THE 35 BEST MOVES FOR BUYERS, SELLERS, AND OWNERS NOW

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INVESTING
Safe Stocks for a Rocky Market

CAREERS
5 Easy Ways to Be More Productive

STARTING OUT
The New Grad’s Guide to Financial Life
This cloud opens doors of opportunity.

The Microsoft Cloud has helped Temenos lower the cost of borrowing by 90%. By putting their core banking software in the cloud, microfinance institutions are able to reduce the need for infrastructure and management. In turn, this opens the doors of opportunity for millions of underbanked people all over the globe.

This is the Microsoft Cloud.
Just because you don’t see it, doesn’t mean it isn’t there.

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MORNING COMMUTES ARE EASIER AFTER A WEEKEND OF LONG DRIVES

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BOOK A WESTIN WEEKEND

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THE NEW RETIREMENT
The latest research on saving, investing, and living well after your working days are over. Are you ready for retirement? Take our online quiz to find out.
money.com/newretirement

TOUR MONEY’S BEST DESTINATIONS
From where to eat in San Diego’s Little Italy to the best museums in Prague, we’ve got the inside track for travelers.
money.com/besttravel

BEST COLLEGES FOR AFRICAN AMERICANS
Complete rankings of the top 50 schools (see page 32).
money.com/bestcolleges

COLUMNIST
IAN SALISBURY
keeps an eye on the changing rules of the real estate market.
@iansalisbury

SPRING HOME-IMPROVEMENT GUIDE
The smartest upgrades, from roof to basement. Learn the essentials you need to know before replacing windows, refinishing floors, remodeling kitchens, and more. Plus, expert tips for setting a budget, working with contractors, and getting the best return on your investment.
money.com/homeimprovement

Find the latest at money.com/getdigital.
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Discover what makes us a different kind of financial partner at the new TIAA.org.

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INVESTING | ADVICE | BANKING | RETIREMENT
Is Your Adviser Really on Your Side?

Your financial adviser is duty bound to make recommendations that are in your best interests—or at least that’s what many people assume. Otherwise, why would you trust this person to help you save for retirement, invest wisely, and make other critical decisions about your family’s money?

In practice, though, not all advisers adhere to this seemingly commonsense principle, known as the fiduciary standard. But that could change soon under a landmark federal rule that would require anyone giving advice or selling investments for your retirement accounts to act solely in your best interests. This would include recommendations for rolling over your 401(k) into an IRA, which is the single biggest financial decision many people make.

Who currently isn’t required to act in your best interests? Many brokers and insurance agents only have to follow a so-called suitability standard, which means that they have to suggest investments that are appropriate for the customer, but not necessarily the best options. The picks can include expensive or risky products that pay the adviser a high commission, despite the apparent conflict of interest. Such conflicted advice, according to a 2015 report by the White House Council of Economic Advisers, collectively costs savers $17 billion a year.

By contrast, registered investment advisers follow the more stringent fiduciary standard, which dictates that they put your financial interests ahead of their own.

Now, after nearly seven years of stop-and-start efforts, the U.S. Labor Department’s rule, expected soon but not yet issued at press time, would end that double standard. At MONEY, we believe this is a sensible, long overdue reform. As editor-at-large Penelope Wang noted in a post on our website, Money.com, detailing our view: “All financial advisers should be held to the highest standards, just like lawyers, doctors, and other professionals.”

Once issued, the rule still faces powerful opponents, who could seek to have its provisions watered down or overturned by legislation. And even supporters agree that the rule isn’t a cure-all for inappropriate advice and that some aspects of the rule need clarification. This much is assured: We’ll keep you posted on its progress, in print and online.

At MONEY, we hope you know we always have your best interests at heart. Whether we’re offering tips for home buyers, sellers, and owners in our spring real estate guide (page 48), insights into low-risk investments suitable for today’s volatile markets (page 74), or strategies that can help advance your career (find networking advice on page 28, along with ways to boost your productivity on page 70), your financial well-being is what drives us.

Please let me know how you think we’re doing. And I hope you enjoy the issue.
Now is the time for agility. Now is the time for agility.

