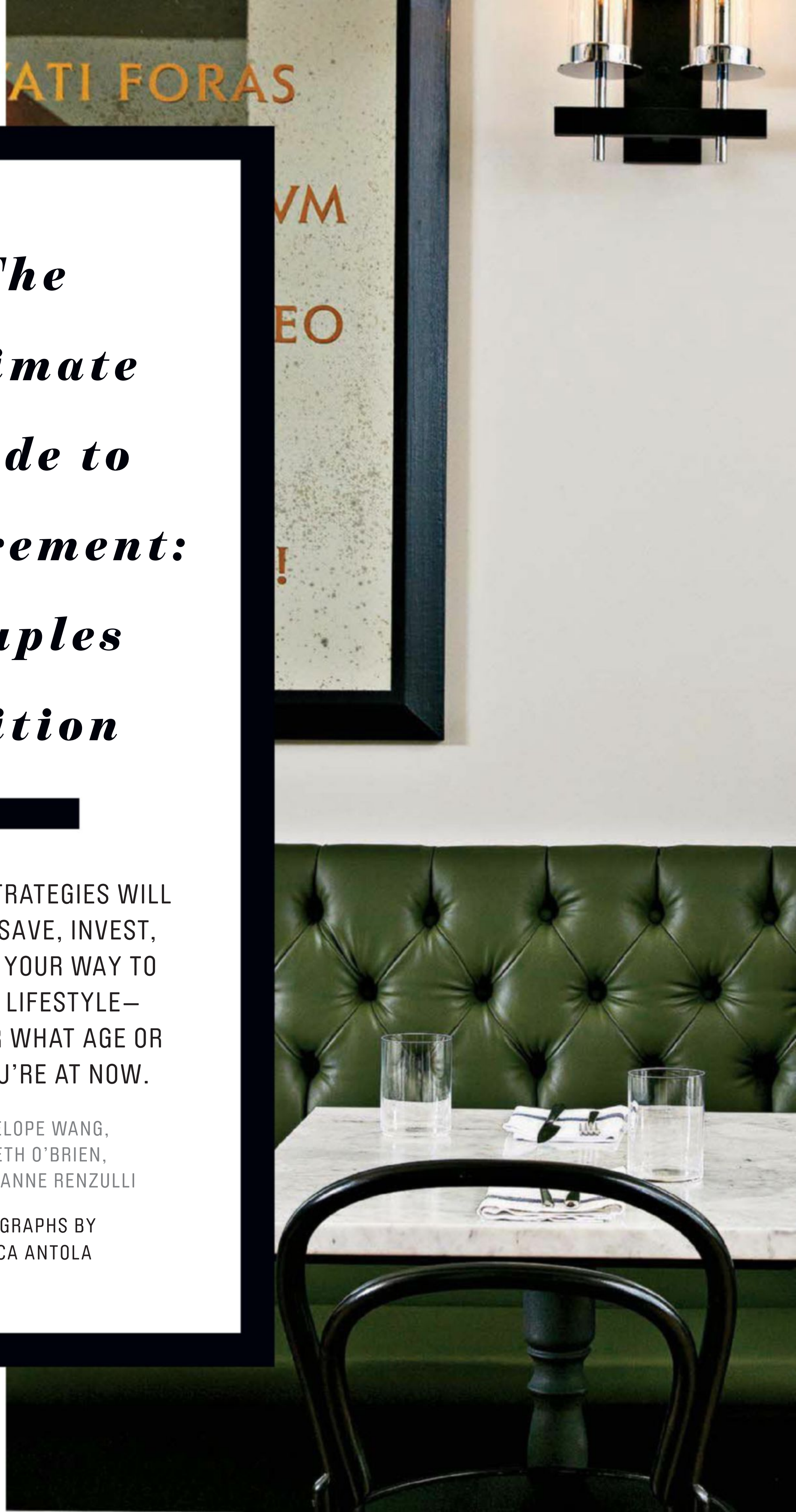
NOTE: *Price/earnings ratios are based on projected profits.*
SOURCES: *Morningstar, company reports*

The Ultimate Guide to Retirement: Couples Edition

THESE 21 STRATEGIES WILL HELP YOU SAVE, INVEST, AND EARN YOUR WAY TO A DREAM LIFESTYLE— NO MATTER WHAT AGE OR STAGE YOU'RE AT NOW.

BY PENELOPE WANG, ELIZABETH O'BRIEN, AND KERRI ANNE RENZULLI

PHOTOGRAPHS BY JESSICA ANTOLA



Russ and Beth Weimer, at Death & Taxes restaurant in Raleigh, N.C., review their finances annually over wine.

Y

OU KNOW YOUR SPOUSE'S FAVORITE food and go-to music, and maybe even the career he or she envisioned back in second grade. But do you know how much he or she has in a 401(k)? What about the mix of stocks and bonds across all your investment accounts? Do you have an idea of when and where your spouse wants to retire, or how he or she dreams of spending time after leaving the workforce?

If you're like a lot of couples, the answer to most of these questions is probably "no." And some of what you think you know is likely wrong.

Only one-third of couples have even discussed retirement planning, according to a 2016 study by consultants Hearts & Wallets. Asked how much money they think they will need for retirement, 47% of couples disagree, Fidelity recently found. And men and women often have different interests in later life, with far more men than women engaging in sports and outdoor activities, and far more women than men getting together with friends and family, according to new TIAA research.

You may avoid some conversations because they are fraught—say, because you don't want to start bickering about how much to spend on vacations vs. retirement. Yet by failing to actively plan and save for later life, you could end up with literally hundreds of thousands of dollars less in your nest egg. And you might not be able to retire when and how you wish.

It's never too early for couples to start talking about their retirement visions, says Michael Brady, president of Generosity Wealth Management in Boulder. "Eighty percent of reaching your goal is defining what your goal is and having a plan for speed bumps that could derail you," he says.

Here's what you need to know and do at each stage of your working lives to achieve a retirement that is rich and rewarding for both of you.

STARTING OUT:

Your Twenties and Thirties

In the early years, you and your spouse may feel you simply can't shoehorn much retirement saving into your budget. You may be grappling with modest incomes, steep rent, and student loans (the average college grad with debt carries a $28,950 balance)—and perhaps also making plans to buy a house and start a family.

Still, what you do now has the biggest payoff because your dollars will have the longest time to grow. If together you can tuck an extra $100 a month into retirement accounts starting at age 27, you'll have an additional $240,000 at age 67, assuming your money grows at 7% a year. Start that at 37 and you'll add $115,000.

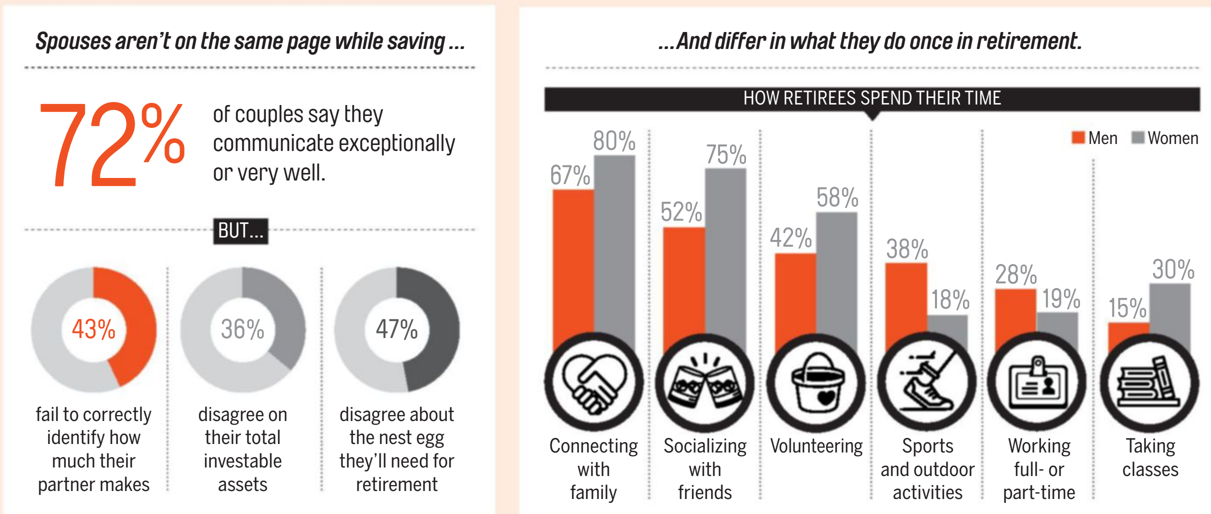
Keep upping your game. Many employers automatically enroll new hires in a 401(k) plan, which sends a chunk of your pay into savings before you can get accustomed to having it in your wallet. But the most common auto contribution, 3% of pay, isn't enough to build a livable nest egg. Get in the habit of raising your contribution by at least 1% of pay a year. Your employer may make that easy: At 75% of plans administered by Fidelity, workers can sign up for such scheduled boosts.

Wherever you are is a good place to start, but aim high: "Your goal should be to save 15% of pay each year," says Tim McGrath, a Chicago financial planner. Socking away more dough may be less painful than you think because you contribute pretax dollars. So for someone in the 25% federal tax

PREVIOUS SPREAD: WARDROBE AND GROOMING BY ALISON FUENTES

SEEING THE WORLD DIFFERENTLY

Many couples have gaps in their knowledge of their household finances as well as varying priorities for later life.



SOURCES: *Fidelity, TIAA*

bracket, saving an extra dollar may reduce your take-home pay by just 75¢.

Don't be evenhanded. If at all possible, you want to get the full employer match. If cash is tight, direct more of your 401(k) dollars to the account with the bigger payoff. That could mean maxing out the $1 for $1 match in your spouse's plan before contributing to your 401(k), which offers 50¢ for each $1. For two 25-year-olds each earning $50,000 a year, being strategic with one year's 3%-of-pay contribution could add up to $8,700 at retirement, as shown in the graphic on page 52.

Add IRAs to your arsenal. What if one of you doesn't have a 401(k)? Opt for an IRA. Lean toward the Roth variety, even though you won't get a tax deduction now. (Income limits apply.) With a Roth IRA, you'll reap tax-free income later in life, when taxes are likely to be a bigger burden. You can also open a Roth to supplement your workplace retirement plan and have it do double duty: While you build a separate emergency fund, you have the ability to withdraw your Roth contributions at any time without penalty. You can also tap the Roth to help fund a first-time home purchase. For a nonworking spouse, you can contribute up to $5,500 to an IRA in 2016.

Weigh the big "R" in every big change. The richest pay boosts often come when changing companies. But if a job offer involves a lower retirement-plan matching formula, you'd want your new salary to more than compensate you for that change.

> "Money is the No. 1 source of conflict in relationships."
>
> —TERRI ORBUCH, THERAPIST AND RESEARCHER

Meanwhile, more than three-quarters of mothers and half of fathers say they've passed up work opportunities, switched jobs, or quit to care for their children, according to a 2015 survey by the *Washington Post*. In deciding if one of you will scale back or stop working when you become parents, you'll no doubt check the impact on your budget. But also look for ways to minimize the hit to your future earnings and retirement preparations, such as by keeping a foot in the workplace as a part-timer or switching to a more family-friendly type of job.

If you decide to stay home, plan ahead for possible reentry. Keep your network current, even if that's just emailing work contacts to check in a

few times a year, says Rosemary Haefner, chief human resources officer at CareerBuilder. And keep track of volunteer accomplishments that might look good on a future résumé, like overseeing a six-figure budget for your school's parent-teacher association or supervising a team of 20 on a major fundraising effort.

Run the race together. "Money is the No. 1 source of conflict in relationships," says Terri Orbuch, a therapist and researcher. Sometimes it seems as if couples are either arguing about money—like how much a spouse spent on [fill in the blank]—or not talking about it. Asked about their partners' pay, more than 40% of couples surveyed by Fidelity got it wrong.

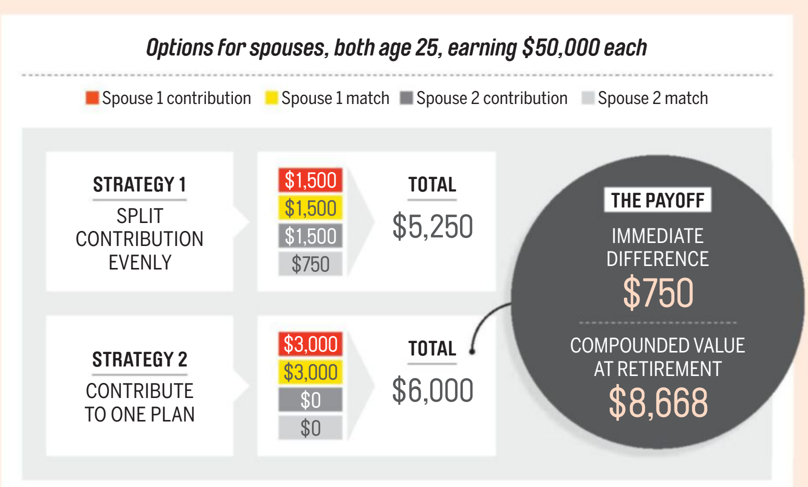
The behaviors you adopt now will set the pattern for decades to come. If there's tension, address it head on. Talking about what money meant to each of you growing up may help you understand differences, Orbuch says.

Often one spouse naturally takes the lead in money matters. That's okay, says Brian Spinelli, a financial planner in Long Beach, as long as the other person is also involved and informed. It might help, for instance, if one of you pays the bills while the other handles investing. And just as you make a movie date with your spouse, make a regular monthly date to look over your numbers and talk about the inevitable issues that come up. (Bottle of wine optional.)

Kalynn Dresser, 27, says she controlled the finances initially because she knew more about saving and investing than did her husband, Nick, 29. "It was hard at times because I would say, 'No, we can't afford that,' and Nick would get upset," she recalls. The Asheville, N.C., couple worked over the next two years to boost his financial literacy and transfer some of the responsibilities to him. The change has made them both happier and put a lid on impulsive spending, she says.

AN EASY WAY TO BOOST 401(K) SAVINGS

If you can't save much, go for the richer match. Here, a couple save 3% of pay this year and get a \$1 for \$1 match from one plan, 50¢ for \$1 from the other.



NOTES: *Assumes accounts grow at 6% a year, retirement at age 67.* **SOURCE:** *MONEY calculations*

MID-CAREER:

Your Forties

You're finally making real money. In theory, that should make it possible to stash away serious savings. But you may find yourself torn between two huge priorities: putting money aside for college for your children and retirement for yourself. Hash it out together: "It's important to have a shared strategy of where you want to be financially," says David Geibel, wealth adviser at Girard Partners in King of Prussia, Pa.

Peer into the future. Your thinking about retirement is probably still hazy. But get motivated by asking yourself and your partner some questions: At what age do you want to retire? Where do you want to live? You can jump-start the conversation by each completing an online exercise that has you dropping snapshots of various retirement activities into a virtual desktop tray or trash can (money.us/photos).

To afford a comfortable retirement, a 40-year-old couple with household income of \$100,000 should have amassed savings of 2.6 times salary, or \$260,000, according to research by J.P. Morgan. At age 45, with that pay, you should have 3.4 times your salary socked away. If you're lagging behind, figure out what it will take to catch up by using an online 401(k) savings calculator such as Bankrate's, at money.us/br401k.

Don't flunk the college test. By the numbers, you should put retirement

Spurring a Spouse to Save More

MICHAEL AND TIFFANY LUCAS
Both 31, Valley Stream, N.Y.

When Michael and Tiffany Lucas began dating six years ago, she was already a power saver. She was socking away so much of her income—8% at that point—that her now-husband was startled to learn that her yearly salary was about the same as his, since her take-home pay was so much lower. Michael's employer had automatically enrolled him in its 401(k) at 3% of pay, and he was happy to leave it at that. "I honestly didn't care. I never really looked at it," Michael says.

As the relationship grew serious, Tiffany began pressuring Michael to save more—and the couple, now parents of a toddler, have achieved a shared commitment to building a nest egg for the future.

"I wanted it to be a joint responsibility," says Tiffany, a claim professional for an insurance company. Michael got more serious about finances after they got engaged. "I thought, If she can make it on that size paycheck, there's no reason why I can't," recalls the airline supervisor.

He boosted his 401(k) contribution to 9% of pay, and Tiffany is now at 14%.