We are AT&T. Bringing things together is what we do best. Today, our network, people, and partners are giving companies the agility to sense and adapt like never before. Discover the power of &. Learn more at att.com/agility

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FIDELITY FIXED INCOME
STABILITY AND EXPERIENCE
IN EVER-CHANGING MARKETS

Stability, experience, and consistency are important criteria when choosing fixed income investments. Fidelity is one of the most experienced fixed income investors in the industry, managing more than $860 billion in fixed income assets,* with 200+ fixed income research professionals. We employ a team-based approach to portfolio management that is focused on delivering consistent, risk-adjusted returns.

Consider these Fidelity funds whose portfolio managers average more than 23 years of experience between them.

<table>
<thead>
<tr>
<th>Fidelity Total Bond Fund FTBFX</th>
<th>Fidelity Intermediate Municipal Income Fund FLTMX</th>
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<td>Fidelity Total Bond ETF FBND</td>
<td>Ask your advisor about Fidelity Advisor Total Bond Fund–Class I FEPIX</td>
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<tr>
<td>Fidelity Advisor Total Bond Fund–Class I FEPIX</td>
<td>Ask your advisor about Fidelity Advisor Intermediate Municipal Income Fund–Class I FZIIX</td>
</tr>
</tbody>
</table>

Fidelity fixed income funds are rated 4 or 5 stars by Morningstar.†

†Data accurate as of 06/30/2015.

One of Kiplinger's Top 25³

One of Kiplinger’s Top 25³

Call a Fidelity representative at 800.343.3548, go to Fidelity.com/stability or call your Advisor.

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

Past performance is no guarantee of future results.

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

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

*Data accurate as of 12/31/2015, Fidelity Total Bond Fund earned 4 stars based on its risk-adjusted performance, compared to 947 share classes within its Morningstar Intermediate Term Bond category; Fidelity Intermediate Municipal Income Fund earned 3 stars based on its risk-adjusted performance, compared to 298 share classes within the Morningstar Muni National Intermediate category;

†For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund’s monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of the funds in an investment category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

‡The Morningstar Analyst Rating is a subjective, forward-looking evaluation that considers a combination of qualitative and quantitative factors to rate funds on five key pillars, which are process, performance, people, parent, and price. Gold is the highest of four Analyst rating categories. For the full rating methodology, go to http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf. For the reports, go to global.morningstar.com/FTBFX and Fidelity.com/MorningstarFLTMX.

³Each year, Kiplinger's Personal Finance compiles a list of their favorite no-load mutual funds. The list includes 25 funds with seasoned managers, a proven track record, and low fees. Fidelity Total Bond Fund, Fidelity Intermediate Municipal Income Fund, and Fidelity New Market Income Fund were selected.

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Fidelity Total Bond ETF
Fidelity Advisor Total Bond Fund–Class I

Ask your advisor about FIDELITY TOTAL BOND ETF
FIDELITY ADVISOR TOTAL BOND FUND–CLASS I

+++

fees and expenses.

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Fidelity does not review the Morningstar data and, for mutual fund performance, you should check the fund’s current prospectus for the most up-to-date information concerning applicable loads, fees and expenses.
I’m in one of the higher percentiles, and I still worry. Every. Single. Day.

@EDIALQOE
Re: “Here’s How Much the Average Household Has Saved for Retirement”

After enough drinks, the city you’re in becomes the best city.

JESSICA SPRINGER
Re: “5 Best Drinking Cities for Thirsty Travelers”

And how much did the NFL make off Manning?

@_TJLD
Re: “Peyton Manning Will Retire With Highest Career Earnings in NFL History”

Note to self: It is OK to rip off the salt and pepper packets from Ikea. Just following the example of the owner.

RICHARD HORNBACK
Re: “The Swedish Billionaire Who Buys Secondhand Clothes”

No wearable tech is worth that.

@WALKINGWITHANXI
Re: “The Apple Watch Is Now $299. Here’s Why It’s Still a Bad Deal.”

GOING NEGATIVE
With the recent talk of negative interest rates in the U.S., Americans are understandably uneasy [“The Fed’s Janet Yellen Tells Congress What She Thinks About the Economy,” Money.com]. I’m surprised at the lack of discussion concerning the fact that we are already living with negative interest rates. The most recent inflation rate in the U.S. was 1.4%. That sounds pretty good, until you realize the average yield on savings accounts was recently at 0.11%.

JOHN E. NELSON JR.
Mount Pleasant, S.C.

DRUG-PRICE WOES
Great article [“Rx for Your Drug Pain,” March]. I just discovered how insurers are doing a version of the old “bait and switch.” In October I signed on to a Medicare Part D prescription-drug plan using the 2015 formulary. I was told the 2016 formulary would not be available until January. It arrived in February. Wow! All the co-pays went up dramatically, and the tiers moved up a notch or two. Enrollment is closed for 2016. I am out several thousands in drug costs. Neat trick, don’t you think?

MIKE TANZER
Ocala, Fla.

SWEET DREAMS
You could add a small box labeled “The Illness Side of Sleep” [“The Financial Side of Sleep,” March]. There are numerous diseases resulting from poor sleep. Just missing one hour for one night will lead to issues in thinking and problem solving.

DR. MITCHELL PROFFMAN
SLEEP EXPERT
Forest Hills, N.Y.

FORE! A GOLF CORRECTION
As an avid golfer, I appreciated “Early Birdie Specials” on spring discounts [March]. However, the picture on the contents page isn’t Pebble Beach in California. It’s actually Whistling Straits along Lake Michigan. No problem. I can attest that both are destination worthy.

MARCUS LEMON, Tulsa

RE: THE ULTIMATE GUIDE TO FLYING SOLO [MARCH]
Your cover story did an excellent job describing the steps a budding entrepreneur should take to start his or her own business. The Small Business Administration’s SCORE program is another good resource. It provides a team of volunteer mentors with proven experience for no-charge, one-on-one advice and coaching. There are 300 SCORE chapters in urban, suburban, and rural communities.

HILL MURPHY, Mount Pleasant, S.C.
Because the best dressing room is your bedroom.

When returning is as easy as buying, your customers get the hassle-free shopping experience they want. And since 45% of shoppers have returned something they purchased online in the past year*, we make it as simple as placing a label on a box. Plus, UPS Returns® services provide greater visibility of items coming back, so there are no surprises for you or them. Just one of the many ways UPS is helping companies solve for today’s rising customer expectations. See how we can help you at ups.com/solvers

*UPS Pulse of the Online Shopper™ Survey

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Average used-car price (a new high)

Used-car lots are full of “younger” models, thanks to an influx of formerly leased vehicles (usually sold when they’re two or three years old). Paradoxically, that means the average secondhand car is more expensive than ever, since newer models command a premium, according to Edmunds.com. Supply and demand may soon work in your favor, however, as wholesale prices eased at the start of the year after months of gains. How to score a steal:

*DEALS ON WHEELS*

**THINK SMALL** With low gas prices feeding drivers’ appetite for SUVs, smaller cars are less in demand—and therefore cheaper than usual. The price for used hatchbacks fell nearly 8% last year, and sedans are down 2%, vs. up 5% for SUVs, according to CarGurus.com.

**HIT YOUR BANK** Get pre-approved for a loan so you’ll know the going rate for your credit profile. You can also use that quote to negotiate financing with your dealer, says Patrick Olsen, editor-in-chief of Cars.com.

**GO CPO** You’ll pay 2% to 4% more for a factory certified pre-owned car than for a comparable model with no certification, but you’ll get a warranty, roadside assistance, scheduled maintenance, and other perks. “Many buyers find the peace of mind is worth the added expense,” says Jack Nerad, executive editorial director at Kelley Blue Book. —BETH BRAVERMAN
**Investing**

**Why You Should Not Touch Your Target-Date Fund**

IF YOU'RE SAVING FOR RETIREMENT through a target-date fund, chances are you’re doing it wrong.