WARDROBE BY SAMANTHA SWADE. GROOMING BY JEANETTE JAVORE

saving ahead of college—after all, no one will lend you money to finance your golden years. But your heart may say otherwise. Some 69% of parents want to put money toward college first, according to a recent survey by T. Rowe Price, and more than three-quarters say they are willing to delay retirement to pay for kids' schooling.

As ground rules, resolve to continue your 401(k) contributions and not to raid your retirement savings to pay tuition bills. Then decide with your spouse how much you will contribute to college expenses. One common formula holds that you cover a third of the total bill from savings, a third through cash flow, and a third through loans or grants. Or perhaps you agree to contribute at least enough for one year.

Whatever you decide, plan to tell

your children before the search process begins. "You don't want to surprise them with bad news when the tuition check is due," says Tom Mingone, a financial planner in New York City.

Mix and match your 401(k)s. With two 401(k)s, grab the best of each plan, says McGrath, the Chicago planner. Say her plan offers a cheaper stock index fund (a 0.3% expense ratio or less is good), while his offers a stable-value fund paying 1.5%. Do your stock investing in her plan and the fixed-income investing in his. For further diversification, you might find a real estate fund in his 401(k) and a fund that holds Treasury Inflation-Protected Securities (TIPS) in hers. If one plan has a brokerage window, as do about 17% of 401(k)s, you'll have more choices, but check for added fees.

Embrace "enough." One of the smartest things you can do in your forties is to keep your spending in check as your salaries grow. Resist the pressure to keep up with the Joneses—be they your friends, your relatives, the parents of your children's friends. Stay in your current house if it is big enough and don't replace that 10-year-old car that is still chugging along. Automatic investing, like the 401(k) deduction from your pay, is your best ally. "It creates forced saving, which helps you avoid lifestyle creep," says Spinelli.

PEAK EARNINGS: *Your Fifties*

This decade may provide an opportunity to turbocharge savings, as you've advanced in your careers and put the biggest money obligations to your children behind you. Or your finances may be pinched by new challenges, like a career setback or obligations to aging parents. If you are remarried, you may be recovering from the costs associated with your divorce. A lot is at stake. Retirement is no longer a distant dream, and smart moves you make at this stage of life can help you transition comfortably to the next one.

Put a price tag on retirement. You may still be talking about whether you'll stay right where you are or move to that beachfront condo you've been eyeing, but it's time to get serious about some numbers. Vanguard has a tool that can help you rough out a retirement budget (money.us/vbudget).

Plug those estimated expenses into an online calculator, such as T. Rowe Price's version (troweprice.com/ric), to see if your savings are on track.

Play catch-up. When kids leave home, empty-nesters typically increase their 401(k) saving by less than 1% of pay, a recent Boston College study found. That may not be enough to get you where you want to go. So before you find new ways to use those dollars, bump up your saving by the amount you had been spending on tuition and room and board. The rules on catch-up contributions to retirement accounts can help. Starting at age 50, you can add an extra $6,000 a year to a 401(k), up to a $24,000 maximum; IRA investors can put in an extra $1,000, for a total of $6,500 a year.

Simplify and share. By now, you each may have accumulated multiple retirement and investment accounts, and despite your best intentions, one of you may be mostly out of the loop on financial matters. Twenty-four percent of partners worry that their mates wouldn't be able to manage finances without them, and 18% say their mates are completely unengaged, according to a Hearts & Wallets sur-

GROOMING BY CASSANDRA GARZA. WARDROBE BY SARA OSWALT

Balancing Dollars for Now and Later

JEFF KOPP AND MELISSA MADOLE-KOPP
42 and 41, Austin

One step back, two steps forward. That is how Jeff Kopp and Melissa Madole-Kopp have balanced retirement saving with the costs of a growing family. They are now putting the maximum $18,000 into his 401(k) plus $11,000 into two Roth IRAs.

The two didn't always agree on saving. After Melissa became a stay-at-home mom, she says, "we needed the money for the kids." Jeff, a software engineer, recalls, "We had many conversations after the kids went to bed where I explained to her why I wanted to give as much as I did to retirement."

Melissa says it helped her trim spending when Jeff created a graph showing how reduced saving would crimp their nest egg. Meanwhile, they temporarily dropped his 401(k) contribution from 10% of pay to the 6% needed to get the full employer match. The pressure eased when Jeff got a raise; they allocated half of that increase and subsequent income boosts to saving.

vey. Meanwhile, money skills peak around age 53, research shows, and they typically deteriorate as you age.

Do your spouse and your future self a favor by consolidating your money into fewer accounts at fewer firms. That will also make it easier to look at your overall mix of stocks, bonds, and other investments and decide—together—if it's appropriate.

To see if your investment risk tolerance matches your spouse's, you can both try this CalcXML tool at money.us/risk. A typical allocation for a couple in their fifties might be 65% to 75% stocks and 25% to 35% bonds.

Close the bank of Mom and Dad. Adults ages 18 to 34 were slightly more likely to be living with their parents than with a spouse or partner in 2014, for the first time in 130 years, according to the Pew Research Center. And even for those who have flown the coop, you may still be helping with expenses. To keep your retirement saving from going off track, brainstorm with your child to come up with a plan toward financial independence.

"Set both short-term and long-term goals to make it more achievable," says Kathleen Adams, a financial planner in Redondo Beach, Calif.

Perhaps your daughter will find a part-time or full-time job in three months, with an eye toward affording an apartment she can share in a year or two.

Don't confuse retirement and holidays. You can use vacations to check out possible retirement locales. Keep in mind, though, that vacationing in a spot is different from actually living there. Loretta and Bruce Parker, now 71 and 75, had long thought they would retire to a lake house they owned an hour or so from their home in Rochester, N.Y. But when they finally moved there, they lasted just a few months. What had been a peaceful retreat during their working years turned into too much solitude.

"When we tried to do it 24/7, it was deadly quiet for us," Loretta says. So they instead moved to Bradenton, Fla., where they enjoy an active lifestyle that includes tennis, visits to the gym, and socializing with friends.

Weigh extreme action. One-third of workers age 55 or older have a nest egg of less than $25,000, according to a 2016 survey by the Employee Benefit Research Institute. If you're behind the eight ball, downsizing—when done right—might make a big difference. You funnel a chunk of home-sale profit into savings, plus trim your monthly expenses. But make sure your total costs would drop significantly. Property taxes vary widely, notes Nancy Collamer, founder of MyLifestyleCareer.com, and that smaller condo might have a higher levy than your current house.

If you won't be able to retire in your early or mid-sixties, make sure you're in a job that will take you the distance. That might not be your current sales post, say, if it requires a lot of travel and late-night meals with clients. Make a move now, when you're likely to be a more attractive candidate to employers than you will be in your sixties.

Stay in shape. Keeping physically fit will help you stay on the job and give you energy that will make you appealing to prospective employers, says Kerry Hannon, a career and retirement expert. Plus, you may face lower bills for drugs and health care as you head into retirement, and you'll be able to be more active and adventurous.

NEARING RETIREMENT:

Your Late Fifties and Beyond

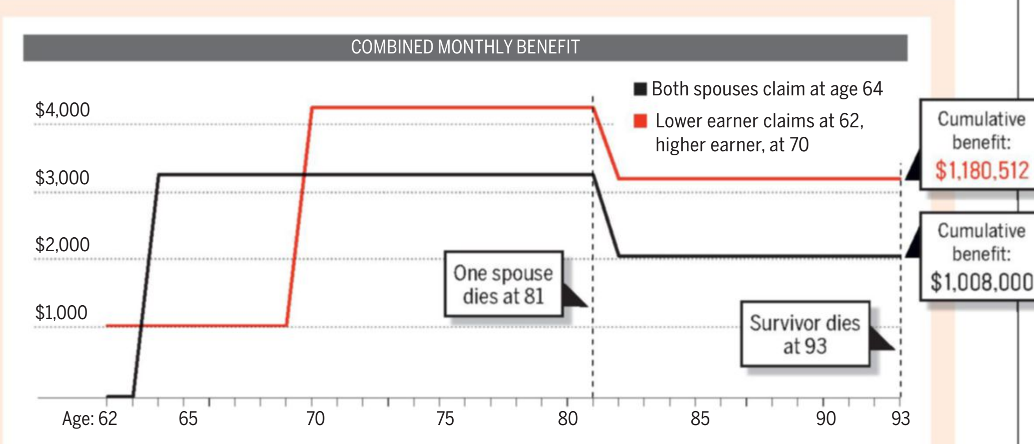
Soon, you and your spouse can claim the rewards of a lifetime of saving and investing. But there are crucial decisions to make that can affect your happiness in the next few years and your financial security later in life. This is the time when your teamwork in saving and communicating can pay off in a retirement that is satisfying and meaningful for both of you.

Fine-tune your vision. In retirement, 75% of women but only 52% of men say they spend time socializing, according to TIAA; far more men than women engage in sports and outdoor activities (38% to 18%). Your priorities may lead you in different directions on where you want to reside. It's time to find a compromise.

To get there, Colorado adviser Brady asks clients questions such as,

MAKE THE MOST OF SOCIAL SECURITY

Based on average longevity, you'll boost your combined lifetime benefits and the payout to the survivor if the higher earner defers.



NOTES: Assumes spouses are the same age and entitled to $2,600 and $1,500 at their full retirement age of 67. Life spans based on Society of Actuaries longevity tables.
SOURCE: Mike Piper, ObliviousInvestor.com

"What does your average day in retirement look like?" and "Where do you see yourself spending the most time?" and writes their answers on a whiteboard. He circles all the similarities in the spouses' answers. Maybe the wife wants to garden by the lake while the husband wants to visit museums in the city, but they both also plan to volunteer. Recognizing that commonality can help. "You get closer as you discuss this stuff," Brady says.

Retirement may mean something very different to a longtime homemaker than to a worker leaving the office. Marge Howe, 86, raised nine children and helped her husband, Jim, with the family heating business. At retirement, she told him, " 'If you're going to retire, I'm going to retire too, and I won't cook,' " she recalls. The couple, who split their time between Cincinnati and Miramar Beach, Fla., went out to eat a lot for several years before Marge took up cooking again.

Check your countdown clocks. On a personal level, spouses are often happiest if they retire within a couple of years of each other, financial advisers say. Still, retiring on the same schedule might not feel right if one of you is still enthusiastically taking on big challenges at work while the other is ready to bow out. Also, one spouse might retire several years before the other due to a difference in age, health issues, or a corporate downsizing; in some cases, an abrupt exit might require the still-working spouse to stay on the job longer.

A financial planner can calculate whether you can afford to retire now and how different your finances—including your nest egg and your Social Security benefits—would look if one or both of you delayed for a while. One consideration: Today's boomer women are more likely than previous generations to collect Social Security on their own earnings records, a new study by Harvard economist Nicole Maestas found. Earnings are based on your 35 highest-earning years, so try to get to that number of years of paid work if you can.

Bridge the gap to Medicare. Early retirement may sound nice, but where will you get medical insurance and how much will it cost you until Medicare kicks in at age 65? A plan to rely on one spouse's workplace coverage could go bad if that worker loses his or her job. Some 46% of retirees left the workforce earlier than expected, and of those, a quarter cited changes at their company as the reason, according to the Employee Benefit Research Institute. Coverage through the Obamacare marketplaces is a possibility, but a nonsmoking couple at age 60 would pay an average of almost $18,000 a year (before any subsidies) for popular silver plans, according to HealthPocket, a technology company that ranks health plans. If your spouse's job situation isn't rock-solid, maybe you should work to 65 too.

Tap a pension for protection. Deciding how to collect from a traditional pension plan is one of the biggest irrevocable decisions you may make. While these plans traditionally provide guaranteed monthly checks for life, some also offer a lump-sum payment. The company might prefer you take the lump sum. But if you and your spouse are in good health, the odds are you will benefit more from the income stream.

> "We know retirement isn't going to happen on its own."
> —RUSS WEIMER, AGE 56

An income payout for only the worker's life will give you the biggest check. By contrast, a joint-and-survivor benefit will be lower, but it will continue through the survivor's lifetime.

Say you are entitled to $4,000 a month for the worker's life only; that might drop to $3,600 with a 50% survivor annuity and $3,200 with 100% to the survivor, says Jonathan Guyton, a financial planner with Cornerstone Wealth

Reaping the Payoff for Planning

BETH AND RUSS WEIMER
57 and 56, Raleigh, N.C.

"Neither of us really planned well during our first marriages," says Beth Weimer. When she and Russ got together in their mid-forties, they made preparing for retirement a priority. Russ worked out a plan that could enable them to retire before age 60, assuming they set aside about 20% of their pay each year.

Thanks to his-and-her pensions, maxing out their 401(k)s, and some additional saving, they've actually moved up their timeline and anticipate both being retired within the next two years. Their retirement nest egg: $1.1 million.

"You have to have a shared vision," says Beth. The two review their finances together quarterly and hold an annual "financial planning summit" over a bottle of wine. Says Russ: "We know retirement isn't going to happen on its own; we have to make it happen. We won't be 65 wondering if we can retire."

Advisors in Edina, Minn. Lean toward the 100% option if the survivor would have only limited income beyond Social Security, he says.

Be savvy about Social Security. Each of you claims Social Security independently. But you should coordinate your timing in a way that is likely to provide the greatest combined benefit over your lifetimes. This is an especially important concern for women, since they are likely to live three to five years longer than men and more likely to collect a survivors benefit.

One of the best ways to keep income flowing late in life is for both spouses to delay claiming Social Security as long as possible, says Mike Piper, a CPA and the author of *Social Security Made Simple*. You can file for retirement benefits as early as age 62, but your payout rises some 6.5% to 8% a year for each year you delay up till age 70.

If it isn't feasible for you to both delay claiming, the lower-earning spouse might file for benefits right away, while the higher earner waits till age 70. If the higher earner dies first, the increased benefits will go to the surviving spouse. This strategy, shown in the graphic on page 56, works best if there's a big difference in earnings. You can compare the impact of different claiming scenarios based on your finances using an online calculator, such as SSAnalyze (bedrockcapital.com/ssanalyze; free) or Social Security Solutions (socialsecuritysolutions.com; $20 and up). After all the years of taxes, make the most of this bedrock program.