A new survey from investment advisory firm Financial Engines finds that only 25% of people who invest in target-date funds are using them as intended, holding all (or nearly all) their investments in such funds and leaving them there for the long haul. That lack of consistency could cost you. According to Financial Engines, a “partial target-date-fund approach” can result in annual returns that are 2.1% lower than staying fully invested.

Why do people tinker with these “set it and forget it” funds? The most common reason: overconfidence. About 62% believe that they can achieve better returns by investing on their own, despite evidence to the contrary.

That’s not to say target-date funds are perfect. The funds consider only your projected retirement date, so they can’t be customized to your personal circumstances and risk tolerance. They also may come with higher fees than you could find with other funds. —KERRY CLOSE

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**Bull Market in Crooked Advisers**

When it comes to the ethics of financial advisers, a new study reveals that bad apples are more prevalent than you may have thought.

The study found that 7% of advisers have misconduct records. The authors, business professors at the University of Chicago and the University of Minnesota, looked at six of 23 categories in BrokerCheck, a disclosure database maintained by the Financial Industry Regulatory Authority, or FINRA.

Though discipline tends to be swift, the study also found that 44% of those fired for misconduct are re-employed in the industry within a year. You can check any broker’s record on finra.org/brokercheck.

—DENVER NICKS

**Quoted**

“You will feel sticker shock. It’s better that way.”

Harold Pollack, University of Chicago professor and co-author of The Index Card, on how the proposed federal “fiduciary standard” will affect the cost of hiring a financial adviser

---
READERS TO THE RESCUE

“On a recent interview, the manager asked for ideas regarding the job. She didn’t hire me—but she used my idea. What should I do?”

Take pride in having shared a good idea and use it as an example in your next job interview!

JASON RAWLINGS
Overland Park, Kans.

Let the company know that had you been hired, it may very well have enjoyed more benefits.

ALBERT FRANKLIN
San Francisco

The less said the better. Bring it to the manager’s attention, but take the high road. You never know—there may be another opportunity.

TRISH WATSON
Stamford, Conn.

If an interviewer pushes for ideas, ask for a nondisclosure agreement. (I keep a generic draft with me most of the time.)

DAVID SCHOONMAKER
Denver

When a hiring manager asks questions that steer the candidate away from talking about themselves, it’s a red flag. The interview should be about how the candidate solves problems, adds value, and will be a good fit, not about proprietary information.

CYNTHIA TRIVELLA
Loveland, Ohio

Send a letter thanking them for the interview and ask why you weren’t hired, since they liked your idea. Then say you’re interested if the position should be available in the future.

CHUCK REED
Denver, NC.

The lesson from this is that you shouldn’t give up your best ideas. Instead, “tease” an interviewer. Leave out an essential piece of information, or offer an idea but don’t tell her how to implement it. Demonstrate to her that you’re an irresistible fountain of information.

ROY COHEN, career coach and author of The Wall Street Professional’s Survival Guide

THE EXPERT SAYS

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.

WHAT’S THE BEST ADVICE YOU GOT AFTER COLLEGE?

“The degree looks good, but it’s not actually worth anything. Get into business for yourself.”

—CHAD CLARK

“Don’t stop looking for the job that makes you happy.”

—ANNA RAYCAY

“Be humble and kind and teach someone what you have learned.”

—SUSAN SPELLMAN

“Sometimes it’s not what you know but who you know. Network, network, network.”

—RUBY TANG

“Student loans are not your friends, so get rid of them ASAP.”

—FRED BRIONES

“Save some percentage of your pay. Start with 1% or 2%. With any increase in your salary, increase your savings as well.”

—JOSEPH SANCHEZ

“Stay in school. The higher the degree, the better.”

—BRIAN MOTZ

“Just one word: plastics.”

—CT AUGUST
Keep It Real
VR is only the latest attempt to see the world through high-tech glasses. Take a brief trip to another dimension:

VR is only the latest attempt to see the world through high-tech glasses. Take a brief trip to another dimension:

How to Get Virtual Reality—Without Breaking the Bank

You've heard the news: Virtual reality (VR) is coming, and it's not going to be cheap. Facebook's high-profile Oculus Rift headset, for example, starts at $599, and that doesn't include the powerful PC required to run it. Same goes for HTC's Vive ($799) and Sony's PlayStation VR ($499, plus $350 for a PlayStation 4).