WHAT'S YOUR BIGGEST CHALLENGE IN PLANNING FOR RETIREMENT? *Tell us at letters@moneymail.com.*

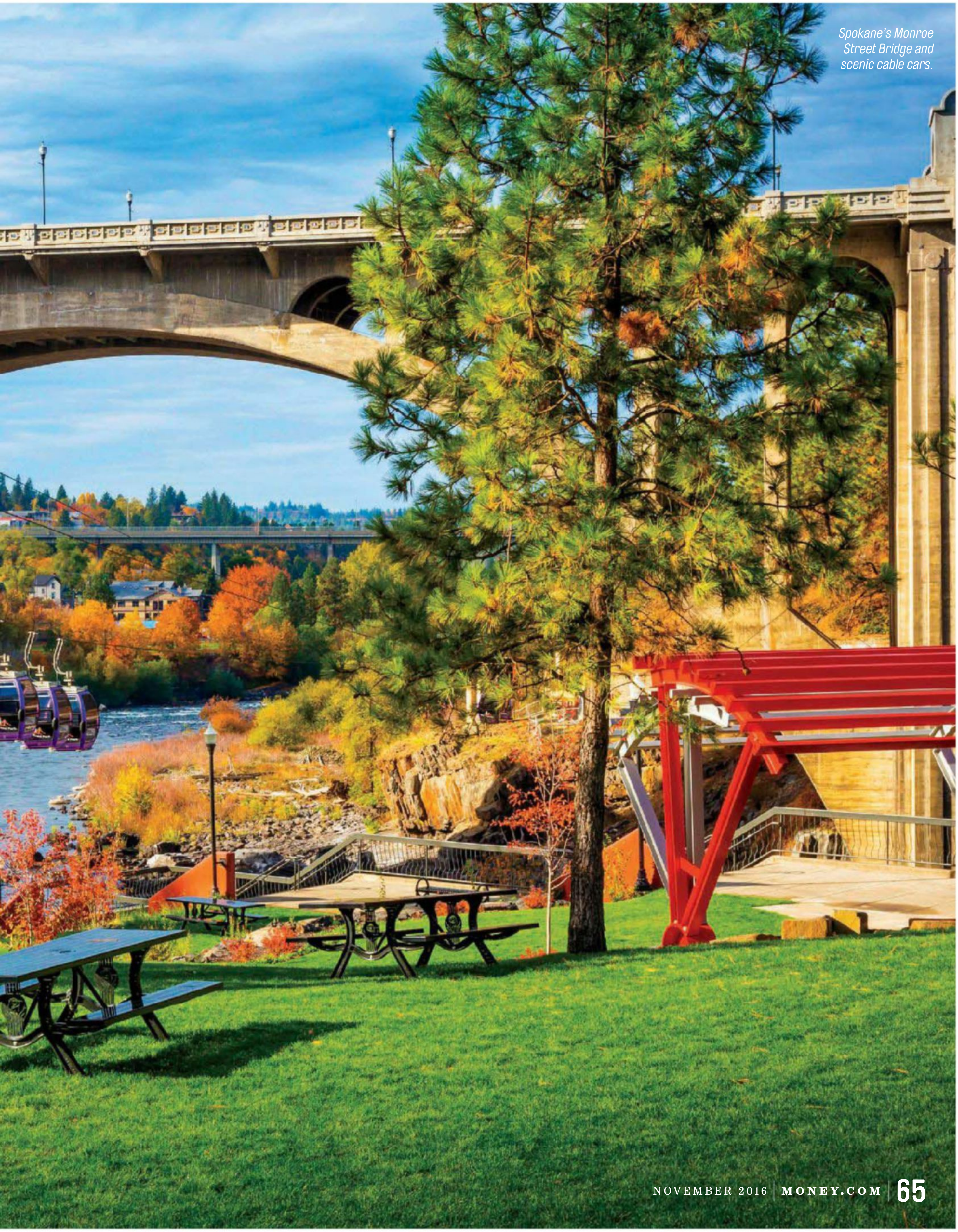
RETIREMENT GUIDE *2016*

Best Places to Retire

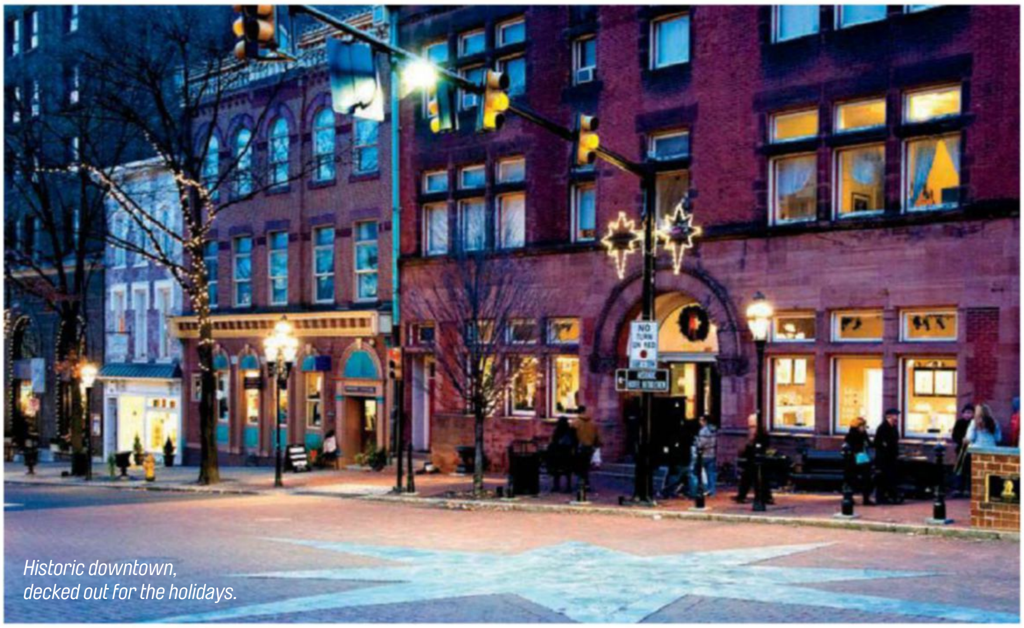
A DOZEN CITIES WITH TOP-NOTCH SERVICES, PLENTY TO DO, AND A TAX-FRIENDLY CLIMATE THAT LETS RETIREES HANG ON TO MORE OF THEIR MONEY.

BY SARAH MAX

WHEN IT COMES TO CHOOSING a retirement destination, the big challenge is whittling down the possibilities. One critical factor to consider: how much of a bite local taxes will take out of your nest egg. This year we went in search of the tax-friendliest small cities in the country—places big enough to have the amenities that retirees prize, such as access to great health care and recreation, but still affordable and compact enough to be manageable. Starting with states that have the lowest overall tax burdens, we zeroed in on locales that offer breaks on income, Social Security, pension, estate, and other taxes. These 12—a winner and runner-up in each region of the country—rose to the top.



Spokane's Monroe Street Bridge and scenic cable cars.



Historic downtown, decked out for the holidays.

BEST IN THE NORTHEAST

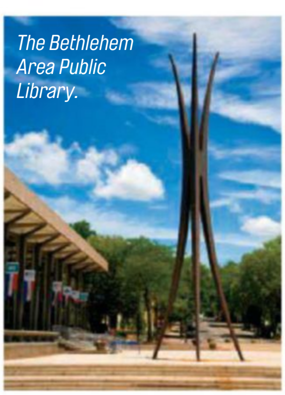
Bethlehem

PENNSYLVANIA (POP. 75,393)

Pop. over age 55	Median home price	Avg. property tax	Top income tax rate
55+			
31%	$153,000	$4,082	3.07%

There was a time when you couldn't talk about Bethlehem without mention of Bethlehem Steel. Once the nation's second-largest steel producer, it shuttered its hometown mill in 1995, marking the end of an industrial era.

More than 20 years later the city has managed to reinvent itself while holding on to its history. The 10-acre mill site, now called SteelStacks, is an arts venue for concerts, film screenings, and festivals, including Musikfest, a 10-day event that is one of the country's largest free music happenings.



The Bethlehem Area Public Library.

WHY IT WINS While it scores high on charm, Bethlehem also stands out by many practical measures. Retirees get plenty of income tax breaks, including no state tax on Social Security benefits or retirement accounts of any kind. While local property tax rates are higher than average, the sales tax is among the lowest in the nation. Health care is superb. St. Luke's University Hospital, a level 1 trauma center, has been recognized as one of the nation's top cardiovascular hospitals.

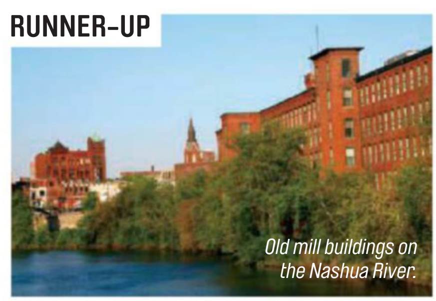
Tom Stine and his wife, Lenore, both 60, traded their large house in the country for a townhouse near the redeveloped 1,800-acre Bethlehem Steel site. "The south side of the river is very bohemian," says Stine, citing Lehigh University and an eclectic mix of restaurants. On the north side is the historic district, with cobblestone streets and buildings dating back to the mid-1700s.

WHAT ELSE IS GREAT The city has benefited from an influx of artists and professionals as well as retirees. "Bethlehem has grown because of a resurgence of people who want to live in walkable and safe downtowns," says Don Cunningham, who was mayor when the steel mill closed and is now CEO of the Lehigh Valley Economic Development Corp.

Residents can easily get by with one car, thanks to a compact layout and network of cycling and pedestrian paths. "I don't drive for weeks at a time," Stine notes. That said, it's a short jaunt to the Pocono Mountains, less than an hour to the north, or the New Jersey Shore a couple of hours east. New York City, 80 miles away, is also an easy day trip.

THE DOWNSIDE Buyers interested in new construction may be frustrated, but some 250 apartment units are currently being built.

RUNNER-UP



Old mill buildings on the Nashua River.

+ NASHUA, N.H. (POP. 88,766)

MONEY's first No. 1 Best Place to Live, way back in 1987 (and No. 16 on this year's list), Nashua still has plenty to offer: low taxes, affordable housing, and the ambiance of a quintessential New England town. It's also ideal for exploring the White Mountains, Atlantic Coast, and nearby Boston. **TAXES** The Granite State levies no sales tax. Income tax is limited to 5% on dividends and interest, though residents 65 and older get a $1,200 exemption; there is no Social Security or pension tax.

PREVIOUS SPREAD: INGE JOHNSSON/ALAMY STOCK PHOTO. THIS PAGE, CLOCKWISE FROM TOP: NANCY SWOLENSKY/COURTESY OF BETHLEHEM; DENIS TANGNEY JR./GETTY IMAGES; XENLIGHTS/ALAMY STOCK PHOTO

LEFT: *Life's a beach in Hollywood.* **BELOW:** *Tropical bounty at the Yellow Green farmers' market.*

BEST IN THE SOUTHEAST

Hollywood

FLORIDA (POP. 147,472)

Pop. over age 55	Median home price	Avg. property tax	Top income tax rate
32%	$198,000	$3,995	0%

In the 1920s developer Joseph Young arrived in Florida with a vision of turning the pine forests and marshland 20 miles north of Miami into a "dream city," with wide boulevards, grand hotels, and a promenade stretching along the Atlantic Ocean.

A devastating hurricane and the Great Depression were major setbacks for Young, who died in 1934, but the foundation was laid for the place he called Hollywood. Between 1955 and 1975, the population grew from 23,000 to more than 120,000. Mid-century beach bungalows and ocean-view condos from that era continue to attract new buyers.

"It's the location, the style, the lifestyle, the beach, the architecture—all contribute to Hollywood's appeal," says Lloyd Feinberg, a real estate agent and lifelong local resident.

WHY IT WINS One word—"affordability." Relative to other seaside towns, Hollywood's home prices seem like a throwback: Think spacious one-bedroom condos and single-story homes for less than $200,000, compared with the Miami Beach median of $360,000. Florida levies no income or estate tax, and offers a homestead exemption of up to $50,000.

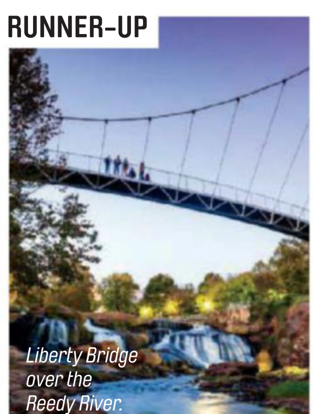
In November, Herb Schloss, 76, bought a 2,000-square-foot condo overlooking a golf course and relocated from New Jersey, in part to be closer to his significant other, Roberta, and his daughter. "What I'm saving on taxes practically pays for the condo," says Schloss, who was chief financial officer of a beverage distribution company. No kidding. The top income tax rate in the Garden State is a whopping 8.97%.

WHAT ELSE IS GREAT Retirees looking for culture will find it in spades, whether at events in ArtsPark at Young Circle or along the 2½-mile-long Hollywood Boardwalk. At the city's northern end, the 1,500-acre Anne Kolb Nature Center is a popular sanctuary. Many of the spots are accessible via water taxi or the Hollywood Trolley.

While there is plenty to do in Hollywood, its location between Fort Lauderdale and Miami is a boon for retirees looking to explore the area—or get away. Port Everglades is one of the busiest cruise ports in the world, and the Miami and Fort Lauderdale airports are nearby.

THE DOWNSIDE Life at the beach comes with the risk of hurricanes—and at the very least, higher-than-average premiums for homeowners insurance.

RUNNER-UP



Liberty Bridge over the Reedy River.

+ **GREENVILLE, S.C.** (POP. 64,804)

This small city in the foothills of the Blue Ridge Mountains melds Southern warmth with a thriving downtown—and tops it off with a serious foodie scene. There are more than 100 restaurants within a mile of the city center. A vast network of walking and cycling paths makes it easy to work off those calories. **TAXES** South Carolina's income tax ranges from 3% to 7%, but there are generous exemptions for retirees, as well as property tax breaks for those age 65 and older.

RIGHT: *Constellation Field, home to the Skeeters.* ***BELOW:*** *The Imperial Market site.*

BEST IN THE SOUTH

Sugar Land

TEXAS (POP. 87,205)

Pop. over age 55	Median home price	Avg. property tax	Top income tax rate
35%	$356,250	$8,210	0%

The city traces its early history to—you guessed it—sugar. It was a 19th-century sugar plantation that evolved into a company town for employees of the Imperial Sugar refinery and was incorporated as a city only in 1959.

The refinery closed in 2002, and today the 26-acre site is being transformed into Imperial Market, a redevelopment project that will include shops, offices, restaurants, a boutique hotel, a children's museum, and a cinema.

WHY IT WINS Sugar Land offers a relatively low cost of living with a high quality of life. The healthy business base—major employers include Minute Maid and First Data—translates to some of the lowest property taxes in a state where such taxes can run high. But there is no income tax, and homeowners 65 and older get an added $10,000 above the standard $12,000 homestead exemption.

WHAT ELSE IS GREAT The opening of Sugar Land Town Square in the mid-2000s gave the city a much-needed downtown hub. It's now home to city hall, restaurants, and stores. A new performing arts venue, the Smart Financial Centre, will open early next year. Add to that a Triple A ballpark, acres of green space, and top-notch health care, and it's no surprise the over-50 population has grown 20% since 2010.

Carol Cooper, 74, arrived two years ago following the sudden death of her husband and loss of her grandson, who was killed in Afghanistan. "I moved here to help my daughter heal, and to help me heal," says Cooper, who lived most of her life in Washington State. She already knew about Sugar Land's temperate weather, walkable neighborhoods, and proximity to Houston, less than 20 miles north. What she didn't expect: just how quickly she would meet neighbors and make friends. "People opened their arms to me," Cooper says. She has since joined a book club, started volunteering at a senior center, and even taken up line dancing.

THE DOWNSIDE The prolonged slump in oil prices is starting to affect some pockets of the area economy. Of course, for new buyers that could mean more bargaining power in the housing market.

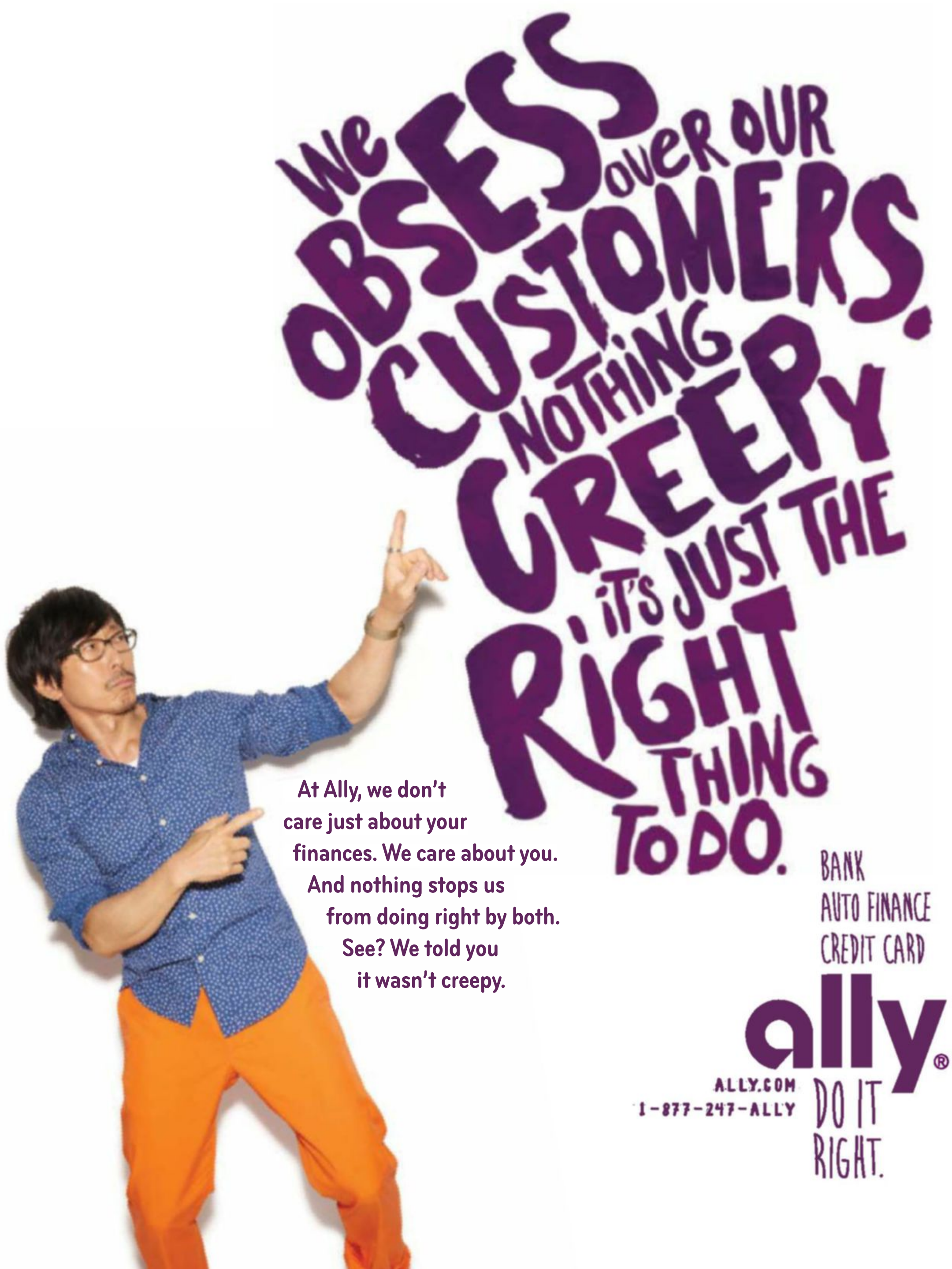
RUNNER-UP


Cruising the Tennessee River.

+ CHATTANOOGA, TENN. (POP. 181,268)

The "Scenic City" owes its nickname to its location on the Tennessee River Gorge. A host of improvements have turned Chattanooga into a destination for people of all ages. Highlights range from a 13-mile Riverwalk to 10-gigabit-per-second Internet for all residents and businesses. **TAXES** Retirees have a new perk coming down the pike: This year the state repealed its estate tax and announced plans to cut its Hall tax on investment income from the current 5% to nothing by 2022.

CLOCKWISE FROM TOP LEFT: COURTESY OF IMPERIAL MARKET; COURTESY OF THE CITY OF SUGAR LAND; SEAN PAVONE/ALAMY STOCK PHOTO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RIGHT: *The lunchtime crowd at Pullman Bar & Diner.* ***BELOW:*** *Downtown, a haven for bibliophiles.*

BEST IN THE MIDWEST

Iowa City

IOWA (POP. 72,042)

Pop. over age 55	Median home price	Avg. property tax	Top income tax rate
23%	$187,000	$3,553	8.98%

When famous authors plan their North American book tours, the schedule often reads like this: New York, Los Angeles, Chicago ... Iowa City. As the only Unesco City of Literature in North America, Iowa City's writerly roots run deep. The University of Iowa Writers' Workshop, founded in 1936, counts 17 Pulitzer Prize winners and six U.S. poets laureate among its alumni, many of whom return for workshops or the annual Iowa City Book Festival, a six-day celebration of the printed word held every fall.

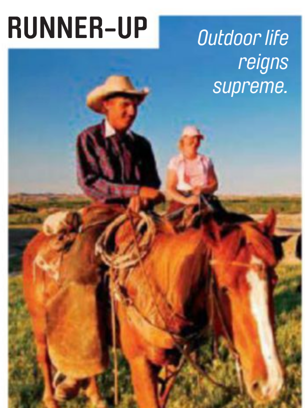
WHY IT WINS Like most of our top retirement destinations, Iowa City punches above its weight in arts, entertainment, and sports offerings. Unlike some others, it has a relatively hefty state income tax, but low property taxes and breaks on Social Security and pension income help offset it, making this one of the tax-friendliest places in the Midwest.

Linda Farkas, 64, relocated to Iowa City from Milwaukee in 2007 with her husband, Ed, 62. Before the move, friends back in Milwaukee questioned whether the couple would be starved for culture. Then they came to visit the Farkases in their high-rise downtown condo, from which they walk everywhere. "Now they keep coming back," says Linda, who was a banker and sits on several boards. One big draw: the influence on the city of the University of Iowa, with its 33,000 students. "You have this concentration of people from all over the world who are doing amazing things," she says.

WHAT ELSE IS GREAT Massive flooding of the Iowa River in 2008 did devastating damage throughout the city, but the rebuilding has brought some major upgrades, including the new Hancher Auditorium, a world-class performance venue with seating for 1,800 people. The floods also helped uncover more of the Devonian Fossil Gorge, where visitors can get a close look at a 375-million-year-old seafloor and fossils of tropical sea life. Today's water lovers flock to the 5,000-acre Coralville Lake for fishing and paddling.

THE DOWNSIDE The chilly winter temps—January lows average 14° F—and distance to major metro areas can be a drag. Des Moines (and its airport) is about two hours away.

RUNNER-UP



Outdoor life reigns supreme.

+ RAPID CITY, S.D. (POP. 73,027)

Rapid City defies most of the stereotypes about the heartland. Flat? The city is the gateway to the Black Hills and six national parks and monuments, including Mount Rushmore. Its culture is as interesting as its topography. Life-size bronze statues of every past U.S. President dot the historic downtown. One place where Rapid City fits the Midwest mold? Affordable home prices. **TAXES** There is no income tax, and sales tax rates are relatively low.

CLOCKWISE FROM TOP LEFT: ALESSANDRO IMBRACIO/CONTRASTO/REDUX; RYAN DONNELL/REDUX PICTURES; COURTESY OF WWW.VISITRAPIDCITY.COM

The Truckee River and promenade.

BEST IN THE MOUNTAINS

Reno

NEVADA (POP. 239,532)

Pop. over age 55	Median home price	Avg. property tax	Top income tax rate
26%	$268,250	$1,735	0%

Reno suffers from a bit of an image problem (and the Comedy Central series *Reno 911!* didn't help). Yet this city in the Sierra Nevada foothills is fast becoming a recreational and cultural sweet spot.

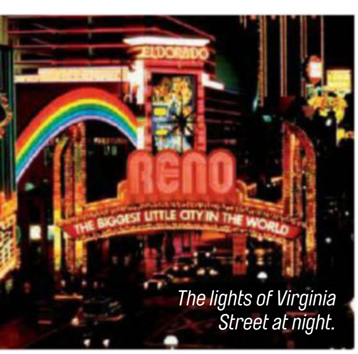
"Reno is just amazing," says John Williams, 69, who with his wife, Julie, 68, settled here last year after more than a decade of living in the higher elevations (and harsher winters) of the Lake Tahoe area. The weather is a boon, with more than 250 days of sunshine and just 25 inches of snow. Reno is also great for exploring Northern California; San Francisco is four hours away, and Yosemite National Park is just three hours down the road.

WHY IT WINS Reno offers all the services of a major city, like a modern regional airport and excellent health care, in an affordable package. There is no state income tax, and property taxes—based on just 35% of a home's market value—are low compared with most states, which assess based on full value. While Reno home prices have been on the rise in recent years, they remain affordable for the mountains and neighboring California, with a median well below $300,000.

WHAT ELSE IS GREAT These days gambling is hardly the only game in town. "We have a fine symphony and Broadway series, but we're also close to skiing and hiking," says Williams, a classical pianist who worked in symphonies around the country. "I just got back from the National Championship Air Races, and the week before that it was the Great Reno Balloon Festival," he says. Artown, a monthlong art festival in July, features nearly 500 events, most of them free. The festival kicked off more than two decades ago, with the goal of helping to revitalize the city's downtown. Since then the area has continued to develop. The Riverwalk District, overlooking the Truckee River and Whitewater Park, a favorite with kayakers, is a hub of local activity.

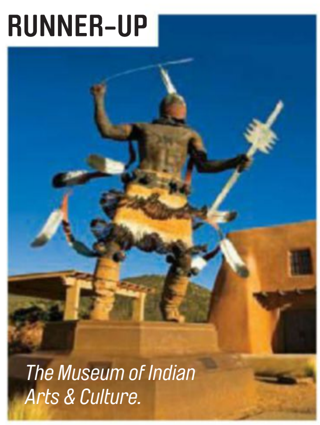
THE DOWNSIDE The housing market is increasingly competitive, driven in part by healthy job growth. While that's good news for the economy, it means inventory is tight for new buyers.

NOTES: Using our 2016 Best Places to Live database, we first eliminated cities in states with a total tax burden (defined by the Tax Foundation as the percentage of income that taxpayers pay in state and local taxes) greater than 10.3%. Of the 19 states remaining, we ranked cities on factors including housing affordability, economic opportunity, crime, recreation, and diversity, giving extra weight to health and cultural activity. Of these high-ranking cities, we picked winners in each region based on which places offered the most favorable tax climate to retirees. Among other factors, we looked at exemptions for property, Social Security, and pension taxes, as well as the presence or absence of an estate tax. SOURCES: The Tax Foundation, Onboard Informatics, MONEY research. A full list of sources can be found at money .com/bestplacestoretire.



The lights of Virginia Street at night.

RUNNER-UP



The Museum of Indian Arts & Culture.

+ SANTA FE, N.M. (POP. 83,248)

Artist Georgia O'Keeffe made this Southwestern town her muse and life's work. In Santa Fe, it's still all about color and landscape. While an abundance of trails lead into the red-hued Sangre de Cristo Mountains, 250 galleries in three art districts—Canyon Road, Downtown, and Railyard Arts—offer a lifetime's worth of exploration. **TAXES** Personal income tax rates are as high as 4.9%, but up to $8,000 of retirement income is deductible for those age 65-plus.

CLOCKWISE FROM TOP: JOHN CROWE/ALAMY STOCK PHOTO; RICHARD CUMMINS/GETTY IMAGES; LEE FOSTER/ALAMY STOCK PHOTO

The Royal Fireworks celebration.

BEST IN THE WEST

Spokane

WASHINGTON (POP. 215,752)

Pop. over age 55	Median home price	Avg. property tax	Top income tax rate
27%	$152,000	$1,888	0%

Walk along the Centennial Trail as it winds through downtown, beside the Spokane River, and you get a sense of why people retire here. Spokane supports big-city amenities, but Washington's second-largest metro area is free of the gridlock and gray skies that send many Seattleites east to Washington's high desert.

Proximity to the river and outdoor recreation make this an ideal place to pursue an active retirement. Golfers can choose from four municipal courses, while skiers have easy access to the slopes. Paved bike and walking trails traverse the city.

WHY IT WINS One of Spokane's top retirement draws is the absence of a state income or inheritance tax (there is tax on estates of more than $2 million). Housing is affordable, with median home prices around $150,000 and below-average property tax rates, which help offset the relatively high local sales tax of 8.7%.

Access to health care is another selling point. The Elson S. Floyd College of Medicine at Eastern Washington University will welcome its inaugural class in 2017, contributing to an already booming regional medical hub that includes Providence Sacred Heart Medical Center and Children's Hospital, Mann-Grandstaff VA Medical Center, and the Community Health Association of Spokane.

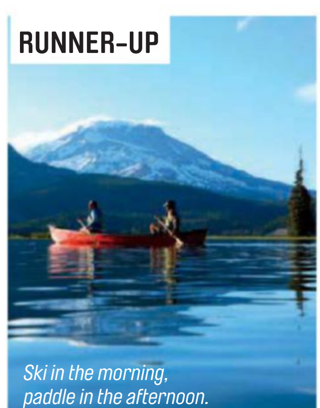
WHAT ELSE IS GREAT "There's always something interesting going on here," says Wayne Sheehan, 76, who moved to Spokane from Texas in 2014 with his wife, Marilu, 75. Perhaps one of the biggest "somethings" is the 40-year-old Bloomsday Run in May, with more than 50,000 people participating in the 12-kilometer race.

The mixed-use urban neighborhood of Kendall Yards has been an instant hit with homebuyers. The 77-acre complex, with a mix of single-family houses, townhouses, and condos, is a testament to Spokane's commitment to development around the principles of art, green space, and sustainability.

Lifelong learning opportunities abound at Gonzaga and Eastern Washington universities, and culture vultures can get their fill at a number of performing arts centers, including the recently renovated Bing Crosby Theater, named for one of Spokane's best-known native sons.

THE DOWNSIDE At four hours east of Seattle, Spokane can feel somewhat remote. There are 10 daily nonstop flights out of the city, but eastern routes go only as far as Minneapolis, and there are no international departures.

RUNNER-UP



Ski in the morning, paddle in the afternoon.

+ BEND, ORE. (POP. 82,998)

Just east of the Cascade Mountains, Bend is known for craft breweries, a hopping downtown, and an abundance of outdoor fun—thanks in part to 260 clear or mostly sunny days a year. That recreational bounty has paved the way for superb health care and cultural activities to match. **TAXES** Oregon taxes retirement income at a higher rate than other places on this list, though it does not tax Social Security benefits. There is no sales tax, and property taxes are reasonable. ■

FROM TOP: CURVED LIGHT USA/ALAMY STOCK PHOTO; D. HURST/ALAMY STOCK PHOTO

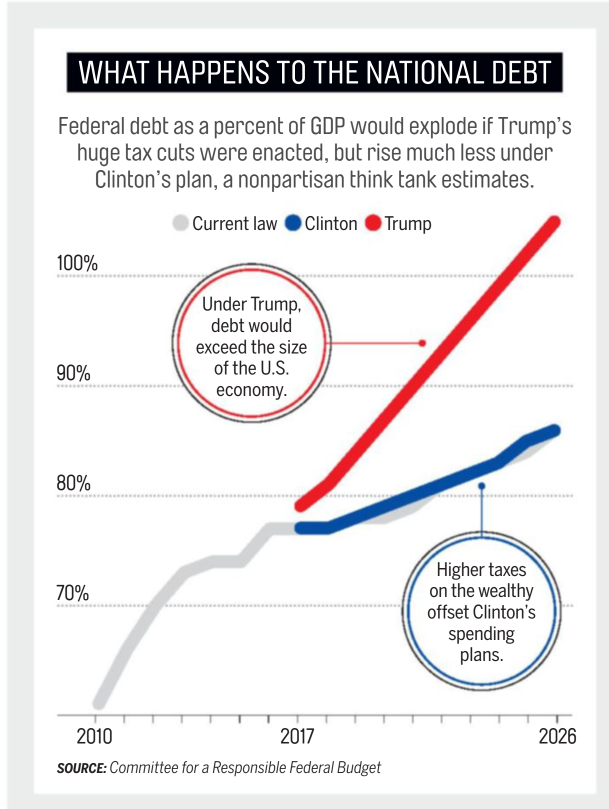
WHAT'S YOUR BEST PLACE TO RETIRE? *Tell us at letters@moneymail.com.*

HIGH

THE STA

KES ELECTION

Forget for a minute Trump's and Clinton's nasty verbal volleys. This year's presidential contest is about two opposing economic views for America. Whoever wins could have a seismic impact on everything from your investments to your health care. Here's what the candidates really mean for your money. **By Ian Salisbury**



THIS YEAR, VOTERS face an amped-up version of the customary partisan takes on taxes and spending. The election's towering issue: how to speed up what is now the slowest economic recovery in postwar history, with GDP rising an anemic 2% annually on average since the end of the Great Recession. While the candidates spar over private email servers, locker-room banter, unreleased tax returns, and a wall along the Mexican border, you know what matters most: Voters list the economy and jobs as the No. 1 issue, a CBS/*New York Times* poll shows.

In Republican Donald Trump and Democrat Hillary Clinton, you get two diametrically opposed views of the right path forward. Trump wants an epic tax cut (nearly $6 trillion over 10 years), dwarfing those of Ronald Reagan and George W. Bush. If you're rich, the cut would be large. And he wants to slice most domestic spending. Clinton would raise taxes if you're wealthy (by $1.5 trillion over 10 years), but expand government programs to help you if you are middle class or below. She would enlarge Obamacare; Trump would eliminate it.

"The differences are greater than in any recent election," says Maya MacGuineas, president of the Committee for a Responsible Federal Budget, a bipartisan group.

To help you choose between these very different visions, the following pages lay out the candidates' essential proposals in the key areas that most affect your finances—the economy and job market, your investments, your taxes, your health care, and your family and education—along with an analysis of the probable impact.

No Chief Executive can get all he or she wants done, given heightened partisanship and a balky Congress. But in this guide, you'll learn what the nation's 45th President plans to fight for when it comes to your wallet.

ECONOMY AND JOBS

WHAT'S AT STAKE **Nearly eight years after the Great Recession, this doesn't feel like a true recovery. Despite job gains, wage growth is tepid, and median household income is just shy of 2007 levels. Can the slow-growing economy pick up the pace, or will it stall out?**

TRUMP'S PLANS Trump promises to boost yearly economic growth to 3.5% from today's 2% and bring manufacturing jobs back to the U.S. He focuses on tax cuts to make expanding and hiring easier for business owners like him—a longtime GOP strategy. He'd also ax what he calls job-destroying regulations, such as President Obama's Climate Action Plan. And he wants more infrastructure spending and a higher minimum wage, though he's given no details. "He will take a practical businessman's approach," says Trump adviser Stephen Moore.