So no VR unless you win the lottery, right? Wrong. Anyone with a smartphone—even nontechies—can easily hitch a virtual ride for as little as $15.

VR is like watching a really good 3-D movie, but instead of everything happening in front of you, it happens all around you. You're at the center of the action, whether it's in the front car of a roller coaster or a better-than-front-row seat next to Paul McCartney in mid-performance. It's like being on a Star Trek holodeck, albeit while wearing a dorky headset.

Virtual reality works by putting two screens right up to your face, one for each eye. They're so close that they cover almost your entire field of vision, effectively tricking your brain into thinking it's riding that roller coaster.

For Your Eyes Only

You'll get the picture with these basic viewers—without spending a fortune.

- **HOMIDO MINI** This isn't actually a headset. It's a pair of fold-up lenses that clip onto your smartphone. Run a compatible app, hold the lenses in front of your eyes, and presto: instant VR.

- **GOOGLE CARDBOARD** The granddaddy of inexpensive ingenuity is still a bargain (and a great choice for the kids).

- **DODOCASE SMART VR** Unlike most Google Cardboard headsets, the Dodo folds flat when you're not using it.

- **SAMSUNG GEAR VR** A small jump in price gets you a technological leap with the Gear VR. Designed with Oculus, which sells its own $600 viewer, Gear has a side touch pad for tapping through viewing menus.

—RICK BROIDA

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—RICK BROIDA
Reality on the Cheap

Of course, such trickery is hard to accomplish with a flat display, so VR headsets employ special lenses that help make those 2-D images look like 3-D.

In 2014, Google leveraged this idea by pairing inexpensive plastic lenses with a smartphone and shoehorning both into a cardboard holster. Apps split the phone’s display into two halves, and they supply the video feeds. The smartphone does most of the heavy lifting, with its built-in motion sensors tracking the movement of your head as you look all around. And thus the $15 Google Cardboard was born, proving that impressive VR experiences are possible with inexpensive materials.

Since Cardboard made its debut, software developers have created a variety of VR apps, and hardware makers have designed more comfortable, versatile, and affordable headsets. Amazon is home to dozens of smartphone-compatible headsets with cushioned face mounts, adjustable lenses, and, best of all, head straps. Many of them (such as the Motoraux 3D VR) sell in the $30 to $40 range, and some include a Bluetooth controller that helps navigate app menus and operate VR game controls.

An even better choice (and still for less than $100): the Samsung Gear VR, designed expressly for Galaxy smartphones. The Gear VR incorporates a side-mounted touch pad for swiping your way through menus. It also comes fitted with adjustable lenses. Just remember to check back in with actual reality once in a while.

Snap Up These Apps

You can find hundreds of VR experiences in the Android and iOS app stores, and many are free. To get a feel for what your smartphone can deliver, start with these:

CEDAR POINT VR (Android, iOS) Skip the lines and ride this amusement park’s latest coaster as many times as you want. FREE

THE NIGHT CAFE (Samsung Gear VR) Forget virtual art galleries. This app lets you step inside a van Gogh painting and walk around. FREE

WAR OF WORDS VR (Android) Think poetry can’t be exciting? This war-themed poem, brought to visceral life, will change your mind. FREE

JAUNT VR AND VRSE (Android, iOS) These portals stream concerts (U2, anyone?), short films, and first-person travel stories. FREE

1950s The heyday of the 3-D craze in Hollywood.
1989 The “power glove,” favored by the Nintendo set.

For more of MONEY’s technology reviews, go to money.com/tech.
Take the Plunge for Less

Looking for a beach trip? The temperatures are rising in the Caribbean, which means the deals are getting hot too. —STIRLING KELSO

ST. LUCIA
May is a particularly good time to stop at this outpost in the West Indies. The St. Lucia Jazz Festival runs until May 8 and features artists from across the U.S. and Caribbean (tickets from $31 to $80; stluciajazz.org). Some hotels, such as the Coconut Bay Beach Resort (cbayresort.com), offer deals timed to the event (from $157 a night for a garden-view room). You’ll find deals all month long at the French colonial–style Fond Doux Plantation & Resort, with cottages on a 250-year-old working farm and costing $175 to $203 a night, up to 23% less than in March (fonddouxestate.com). For more local flavor, Orlando’s uses ingredients from area farms (dinner, $65; orlandosrestaurantlucia.com).