Trump aims to tear up trade deals like the Trans-Pacific Partnership (TPP) and impose a 45% tariff on Chinese imports and 35% on Mexican goods. By curtailing immigration and deporting undocumented workers, he says he would protect unskilled Americans from low-wage competition.

CLINTON'S PLANS Clinton plans to boost the economy by increasing Washington's investment in it. That means spending $250 billion on projects like fixing roads and bridges and deploying half a billion solar panels by 2021, which may create jobs in the short term. She also wants a $12 per hour federal minimum wage, up from $7.25. She opposes the TPP. In general, she prefers better policing of "underhanded" practices like intellectual property theft and currency manipulation to sweeping new tariffs.

Clinton would also deploy federal dollars to expand access to public colleges and early education programs, to create a better-prepared workforce and help parents with young children stay on the job. "It's a forward-thinking agenda," says Clinton adviser Jacob Leibenluft. To pay for all this, she would raise taxes on those making more than $250,000 a year.

10-YEAR NET COST OF PLANS

TRUMP

$5.3 TRILLION

His big tax cut would pump up the deficit over the next 10 years.

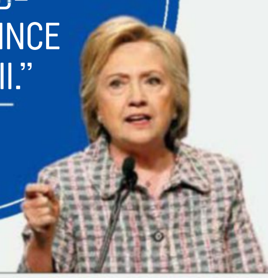
CLINTON

$200 BILLION

She hikes domestic spending but also brings in more in taxes.

"WE WILL WORK WITH BOTH PARTIES TO PASS THE BIGGEST INVESTMENT IN NEW, GOOD-PAYING JOBS SINCE WORLD WAR II."

HILLARY CLINTON, WARREN, MICH., AUG. 11



PHOTOGRAPH BY REUTERS/CHRIS KEANE

WHAT IT MEANS FOR YOU Moody's Analytics predicts that Clinton's plan would produce solid but not fantastic annual GDP growth of 2.7% over the next four years, while creating 10.4 million new jobs. That's about 3.2 million more than under current policies.

The reason: While her higher taxes would eliminate roughly 300,000 jobs that businesses might create over the next decade, the Tax Foundation finds, her infrastructure and education spending might make it easier for you to find a new or better job. Similarly, her minimum-wage hike could be a mixed bag. A University of Washington study found that Seattle's hike to $11 last year raised workers pay but held back employment growth by a percentage point.

Trump's isolationist positions are "not proposals you would find in a macroeconomic textbook," says Moody's Analytics chief economist Mark Zandi. Under Trump's plan, the economy would slide into a recession by 2018, Moody's forecasts. (Trump notes that Zandi is a Democrat, though he advised former GOP nominee John McCain.)

Moody's says Trump's tariffs would start a trade war, which could lead U.S. consumer prices to spike 5% in 2018. And his anti-immigrant policy would lop up to $623 billion from economic output, the conservative-leaning American Action Forum projects. "To be against immigration is to be against America's future," says its president, Douglas Holtz-Eakin, chief economic adviser to McCain in 2008.

YOUR INVESTMENTS

WHAT'S AT STAKE **U.S. stocks are in the midst of the second-longest bull market in history, and bonds have flourished as interest rates have hit historic lows. Yet year one of new presidencies often usher in challenging markets. Your retirement security is on the line.**

TRUMP'S PLANS Trump would cut the top corporate tax rate to 15% from 35%. He would also help wealthy investors by eliminating the 3.8% Obamacare surcharge on investment income, including capital gains and dividends, currently owed by couples earning more than $250,000 and singles making more than $200,000.

Like other Republicans, Trump has made helping the defense and fossil-fuel industries a priority. But tempering those pro-business stances are his proposals to deport immigrants and impose new tariffs.

Trump opposes reappointing Federal Reserve chair Janet Yellen when her term expires in early 2018. He accused her of holding interest rates down to temporarily boost the economy and help the Democrats. (She denies this.) The market likes low rates, and Yellen wants to raise them only gradually.

WAIT PERIOD FOR CAP GAINS RATE

CLINTON
6 YEARS
For top long-term rate of 20%

TRUMP
1 YEAR
Retains current holding period

CLINTON'S PLANS Clinton's campaign hasn't addressed corporate tax rates, though she wants to make it harder for companies to cut taxes by relocating overseas, which could take a bite out of corporate profits. (Trump sides with her on this issue.) For investors, she would keep capital gains rates the same but lengthen the required holding period to realize preferential long-term rates (20% for wealthy investors) from one year to six.

The idea is to promote long-term thinking among investors and executives in hopes they will then invest for the future. "America's business needs to break free from the tyranny of today's earnings report," she said in July.

Clinton has not commented on Yellen. But Wall Street sees her as much more likely to keep the Fed chief on. "We expect Clinton to opt for continuity at the central bank," wrote Merrill Lynch economists.

WHAT IT MEANS FOR YOU Wall Street analysts worry that Trump would ignite a ruinous trade war, prompting other countries to erect tariff barriers. Companies with international ties, like banks, automakers, and farmers, would be hurt the most, a Wells Fargo report contends. In general, U.S.-based multinationals are worried. Meanwhile, his immigration policies pose a big risk for agricultural and construction companies that rely heavily on manual labor, says Moody's.

From the Fed to taxes to trade, Wall Street sees Clinton as a much safer candidate. Her "overall market impact may be neutral," Wells Fargo is telling clients. Its analysts see Trump as more volatile and risky.

"REDUCING TAXES... FOR COMPANIES... THAT'S GOING TO BE A JOB CREATOR LIKE WE HAVEN'T SEEN SINCE RONALD REAGAN."

DONALD TRUMP, HEMPSTEAD, N.Y., SEPT. 26

YOUR TAXES

WHAT'S AT STAKE **The Obama years saw the Bush tax cuts made permanent for all but the wealthiest, plus new Obamacare levies. Now the question of how much of your paycheck you'll get to keep—and who should pay more or less—is back on the table in a big way.**

CLINTON'S PLANS Clinton promises to avoid raising taxes on anyone making less than $250,000 a year. But for the wealthy, she proposes pegging the value of most deductions (with the exception of charitable contributions) at 28% of taxable income, lessening their value for anyone in or above the 33% tax bracket, which kicks in at $231,450 for joint filers, $190,150 for singles.

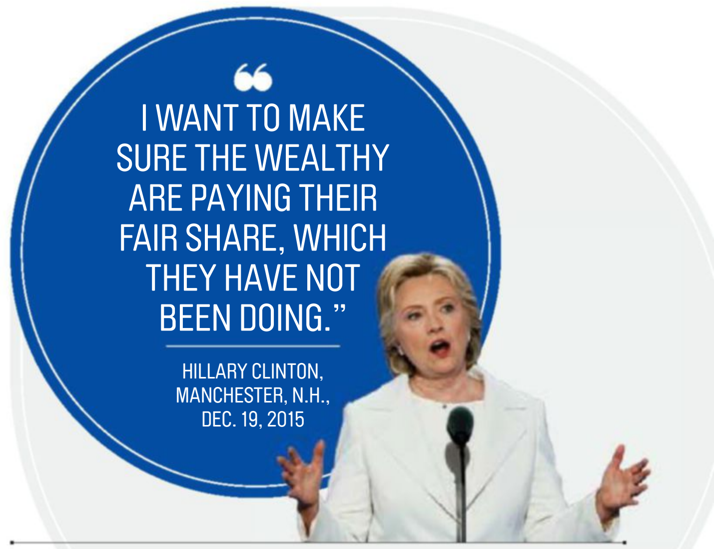
THIS SPREAD: PHOTOGRAPHS BY REUTERS/LUCAS JACKSON (TRUMP); REUTERS/MIKE SEGAR (CLINTON)

The rich would get even more bad news, including a 4% surcharge on income above $5 million and a top estate tax rate of 65% (up from 40%) on the largest estates: $500 million for a single, $1 billion for a couple. Also there's the Buffett rule, a minimum overall income tax rate of 30% for those earning more than $1 million. "Millionaires shouldn't be paying a lower rate than the middle class," says Clinton adviser Michael Shapiro, echoing Clinton fan Warren Buffett, who has said his effective tax rate is lower than his secretary's.

TRUMP'S PLANS Trump wants a tax cut "across the board." He proposes increasing the standard deduction (what you use when you don't itemize) to $30,000 for joint filers, from $12,600 now, ensuring that families earning less than that would owe no income taxes.

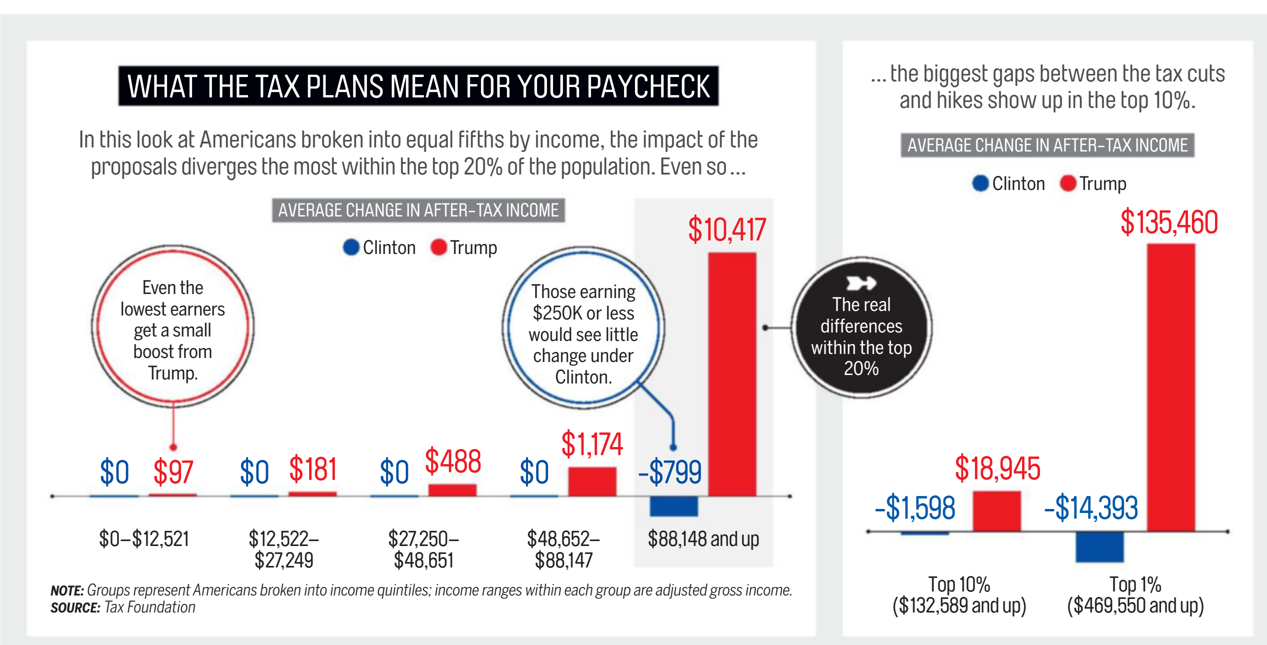
However, Trump would also deep-six the personal exemption—the $4,050 write-off you can claim for each member of a household—eliminating a boon for parents. To simplify the tax code, he would pare the current seven brackets, ranging from 10% to 39.6%, to three. And he wants to scrap the estate tax, the alternative minimum tax, and, as part of repealing Obamacare, the 3.8% surtax on investment income, paid by those earning more than $250,000 ($200,000 if single).

Most dramatic is what he would do for business owners. He proposes lowering the corporate tax rate to 15% from 35% and—this is the radical part—he has floated the idea of applying that lower rate not just to large, public companies but also to the self-employed and business owners. In other words, dentists, law partners, and Trump himself.



WHAT IT MEANS FOR YOU The size of your tax bill isn't likely to change much if Clinton wins, unless you are wealthy. Those earning $133,000 and up would see an average tax hike of about $1,600, according to the Tax Foundation. But as the graphic below shows, under Clinton's plans the highest earners will bear the brunt of that.

With Trump's framework, the Tax Foundation analysis shows that even middle-class earners—those making roughly $50,000 a year—get more than $1,000 back. But Trump's plan to end personal exemptions could leave some parents behind. The top 1% of earners, on the other hand, would be up by more than $100,000. They "will make out like a bandit," says Tax Policy Center fellow Roberton Williams.



YOUR HEALTH CARE

WHAT'S AT STAKE **More Americans than ever have coverage, but with insurers pulling out of the government insurance exchanges, premiums rising, and businesses chafing at the health law's requirements, the Affordable Care Act (ACA) is under the microscope.**

CLINTON'S PLANS Clinton wants to save Obamacare from a Republican campaign to repeal it, which her opponent has joined with gusto.

At the Oct. 9 debate, she acknowledged the ACA's problems, chiefly that premiums are climbing. The ACA also suffers from not enough younger people signing up—they require less care and help underwrite older folks—and from large insurers like Aetna and UnitedHealthcare exiting.

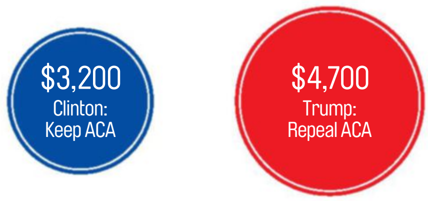
Clinton thinks problems with Obamacare can be fixed by creating a government-run health plan, known as the "public option," to compete with private insurers that offer ACA policies. While she has provided no details about how the public option would function, the idea of the new entity is to give big private carriers price competition.

Another problem she takes on is high drug prices: Consumer spending on drugs climbed 8.5% in 2015. Under Clinton, federal agencies would require insurers to limit prices, like other nations do. She also wants to offer Medicare to people 55 years and older (the start age is 65 now).

WHAT YOU'D PAY FOR A HEALTH PLAN

The repeal of Obamacare would mean costlier premiums if you buy your own policy, a new study finds.

AVERAGE COST OF INDIVIDUAL PLAN, 2018



NOTE: *Clinton average for plans sold on government insurance exchanges.*
SOURCES: *The Commonwealth Fund, Rand Corp.*

TRUMP'S PLANS Trump wants Obamacare dismantled. As a partial substitute for a defunct ACA, he would let you deduct health insurance premiums from your income taxes. And he wants to expand your choices of insurers by allowing carriers to sell policies across state lines. In addition, Trump would require that doctors and hospitals make prices more transparent so patients could more easily shop for the most cost-effective care.

The Trump solution to holding down drug costs is less ambitious than his opponent's: allow imports of foreign-made drugs. They tend to be cheaper than U.S.-produced drugs, a Bloomberg survey found, because governments in Europe and Canada impose price caps.

WHAT IT MEANS FOR YOU If you buy your own insurance, Trump's plan could spell trouble. Should you lose your job and find yourself unable to afford coverage, you would have no subsidized Obamacare policies to turn to.

Despite rising premiums, insurance plans sold on the Obamacare exchanges are often still cheaper than private alternatives. The average 2016 price of exchange plans (before federal subsidies) was $408 a month. An individual private policy under COBRA—in which you pay to stay on your employer's plan after a job loss—is $120 more.

A recent study by the Commonwealth Fund and Rand Corp. finds that without repeal, an individual ACA policy would cost you $3,200 a year on average in 2018, but repeal would pump up the cost of a replacement policy to $4,700. If Trump pushed through his premium tax deduction, the cost would still be higher than under the ACA: $3,500.

But the loss of Obamacare would affect you even if you are covered through work. Now, because of the ACA, people under 26 can stay on their parents' health plan. And no insurer can turn you down for a preexisting medical condition. Repeal means saying goodbye to such benefits, though some Republican lawmakers advocate retaining them.

Could Clinton's hoped-for public insurer keep costs in check? No one is sure. But it would not be easy to fund it with federal dollars, in light of GOP opposition. Larry Levitt of the Kaiser Family Foundation, a health care think tank, notes, "That's a difficult political road to travel."

Clinton's public option might help if it actually holds down the costs of competing private plans. That's a big if. Powerful forces, like an aging population and pricey new medical technology, are putting upward pressure on costs.

WHICH CANDIDATE IS BEST FOR YOUR WALLET? *Tell us at letters@moneymail.com.*

YOUR FAMILY AND EDUCATION

WHAT'S AT STAKE **College is the gateway to higher lifetime earnings. But tuition has skyrocketed, and millions struggle with student debt. How can you handle the high price of higher ed? Also crucial for families: How do you find affordable child care that helps you balance work and a career?**

CLINTON'S PLANS Clinton proposes free tuition at in-state four-year public colleges for families making up to $85,000, a ceiling that would rise to $125,000 by 2021. She has also said college should be "debt-free" for everyone, but gives no details.

She intends to help working parents by capping child-care expenses at 10% of families' income. How? Through programs such as universal prekindergarten and by doubling the child-care tax credit to $2,000 per child.

New parents, plus those caring for ill family members, would also be guaranteed up to 12 weeks of government-subsidized leave, at a minimum rate of two-thirds of their salary. The U.S. is the only developed nation without paid leave (at big companies, you are entitled to unpaid leave). "We're going to make it much more affordable" to be a working parent, Clinton adviser Shapiro says.

PAID MATERNITY LEAVE

TRUMP
6 WEEKS
Unemployment comp pays

CLINTON
12 WEEKS
Paid for by U.S. tax dollars

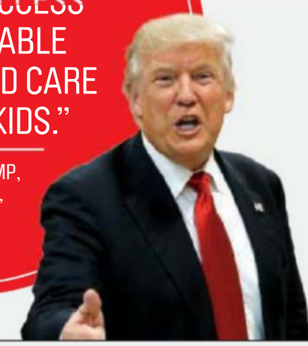
TRUMP'S PLANS Trump has no formal college proposal. He does have a paid family leave plan, but it would apply only to new mothers—not fathers or other caregivers. His plan grants six weeks of paid leave instead of Clinton's 12. The benefits, paid through unemployment insurance, would average $300 a week, less than half of U.S. median weekly earnings of $824.

To ease the burden once moms return to work, Trump calls for making child-care spending deductible, up to the average cost in each state, even if you don't itemize deductions. That would be available to singles earning less than $250,000 and couples making less than $500,000. He also adds a new credit of $1,200 to the existing child tax credit.

Plus, Trump seeks a new "dependent care savings account," in which parents contribute up to $2,000 a year tax-free, then spend the money on child care, private school, or after-school enrichment. Lower-income families would get a $500 match on the first $1,000 they sock away.

"WE NEED WORKING MOTHERS TO...HAVE ACCESS TO AFFORDABLE QUALITY CHILD CARE FOR THEIR KIDS."

DONALD TRUMP, ASTON, PA., SEPT. 13



PHOTOGRAPH BY REUTERS/JONATHAN ERNST

WHAT IT MEANS FOR YOU Students at in-state public colleges, who today pay an average of $9,400 in tuition each year, would certainly benefit under Clinton's plan. Trouble is, tuition makes up less than half the costs for undergrads living on campus, the College Board reports.

Universal pre-K would mean big savings for families with 4-year-olds. Preschool bills for these parents currently run from roughly $4,000 in Mississippi to $17,000 in Washington, D.C., the Economic Policy Institute says.

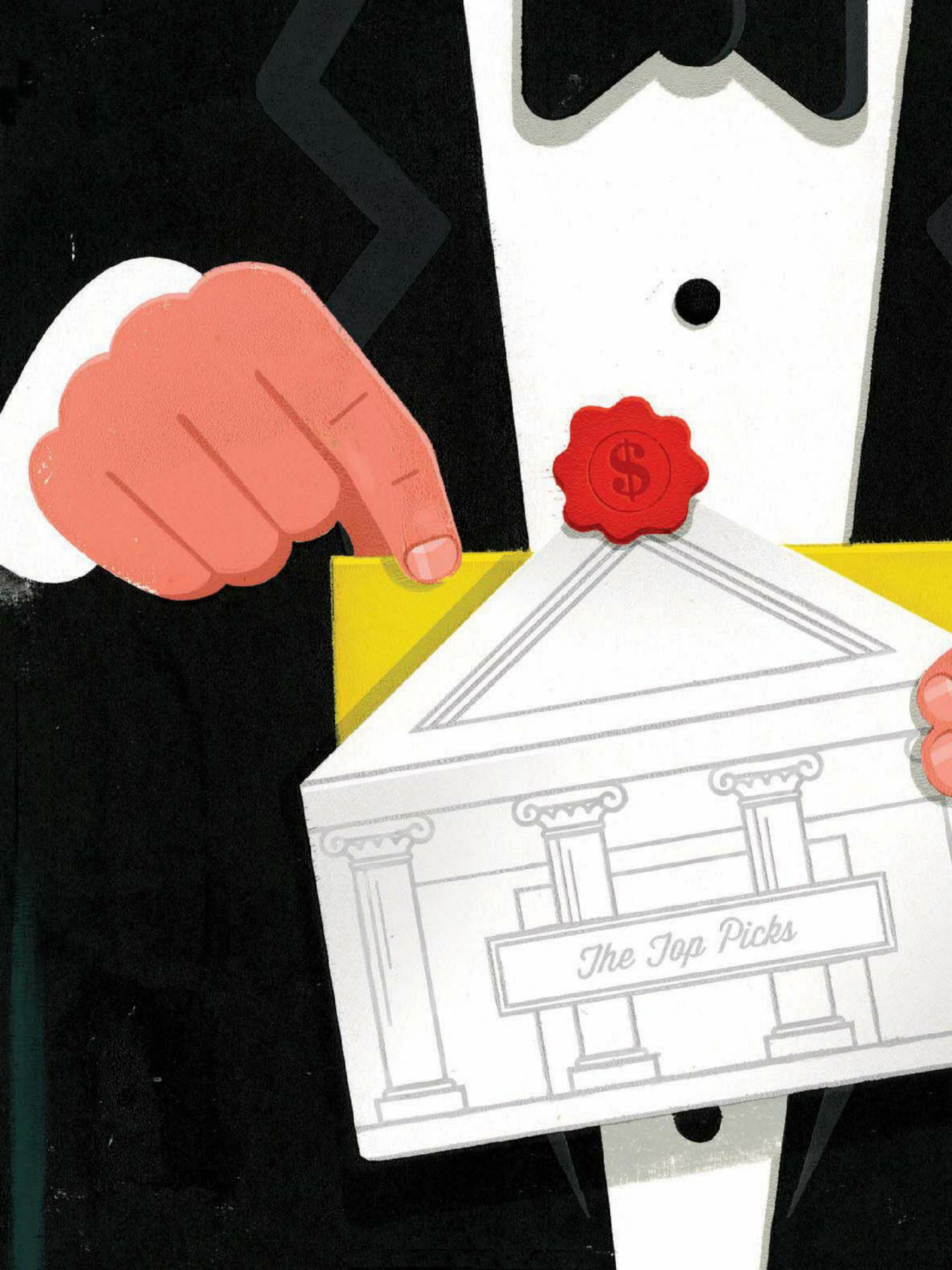
Like his tax plan, Trump's child-care proposal has drawn criticism as skewed toward the wealthy. As it's mainly a deduction, those with big tax bills would get the most back.

Could President Trump or President Clinton push his or her slate of ambitious economic plans past a recalcitrant Congress? Maybe. History shows Presidents have a knack for getting their way, at least early in their tenures.

MORE ONLINE

Check out our website for ongoing coverage of how the candidates could affect your money: *money.com/election2016.*

SOURCES FOR STATS: *Committee for a Responsible Federal Budget, Clinton and Trump campaigns*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The Top Picks

The BEST BANK FOR YOU

FEES ARE UP, AND INTEREST PAYOUTS ARE MICROSCOPIC—BUT YOU'VE GOT BETTER OPTIONS THAN EVER TO HELP YOU BEAT THE AVERAGES, *MONEY*'S ANNUAL SURVEY FINDS. AND THIS YEAR'S WINNERS ARE ...

By MEGAN LEONHARDT *and* ALICIA ADAMCZYK

DATA COLLECTION: MARY HANBURY AND SOPHIA TEWA

Illustrations by PETE THOMAS

After suffering through years of rising fees and puny interest rates, banking customers are finally getting a break. There are now more good choices than ever—not just online banks, which pay almost double the average checking account yield of their brick-and-mortar peers, but also a growing number of widely available credit unions, MONEY found in its annual quest to identify the best banks in the U.S.

And people are taking advantage. About 11% of consumers switched banks last year, up slightly from 2014, with moves to online banks leading the way, reports consulting firm Accenture. As credit unions have made it easier to join—15 of the 50 biggest now let customers sign up with a one-time payment to an associated group—their membership has surged as well.

Money BEST BANKS 2016-17

What's the best option for you? The answer depends largely on how much you stash away and the services you require. To help you compare offerings, MONEY evaluated the 75 largest U.S. traditional and online banks and the 50 biggest credit unions. We analyzed over 27,000 individual data points from about 800 separate accounts. Because even small charges quickly devour any interest you would earn now, we gave extra weight to banks that make it easiest to avoid maintenance, ATM, and other fees. "ATM fees increased yearly for the last 10 years, and overdraft fees have continued to rise for the past 17 years," says Bankrate's chief financial analyst, Greg McBride. We also assessed interest paid, customer service, and other factors; full methodology is on page 91.

Whether you want to pull up the stakes completely or are looking to add one account at a time, check out MONEY's winners to find the bank that best fits your finances.

The Best BIG BANKS (TIE)

If you are among the nearly nine in 10 consumers who want in-person service at a local branch but you often need a bank outside your neighborhood, you'll want a bank with a broad footprint. The two winners here cover wide but different swaths of the country.

TD Bank

WHY IT WINS TD Bank stands above the pack, particularly for customers on the East Coast. It's one of the few brick-and-mortar banks to offer a low-cost checking account that won't charge you to use other banks' ATMs—its Premier Checking Account is also a winner in our Best Stand-Alone Accounts section—and it gets high marks for both branch convenience and customer service.

CAVEAT While TD's money-market account pays almost seven times what other big banks offer, its 0.2% yield is still lower than what you can get online. You'll do better by adding a stand-alone savings account.

BRANCHES 1,200 across 15 states, largely along the East Coast, plus D.C.

KEY FACTORS

- TD's branches are open an average of 59 hours a week, well above the big-bank average of 46 hours.
- TD ranks above average in all the regions it serves, according to J.D. Power's 2016 retail banking survey.
- In addition to Premier Checking, TD's Convenience Checking lets you avoid fees with a $100 daily balance, as long as you stick to its own 2,100-plus ATMs.

U.S. Bank

WHY IT WINS U.S. Bank provides a winning combination of broad coverage, easily waived maintenance fees (with a $1,500 average monthly balance on basic checking, say), and great service. It has outposts in half the states in the country, with a particularly strong presence in the West, and takes top marks for customer service, according to J.D. Power. And the bank offers discounted auto and other loan rates to customers—something done by fewer than half of the brick-and-mortar banks MONEY analyzed.

CAVEAT In an age when mobile access is now expected—58% of Americans use mobile banking at least monthly—U.S. Bank's app lags behind. Both Android and iOS users give it just over three out of five stars, on average, with reviewers complaining about the convoluted design and slow load speeds.

BRANCHES 3,122 across 25 states in the Midwest and West.

KEY FACTORS

- U.S. Bank ranks above average in customer service in all the regions it serves, J.D. Power finds.
- Customers get up to a 0.5-point discount on auto loans, plus other preferential finance rates, and up to $1,000 off mortgage closing costs.
- You pay no outside ATM fees on its Premium Checking, plus you get modest interest.

The Best

ONLINE BANK

Don't need a teller? You can slash fees and boost yields by banking online. Only 29% of traditional banks have low-cost checking accounts that pay interest (average yield: 0.08%), compared with 70% of the online banks analyzed—which pay an average 0.14%. Because online banks don't have their own ATMs, reimbursement of other banks' surcharges is critical.

Bank of the Internet

WHY IT WINS Easy-to-use web and mobile tools, the highest interest rate on checking among online banks (up to 1.25%), and an absence of overdraft fees on its Rewards, Platinum, and Essential checking accounts pushed BofI to the top this year, edging out longtime winner Ally Bank. BofI also refunds all outside ATM surcharges on three of its five checking accounts.

CAVEATS You'll need both direct deposit and regular debit card use (15 transactions a month) to get the 1.25% rate; direct deposit alone nets you only 0.42%. Also, two of BofI's accounts (Platinum and Golden Checking) don't cover all surcharges by other ATM providers.

KEY FACTORS

- In addition to paying interest on checking, BofI has a no-fee money-market account with a 0.75% yield—above average even among online banks (although slightly below Ally's).
- BofI's mobile iOS and Android apps score an average of 4.3 (out of a possible five stars) from users, and its website was named "best in class" by the Interactive Media Council in May.

HONORABLE MENTION

Ally Bank

Ally won this category for the past five years and is a close contender overall. Its limited ATM reimbursements (capped at $10 a month) helped push it out of the top spot, but Ally customers can easily avoid surcharges by using the 43,000 Allpoint ATMs in the U.S. And Ally beats BofI on savings, paying 1% with no minimum.

When Convenience Matters Most

You should usually choose a bank based on account fees, interest rates, and customer service—all the factors MONEY considered when picking its best banks. On those fronts, the very biggest U.S. banks fall far short.

Yet convenience is another matter. If you move around regularly and never, ever want to deal with an out-of-network ATM—yet also want the ease and personal touch of branch service—you may in fact be best served by one of the jumbo players, which excel in number and location of branches and ATMs.

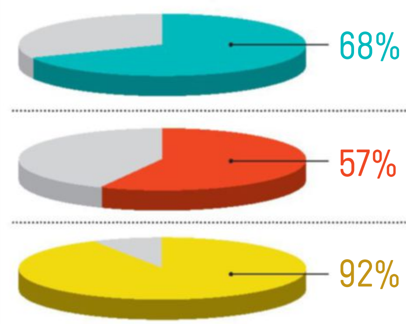
In that group, **JPMorgan Chase** is your best option. It has the most owned and operated ATMs (16,192), as well as a broad footprint—5,321 branches in 23 states—and easy access, with branches open an average of 50 hours a week. (The big-bank average is 46.) Users give its mobile apps an average 4.6 out of five stars.

STATE OF THE BANKS

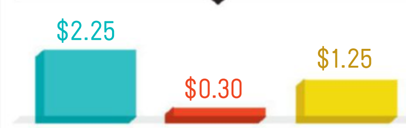
With interest rates low across the board, fees have a much greater impact on your bank account balance. Here's where the brick-and-mortar banks, credit unions, and online banks stand now.

KEY: Brick-and-mortar | Online bank | Credit union

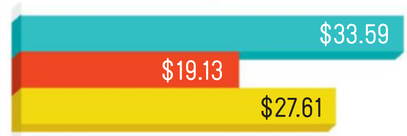
PERCENTAGE OF BANKS OFFERING CHECKING WITH NO MAINTENANCE FEE



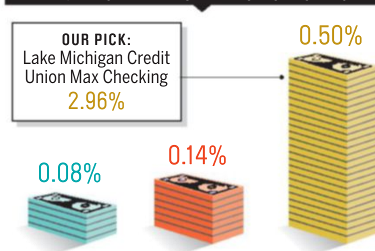
AVERAGE OUT-OF-NETWORK ATM FEE



AVERAGE OVERDRAFT FEE



AVERAGE INTEREST PAID ON CHECKING



NOTES: *Brick-and-mortar and credit union industry averages from Novantas Bank Choice Monitor Research, 2016. Online bank averages taken from MONEY's analysis. Checking account interest averages assume a minimum balance of $5,000.*
SOURCES: *Novantas, MONEY research*

LOVE YOUR BANK? HATE YOUR BANK? *Tell us why: alicia.adamczyk@moneymail.com.*

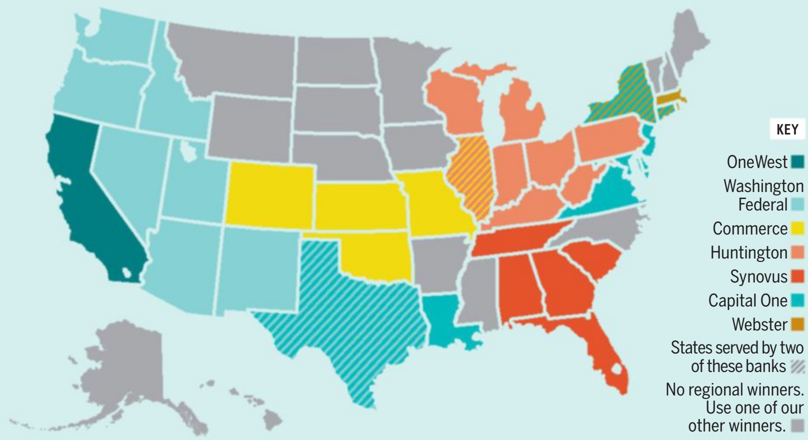
The Best

REGIONAL BANKS

Regional banks tend to have lower fees than the jumbos and a strong local presence. To win, banks needed a checking account with easily waived fees. We also looked for above-average interest on savings and customer service ratings, where possible.

WHICH REGIONAL BANK IS BEST FOR YOU?

If no regional winner serves your state, pick one of our overall winners: Best Big Banks (TD Bank or U.S. Bank), Best Online Bank (Bank of the Internet), or Best Credit Union (First Tech Federal C.U.).



CALIFORNIA

OneWest Bank

WHY IT WINS It's easy to escape paying fees with OneWest Bank, and rates on multiple accounts beat brick-and-mortar averages. It doesn't charge outside ATM fees and reimburses some ATM surcharges. And its Green Savings pays 0.4% on a $100 minimum.

CAVEAT OneWest's iOS and Android apps score only an average of 2.7 (out of five stars), below many other winners.

BRANCHES 70 in California.

STANDOUT CHECKING
Premium Checking
- Maintenance fee: $10, waived with a $1,000 monthly balance.
- Outside ATM fee: $0, and reimburses up to $20 a month in other ATM surcharges if you maintain an average $5,000 balance.
- Interest: 0.1% on balances below $25,000.

WESTERN U.S.

Washington Federal

WHY IT WINS You can avoid both maintenance and out-of-network ATM fees here. The bank's $25 overdraft fee is also below the $34 brick-and-mortar average.

CAVEAT Reviewers in both iOS and Android app stores give Washington Federal the lowest scores of any regional winner.

BRANCHES 239 in eight Western states.

STANDOUT CHECKING
Performance Checking
- Maintenance fee: $12, waived with a $1,000 monthly balance.
- Outside ATM fee: $0
- Interest: 0.05% on balances of at least $1,000.

MIDWEST

Commerce Bank

WHY IT WINS Commerce lets you avoid the maintenance fee on checking accounts and even waives the first few outside ATM fees. The bank also offers auto-loan discounts that can shave 0.35 point or more off the going rate.

CAVEAT Users fault its app for limited capabilities.

BRANCHES 190 in five Midwestern states.

STANDOUT CHECKING
CommerceOptions Plus Checking
- Maintenance fee: $12, waived with $5,000 average monthly balance or $10,000 combined deposit and loan balance.
- Outside ATM fees: First three per month are free, then $2.75.
- Interest: 0.05%

GREAT LAKES

Huntington Bank

WHY IT WINS Huntington's monthly fees are modest for a brick-and-mortar bank; its standout checking pays interest on even the smallest balances; and once a merger with FirstMerit Bank is final in early 2017, the combined institution will have a larger footprint than any of our regional winners. Strong customer service ratings from J.D. Power push the bank over the top: Its new All Day Deposits, for instance, give you same-day credit for evening deposits made via an ATM or a mobile app.

CAVEAT Huntington's $37.50 overdraft fee is one of the highest among all banks analyzed.

BRANCHES 1,103 in eight states.

STANDOUT CHECKING
Huntington 5 Checking
- Maintenance fee: $5, waived with a $5,000 combined balance.
- Outside ATM fee: The first five per statement are free, with outside surcharges reimbursed; then $3.
- Interest: 0.15%

SOUTHEAST

Synovus Bank

WHY IT WINS Synovus comes out ahead in the Southeast with consumer-friendly fee policies: Across both checking and savings, you can waive maintenance fees with minimum balances no higher than $5,000. It also offers modest customer discounts on loan rates.

CAVEAT You won't be able to avoid paying an outside ATM fee if you've got Synovus's most basic checking account.

BRANCHES 253 in five states.

STANDOUT CHECKING
Synovus Preferred Checking Account
- Maintenance fee: $25, waived with a $5,000 balance.
- Outside ATM fee: Four free per cycle, then $2.50.
- Interest: 0.05% with a $1,000 minimum.

MID-ATLANTIC

Capital One Bank

WHY IT WINS A friendly fee structure and decent yields make the bank a winner. Its 360 Money Market account has no maintenance fee and pays 0.6% to 1% interest, far better than the 0.08% average for regional savings accounts. And Capital One is the largest bank to offer low-cost checking with no overdraft fees, Novantas finds. It also scores high on J.D. Power's customer service ratings.

CAVEAT If you don't qualify for Capital One's best checking account, another account lets you avoid monthly fees with just a $300 daily balance—but you won't get interest, and you'll pay $2 to use outside ATMs.

BRANCHES 843 in eight states and D.C.

STANDOUT CHECKING
High Yield Checking
- Account requirements: $5,000 combined monthly balance or a Capital One home loan.
- Maintenance fee: $0
- Outside ATM fee: $0, and reimburses up to $15 a month of other banks' surcharges.
- Interest: 0.4% introductory APY for the first 12 months; 0.2% after that.

NEW ENGLAND

Webster Bank

WHY IT WINS Webster comes out ahead in New England with four checking accounts that waive the monthly fee with a balance of $4,000. It rates above average in J.D. Power's customer service ranking of banks in the Northeast. Webster also offers a free checking account for students that reimburses up to four outside ATM fees per month.

CAVEAT Interest rates on Webster's savings and checking accounts are below regional averages.

BRANCHES 176 in four states.

STANDOUT CHECKING
WebsterOne Relationship Checking
- Maintenance fee: $16.95, waived with a $4,000 monthly combined balance.
- Outside ATM fee: $0
- Interest: 0.01%

The Best
CREDIT UNION FOR EVERYONE

Credit unions tend to offer lower fees and higher yields than big banks, with stronger national customer service ratings. Another plus: Many of the largest are now easy to join and access, no matter where you live or work.

First Tech Federal Credit Union

WHY IT WINS First Tech has the physical reach of a national bank, yet its sweetest account, Dividend Rewards Checking, pays a 1.57% yield—roughly 20 times higher than the average interest paid by traditional banks, according to MONEY's analysis. In addition to First Tech's 40 outposts, you get a massive set of 30,000 fee-free ATMs, plus access to the Co-Op network's 5,000 partner credit union branches, where you can make withdrawals and deposits, buy money orders, and even submit loan payments.

CAVEATS If you don't live near a First Tech or partner branch, you'll need to use it like an online bank. And the Dividend Rewards account has several restrictions. If you're not a debit card user or want paper statements, for instance, use the no-fee Checking Plus account.

BRANCHES 40 in eight states and Puerto Rico.

KEY FACTORS
- First Tech does not charge maintenance fees on any personal accounts. Its Dividend Rewards Checking waives ATM fees and reimburses other surcharges.
- A big network of credit union partners gives First Tech the breadth of a big, national bank.

Money's Selection Process

MONEY analyzed the 75 largest brick-and-mortar banks and online banks by consumer deposits—based on data from consulting firm Novantas—as well as the 50 biggest credit unions, selecting those you can join via a one-time payment to an associated group. From almost 800 accounts, MONEY gathered 27,000-plus data points, including account terms, ATM networks, branch hours, mobile-app features, preferential loan rates, and other benefits.

For **Best Big Bank, Regional Banks, Online Bank,** and **Credit Union for Everyone,** MONEY screened first for banks with checking accounts that let you avoid all maintenance and ATM fees with a balance of no more than $5,000. Of those, MONEY gave points for reimbursement of other ATMs' surcharges; interest paid on checking and savings; published J.D. Power customer service ratings, when available; loan discounts; geographic reach; and mobile apps.

In **Best for Convenience,** selections were based on geographic reach, ATM networks, and average branch hours.

Best Stand-Alone, Military, and **Small-Business Accounts** were chosen based on a narrower set of factors, including the ability to avoid maintenance and ATM fees, interest paid, low foreign-transaction fees, cash transaction limits, and other relevant benefits.

The Best

STAND-ALONE ACCOUNTS

While 83% of the traditional banks we analyzed offer lower fees, higher rates, or other perks if you have money in multiple accounts, you may also profit by moving some cash elsewhere—particularly if you're already above the minimum balance or your bank doesn't offer such benefits. Here are our selections.

BEST CHECKING ACCOUNTS

CREDIT UNION

Lake Michigan Credit Union Max Checking

WHY IT WINS Max Checking has no maintenance fee and an ultra-rare yield: 3% on up to $15,000. You don't need to live nearby and can use the 43,000 Allpoint ATMs for free.

CAVEAT To get the high yield, you need direct deposit, online statements, and 10 debit card purchases plus four online banking log-ins a month.

BRANCHES 39 in Michigan and Florida.

ACCOUNT TERMS

- Eligibility: Join with a one-time $5 gift to the ALS Association.
- Maintenance fee: $0
- Outside ATM fee: $1, but reimburses up to $15 of those and other surcharges monthly.
- Interest: 3% yield on first $15,000.

ONLINE BANK

Bank of the Internet Rewards Checking

WHY IT WINS No maintenance fee, no ongoing minimum balance, and a generous yield make this the best option among online banks. BofI also reimburses all U.S. ATM fees and gives cash back on debit card purchases.

CAVEAT To get the best rate, you'll need direct deposit and 15 monthly debit card transactions. Want less hassle? BofI's Platinum account pays 0.71% if your monthly balance tops $5,000.

BRANCHES None.

ACCOUNT TERMS

- Maintenance fee: $0
- Outside ATM fees: None, and other surcharges 100% reimbursed.
- Interest: Up to 1.25%.

BRICK-AND-MORTAR

TD Premier Checking

WHY IT WINS TD's Premier Checking is the only big-bank offering that pays some interest while letting you avoid the peskiest fees with a $2,500 balance. The account never charges an outside ATM fee, and it even reimburses surcharges from non-TD ATMs.

CAVEAT Behave yourself: TD's $35 overdraft fee is higher than the brick-and-mortar average.

BRANCHES 1,200 in 15 states, largely on the East Coast, plus D.C.

ACCOUNT TERMS

- Maintenance fee: $25, waived with a $2,500 average daily balance.
- Outside ATM fees: None, with other surcharges reimbursed at a $2,500 balance.
- Interest: 0.05%

SAVINGS

Goldman Sachs Online Savings

WHY IT WINS New entrant Goldman Sachs wins with a top-tier 1.05% APY, no maintenance fees, and no minimum balance.

CAVEATS Goldman's bank operation has only two physical branches, in New York and in Salt Lake City, so you probably won't be able to visit in person. You cannot link your savings account to a Goldman Sachs investment account.

ACCOUNT TERMS

- Maintenance fee: $0
- APY: 1.05%

1-YEAR CD

Synchrony Certificate of Deposit

WHY IT WINS Synchrony's 1.25% interest rate is best in class while requiring a modest $2,000 deposit.

CAVEAT Synchrony edged past some close contenders. Sallie Mae Bank, for instance, pays 1.24% on one-year CDs, and Goldman Sachs pays 1.19%.

ACCOUNT TERMS

- Minimum to open: $2,000
- Interest: 1.25%
- Early withdrawal penalty: It's the industry standard—90 days of simple interest on the amount withdrawn.

FOR FOREIGN TRAVELERS

Capital One 360 Checking

WHY IT WINS If you travel abroad regularly, fees on foreign ATM withdrawals and debit card transactions can add up quickly. This is one of the only accounts without a maintenance fee that will keep you from getting dinged when you're overseas, and it beats rivals by paying some interest on your balance. (The account also has no overdraft fees.) The bank scores above average in a majority of the regions it serves, according to J.D. Power's customer service index.

CAVEAT This account is online only.

ACCOUNT TERMS

- Maintenance fee: $0
- Foreign-transaction fee: 0%
- Non-U.S. ATM fee: $0
- Outside ATM fee: $0
- Interest: Up to 0.2% on up to $50,000.

The Best for

MILITARY

Service personnel and their families tend to relocate periodically and spend long periods overseas. To identify the best checking account for these users, MONEY sought low out-of-network and foreign-transaction fees, plus other perks for active and former military.

USAA Federal Savings Bank

WHY IT WINS USAA outperforms other military offerings with a mix of benefits: no maintenance fee and easily waived ATM fees, plus discounts on student loans, a free credit score each month, and alerts for changes in your credit. The first 10 outside ATM withdrawals a month are free—particularly important for a service member deployed overseas, away from USAA's ATM network—and USAA will reimburse up to $15 each month in outside ATM surcharges.

CAVEAT Interest is below average for brick-and-mortar checking. There is just one branch, in San Antonio. If you're not going to avail yourself of the loans or other perks, you can avoid foreign-transaction and ATM fees with our pick for Foreign Travelers, Capital One 360 Checking.

ACCOUNT TERMS

Secure Checking

- Minimum to open: $25, waived for new recruits.
- Maintenance fee: $0
- Foreign-transaction fee: 1%
- Outside ATM fee: First 10 withdrawals per month free, then $2; up to $15 a month in other surcharges are reimbursed.
- Interest: 0.01%

The Best for

SMALL BUSINESS

Low-fee checking accounts are also critical for small firms. Startups in particular may have lower balances—the average small-business checking account holds $12,100, a recent JPMorgan Chase Institute report found—while cash-intensive businesses require unlimited monthly transactions.

FOR STARTUPS

Key Bank

WHY IT WINS The monthly fee can be waived with a $7,500 balance and isn't even levied for the first two months. The bank has a broad footprint, unlimited free transactions, and a generous cash deposits limit.

CAVEAT Key Bank will charge you $2.50 every time you use another institution's ATM.

BRANCHES 1,200 in 16 states.

ACCOUNT TERMS

Business Reward Checking

- Maintenance fee: $25, waived with a $7,500 balance.
- Outside ATM fee: $2.50
- Number of free transactions: 500 per month.
- Cash transaction limit: $25,000 to $50,000, depending on location.
- Interest: None.

FOR CASH BUSINESSES

First Republic

WHY IT WINS For small businesses that handle a lot of cash, First Republic's Business Interest Checking scores with unlimited transactions and cash deposits; it also features no outside ATM fees and even pays a (tiny) amount of interest.

CAVEAT You'll need a $15,000 balance to avoid the maintenance fee.

BRANCHES 69 in six states.

ACCOUNT TERMS

Business Interest Checking

- Maintenance fee: $30, waived with a $15,000 balance.
- Outside ATM fee: $0
- Number of free transactions: Unlimited.
- Cash transaction limit: None.
- Interest: 0.01%

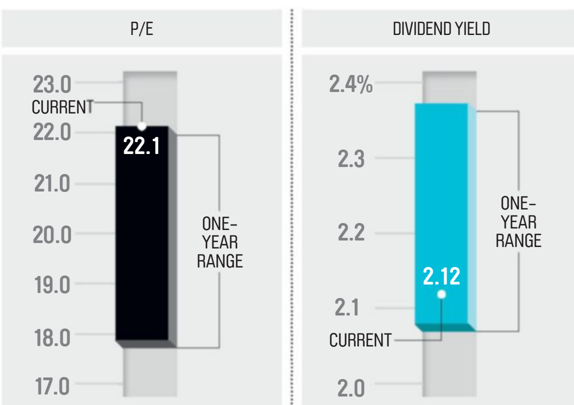
More Online

For extra Best Banks features—a list of credit unions you can join from anywhere, the best bank if you're broke, help dumping your bank, and helpful videos—visit **money.com/bestbanks.**

Oil and Equity Prices Rally

TYPICALLY the market favors low oil prices, as they keep inflation down and profits up. Lately, though, Wall Street sees rising oil prices as a sign of economic stability. So stocks got a lift at the end of September, after OPEC voted to limit crude output for the first time since 2008.

S&P 500 RATIOS



BENCHMARKS

INDEX	TOTAL RETURN: ONE MONTH	ONE YEAR	THREE YEARS[1]
S&P 500	0.3%	18.0%	11.0%
Nasdaq[2]	1.9	17.1	12.0
Russell 2000	1.6	16.9	6.8
Morgan Stanley EAFE	0.1	6.8	0.1
Dow Jones industrial average	-0.1	17.7	9.0
Barclays U.S. aggregate bond index	0.4	5.5	4.1
SECTOR			
Utilities	2.7	22.1	14.3
Information technology	2.4	24.9	17.2
Energy	0.7	20.4	−2.9
Telecom services	0.0	28.8	9.7
Health care	-0.1	15.1	14.5
Industrials	-0.2	22.3	10.2
Financials	-0.8	9.4	8.0
Consumer discretionary	-1.0	11.9	11.2
Consumer staples	-1.3	16.8	12.6
Basic materials	-1.4	25.5	6.4

NOTES AND SOURCES: *Stock index data as of Sept. 28 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 four quarters of operating earnings through first quarter of 2016. Biggest funds ranked by total net assets. [1]Annualized. [2]Price change only.*

BIGGEST MUTUAL FUNDS BY CATEGORY

CATEGORY	TOTAL RETURN: ONE YEAR	THREE YEARS[1]	EXPENSES (AS % OF ASSETS)
LARGE-CAP STOCKS			
Fidelity Contrafund (FCNTX)	12.5%	10.1%	0.71
American Funds Growth Fund of America (AGTHX)	17.4	10.2	0.65
American Funds Investment Co. of America (AIVSX)	20.0	10.4	0.58
Dodge & Cox Stock (DODGX)	17.3	8.8	0.52
American Funds Wash. Mutual Investors (AWSHX)	17.9	9.2	0.58
MIDCAP			
Vanguard Mid-Cap Index (VIMAX)	14.9	9.8	0.08
Fidelity Low-Priced Stock (FLPSX)	8.5	6.6	0.79
Vanguard Extended Market Index (VEXAX)	15.2	7.5	0.09
Fidelity Spartan Extended Market Index (FSEVX)	15.0	7.6	0.07
Vanguard Strategic Equity Fund (VSEQX)	12.7	10.2	0.21
SMALL-CAP			
Vanguard Small-Cap Index (VSMAX)	16.6	8.0	0.08
Vanguard Small-Cap Value Index Fund (VSIAX)	18.3	9.6	0.08
Vanguard Explorer (VEXRX)	14.7	6.3	0.35
T. Rowe Price Small-Cap Value (PRSVX)	19.0	6.3	0.92
Vanguard Small-Cap Growth Index (VSGAX)	14.6	6.1	0.08
BALANCED			
American Funds American Balanced (ABALX)	13.8	8.2	0.58
Fidelity Balanced (FBALX)	12.4	8.0	0.56
Fidelity Puritan Fund (FPURX)	11.7	8.0	0.56
Vanguard Star Fund (VGSTX)	12.4	6.7	0.34
Vanguard Balanced Index Fund (VBIAX)	12.6	7.9	0.08
INTERNATIONAL			
Vanguard Total International Stock Index (VGTSX)	12.3	0.8	0.19
Harbor International (HAINX)	10.4	−0.5	0.76
American Funds EuroPacific Growth (AEPGX)	10.4	2.9	0.83
Vanguard International Growth Fund (VWILX)	20.8	3.3	0.34
T. Rowe Price International Stock Fund (PRITX)	14.0	3.2	0.83
EMERGING MARKETS			
American Funds New World (NEWFX)	15.8	0.7	1.04
Vanguard Emerging Markets Stock Index (VEMAX)	20.3	0.2	0.15
T. Rowe Price Emerging Markets Stock (PRMSX)	27.6	3.1	1.24
Fidelity Emerging Markets (FEMKX)	22.9	2.4	1.05
Northern Emerging Markets Equity Index Fund (NOEMX)	21.1	−0.7	0.31
U.S. GOVERNMENT BONDS			
Fidelity Government Income (FGOVX)	3.9	3.3	0.45
American Funds U.S. Government Securities (AMUSX)	2.9	2.9	0.65
MFS Government Securities (MFGSX)	3.5	2.7	0.88
Sit U.S. Government Securities (SNGVX)	2.2	1.8	0.80
JPMorgan Government Bond (OGGAX)	4.0	3.2	0.75
INVESTMENT-GRADE			
Vanguard Total Bond Market Index (VBTLX)	5.5	4.1	0.06
Vanguard Total Bond Market II Index (VTBIX)	5.4	4.0	0.09
Dodge & Cox Income (DODIX)	7.3	4.3	0.43
Vanguard Short-Term Investment-Grade (VFSUX)	3.6	2.5	0.10
T. Rowe Price New Income (PRCIX)	5.5	4.0	0.59
HIGH YIELD			
Vanguard High-Yield Corporate (VWEAX)	9.2	5.4	0.13
American Funds American High-Income Trust (AHITX)	9.6	2.7	0.67
Fidelity Capital & Income (FAGIX)	9.0	6.3	0.75
Northern High Yield Fixed Income (NHFIX)	6.2	3.4	0.81
Fidelity High Income (SPHIX)	10.1	4.0	0.73
TAX-EXEMPT			
Vanguard Intermediate-Term Tax-Exempt (VWIUX)	5.3	4.8	0.12
Vanguard Limited-Term Tax-Exempt (VMLUX)	2.0	1.8	0.12
Fidelity Municipal Money Market (FTEXX)	0.1	0.0	0.40
Vanguard Tax-Exempt Money Market (VMSXX)	0.2	0.1	0.15
Vanguard Short-Term Tax-Exempt Fund (VWSUX)	0.8	0.8	0.12

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    - JANA Partners LLC, 767 Fifth Avenue, Suite 800, New York, NY 10153
    - Westwood Management Corp. (Texas), 200 Crescent Ct., #1200, Dallas, TX 75201
    - J.P. Morgan Investment Management Inc., 270 Park Ave., 8th Floor, New York, NY 10017
    - State Street Global Advisors (SSgA), One Lincoln St., 27th Floor, Boston, MA 02111-2900
    - Dimensional Fund Advisors L.P. (U.S.), Palisades W., Bldg. One, 6300 Bee Cave Rd., Austin, TX 78746
    - Schroder Investment Management LTD, 31 Gresham Street, London, U.K. EC2V 7QA
    - Norges Bank Investment Management (Norway), Bankplassen 2, P.O. Box 1179, Sentrum Oslo, Norway, NO-0107
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    - Thrivent Asset Management LLC, 625 Fourth Avenue South, Minneapolis, MN 55415-1624
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    - Renaissance Technologies LLC, 800 Third Avenue, New York, NY 10022
    - TCW Investment Management Co., 865 South Figueroa Street, Suite 1800, Los Angeles, CA 90017
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4. Paid distribution by other classes of mail through the USPS:	0
c. Total paid distribution:	1,393,753
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1. Free or nominal rate outside-county copies included on PS Form 3541:	200,653
2. Free or nominal rate in-county copies included on PS Form 3541:	0
3. Free or nominal rate copies mailed at other classes through the USPS:	0
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g. Copies not distributed:	102,954
h. Total:	1,703,021
i. Percent paid:	87.1%

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17. Signature and date: Maria Beckett, SVP Finance, Sept. 16, 2016
    I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

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The Fed Primes the Stock Pump

BY LEAVING RATES ALONE, THE CENTRAL BANK GAVE MANY *MONEY* 50 EQUITY FUNDS A LIFT.

THE FEDERAL RESERVE voted to keep short-term borrowing rates near record lows, to the delight of investors who didn't want the Fed to blunt the stimulative monetary policies of central banks in Europe and Japan. The combination of a restrained Fed and strong consumer confidence numbers had most portfolios in our recommended list of mutual and exchange-traded funds edging slightly higher in the four weeks ended Sept. 28.

For the second consecutive month, foreign equity funds were among the best performers in the MONEY 50, in part as Japanese shares rose thanks to unprecedented stimulus from the Bank of Japan. **Vanguard International Growth,** which invests about 40% of its assets in Asia, gained 3.8% for the month. —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[1]		
BUILDING-BLOCK FUNDS					
Large-Cap					
Schwab S&P 500 Index (SWPPX)	**0.3%**	17.8%	10.9%	0.09	435-4000
Schwab Total Stock Market Index (SWTSX)	**0.5**	17.2	10.2	0.09	435-4000
Midcap/Small-Cap					
iShares Core S&P Mid-Cap (IJH)	**0.0**	17.0	9.4	0.12	474-2737
iShares Core S&P Small Cap (IJR)	**1.0**	19.3	9.1	0.12	474-2737
Foreign					
Fidelity Spartan International (FSIIX)	**1.7**	8.4	0.4	0.19	544-8544
Vanguard Total Intl. Stock (VGTSX)	**1.8**	12.3	0.8	0.19	662-7447
Vanguard FTSE A/W ex-U.S. Small (VFSVX)	**2.0**	14.3	2.8	0.31	662-7447
Vanguard Emerging Markets (VEIEX)	**1.9**	20.1	0.0	0.33	662-7447
Specialty					
Vanguard REIT Index Investor (VGSIX)	**1.1**	24.4	14.2	0.26	662-7447
Bond					
Vanguard Total Bond Market (VBMFX)	**0.4**	5.4	3.9	0.16	662-7447
Vanguard Short-Term Bond (VBISX)	**0.3%**	2.0%	1.6%	0.16	662-7447
Vanguard Inflation-Protected (VIPSX)	**1.1**	7.0	2.4	0.20	662-7447
Vanguard Short-Term Infl.-Prot. (VTIP)	**0.6**	2.8	0.4	0.08	662-7447
Vanguard Total Intl. Bond Index (VTIBX)	**0.2**	7.6	5.7	0.17	662-7447
CUSTOM FUNDS					
Large-Cap					
Dodge & Cox Stock (DODGX)	**1.8**	17.3	8.8	0.52	621-3979
PowerShares FTSE RAFI U.S. 1000 (PRF)	**0.3**	17.6	9.4	0.39	843-2639
Sound Shore (SSHFX)	**0.9**	17.4	8.6	0.93	551-1980
PowerShares S&P High Qual. Port. (SPHQ)	**–1.0**	18.3	12.1	0.29	983-0903
Primecap Odyssey Growth (POGRX)	**3.3**	20.1	11.3	0.64	729-2307
T. Rowe Price Blue Chip Growth (TRBCX)	**1.3**	13.8	11.4	0.71	638-5660
Midcap					
Ariel Appreciation (CAAPX)	**–0.6**	14.4	6.7	1.12	292-7435
WisdomTree MidCap Dividend (DON)	**0.8**	23.2	12.5	0.38	909-9473[2]
T. Rowe Price Div. Mid Cap Gro. (PRDMX)	**–0.1**	13.5	9.3	0.87	638-5660
Small-Cap					
Royce Opportunity (RYPNX)	**1.3**	19.3	3.4	1.17	221-4268
Vanguard Small-Cap Value (VBR)	**0.8**	18.3	9.6	0.08	662-7447
WisdomTree SmallCap Dividend (DES)	**1.2**	24.7	9.6	0.38	909-9473[2]
Wasatch Small Cap Growth (WAAEX)	**2.8**	13.7	4.6	1.22	551-1700
Specialty					
PowerShares Intl. Div. Achievers (PID)	**1.9**	8.1	–1.9	0.55	983-0903
SPDR S&P Dividend (SDY)	**–0.4**	26.9	12.5	0.35	787-2257[2]
Cohen & Steers Realty Shares (CSRSX)	**1.3**	22.9	14.8	0.96	437-9912
SPDR Dow Jones Intl. Real Estate (RWX)	**–1.7**	9.6	3.1	0.59	787-2257[2]
iShares N. American Nat. Resources (IGE)	**0.9**	23.2	–4.6	0.48	474-2737
Foreign					
Oakmark International (OAKIX)	**2.5**	9.6	–1.3	0.95	625-6275
Vanguard International Growth (VWIGX)	**3.8**	20.6	3.2	0.47	662-7447
T. Rowe Price Emerging Markets (PRMSX)	**3.0**	27.6	3.1	1.24	638-5660
Bond					
Dodge & Cox Income (DODIX)	**0.4**	7.3	4.3	0.43	621-3979
Fidelity Total Bond (FTBFX)	**0.4**	7.4	4.5	0.45	544-8544
Vanguard Short-Term Inv. Grade (VFSTX)	**0.3**	3.5	2.4	0.20	662-7447
iShares iBoxx $ Inv. Grade Corp. (LQD)	**0.3**	9.6	6.3	0.15	474-2737
Loomis Sayles Bond (LSBRX)	**0.3**	9.1	2.9	0.89	633-3330
Fidelity High Income (SPHIX)	**0.5**	10.1	4.0	0.73	544-8544
Vanguard Intm.-Term Tax-Ex. (VWITX)	**–0.3**	5.2	4.7	0.20	662-7447
Vanguard Limited-Term Tax-Ex. (VMLTX)	**–0.2**	1.9	1.7	0.20	662-7447
Templeton Global Bond (TPINX)[3]	**–1.1**	1.4	–0.6	0.89	632-2301
Fidelity New Markets Income (FNMIX)	**0.9**	18.8	7.1	0.86	544-8544
ONE-DECISION FUNDS					
Balanced					
Fidelity Balanced (FBALX)	**0.2**	12.4	8.0	0.56	544-8544
Fidelity Global Balanced (FGBLX)	**1.1**	11.3	3.4	1.02	544-8544
Vanguard Wellington (VWELX)	**0.3**	13.7	7.8	0.26	662-7447
Target Date					
T. Rowe Price Retirement series (STOCK/BOND ALLOCATION)					
Example: 2005 Fund (45%/55%) (TRRFX)	**0.6**	10.4	5.0	0.58	638-5660
Example: 2020 Fund (68%/32%) (TRRBX)	**0.9**	12.7	6.2	0.66	638-5660
Vanguard Target Retirement series					
Example: 2025 Fund (70%/30%) (VTTVX)	**0.7**	12.4	6.4	0.15	662-7447
Example: 2035 Fund (84%/16%) (VTTHX)	**0.9**	13.7	6.7	0.15	662-7447

***NOTES:** As of Sept. 28, 2016. N.A.: Not available. Load funds are included for those who prefer to use a broker. [1]Annualized. [2]Phone numbers are 866. [3]4.25% sales load.*
***SOURCES:** Lipper, New York, 877-955-4773; the fund companies*


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Cuba Libre

by Abby Ellin

NOW THAT DIPLOMATIC relations between the U.S. and Cuba have been restored, I fear it's only a matter of time before Havana turns into the "spring break" capital of the world. Americans in backward baseball caps (or worse: man buns) will mojito their way around the country faster than that old man could reel in fish. Starbucks and the Gap will sprout next to cigar shops hawking Hemingway magnets. I'm already nostalgic for the old days—and they weren't even that old.

I visited Cuba, in 1999 and 2005, on journalistic missions. It was a fascinating place but hard to navigate as a visitor. There were no ATMs linked to American banks, and credit cards were useless. You had to bring whatever money you'd need from the States. On my first trip you could use American dollars, but by the time of my second visit, Fidel Castro had implemented the convertible peso, or CUC, and charged a 10% conversion commission along with unfavorable exchange rates.

I brought cash from the States, of course, but I hadn't realized the CUC was so exorbitant and that food, transportation, and hotels were so expensive. By the time my seven-day trip was ending I was down to $75, enough for a few meals, a room in someone's home (a *casa particular* in the pre-Airbnb era), and the $25 country departure fee.

On my last night in Old Havana, I roamed the streets to soak up the culture—free fun. I peered into art galleries—converted garages, really—and I wandered into one run by a woman who spoke perfect English. One painting spoke to me—an abstract of stars, moons, flowers, and bright-red boats sailing on ocean waves. A candle burned in its corner.

"I call it *Blood Moon,*" she said. "It's about my relationship to Cuba, and Cuba's relationship to the rest of the world."

It wasn't terribly sophisticated, but it was hopeful and heartbreaking at the same time, like the country itself. It was also $150, which I didn't have. Could I mail the money to a relative of hers in Miami, and then she might send me the painting after?

"Just take it," she said, as if I had requested a piece of Juicy Fruit. "I trust you. Give me what you can now, and then send the rest to my son in Miami."

I had been warned that the Cubans thought Americans were loaded, that they would befriend us with one hand while reaching into our pockets with the other. Here was a woman doing nothing but being kind to a stranger. She scribbled her son's name on a piece of paper, rolled up the painting, and sent me on my way.

As soon as I got home I sent her son the money. And 11 years later, *Blood Moon* still hangs on my wall, between a Vietnamese tapestry and an etching I bought in Brazil. Cuba may be changing, but I hope its warm and gracious people never do.

Abby Ellin, a journalist in New York, is writing a book on deception.

GETTY IMAGES (FRAME)

Illustration by SERGE BLOCH


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