GRENADA
Chocolate? Did someone say chocolate? At the annual Grenada Chocolate Festival (May 13–22), you can go on a bean-to-bar farm tour ($44) or take advantage of one of the free activities, such as the Rum, Chocolate & Jammin’ festival on Pink Gin Beach. Stay nearby at the waterfront True Blue Bay Resort, which has rooms overlooking a lush jungle garden from $189 to $200 a night—that’s compared with $275 a night in March, a 31% savings. The resort is also close to Grenada’s most popular beach, Grand Anse, where local markets and restaurants border two miles of white sand, says adviser Margie Hand of Andavo Travel.

SABA
The smallest island in the Dutch Caribbean, little-known Saba is home to excellent hiking, pristine villages, and a laid-back vibe, says Sarah Greaves-Gabbadon, Caribbean travel expert of JetSetSarah.com. At the Cottage Club (cottage-club.com), charming houses with water views run $130 a night in May, $20 (or 13%) less than in high season. Saba is also a top scuba destination, thanks to the protected Saba Marine Park (sabapark.org). Beginner lessons from Sea Saba are $105 to $215 a person (seasaba.com).

Find more money-saving travel tips at money.com/travel.

SAVINGS 13%

PHOTOGRAPHS BY RANDY LINCKS/ALAMY (SABA); FLAVIO VALLENARI/GETTY (GRENADA); ALAN COPSON/GETTY (ST. LUCIA)
Running a business isn’t simple. But choosing a wireless plan is.

Introducing the Verizon Plan for Business.

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Adulting: A Financial Cheat Sheet

IT’S GRADUATION SEASON. TIME TO PUT ON YOUR BIG BOY (AND GIRL) SHOES AND ACE YOUR FISCAL FUTURE. by Kaitlin Mulhere

THE SHIFT FROM COLLEGE to the working world has always been a blur of living-on-your-own excitement and what-do-I-do-now anxiety. That’s truer than ever today, with 70% of 2016 grads owing for their education—the average college debt is about $30,000. So while you’ve set yourself up to make a decent salary (you hope), you’ve never faced this many expenses, and you’re probably starting out in the hole. Scary? A little. But you really can learn how to handle yourself on the road to smart money management. This guide, featuring questions submitted to MONEY from recent and soon-to-be graduates, can help. Let’s do this.
TACKLE YOUR DEBT

Question: How much of my salary should I devote to paying off my student loans? —Alejandra Carraza, class of 2016, Fort Pierce, Fla.

Answer: Let's prioritize: Eat first, then pay rent, then worry about the loans. Financial planners say not to spend more than 15% of your salary (before taxes are taken out) paying off your loans, but plenty of people can't even manage that. In fact, the federal government recently expanded its student loan repayment options so that anyone can limit his or her monthly bill to 10% of income after paying for essential living expenses. To qualify for lower payments, you'll need proof of your income, like a pay stub or tax return. For more information, go to studentaid.ed.gov.

Tip: Use some of your annual tax return to pay extra on your loans, and don't forget to deduct your student loan interest (up to $2,500 a year) from your taxes.

Tool: You can estimate your monthly payments, calculate total interest paid, and compare various government repayment options on the Department of Education's website. Search for the repayment estimator at studentloans.gov.

On the other hand, you may get ahold of extra cash from time to time, particularly at raise or year-end bonus season. That's a good time to pay down some extra principal, which will cut your overall interest costs and trim the length of your loan, says Myles Newborn III, a financial planner in Stony Point, N.Y. Pay off private loans first; they tend to have higher interest rates. And tell the company that sends your monthly bill to apply extra payments to the loan with the highest interest rate. Otherwise the money will be split equally among all loans.

Tip: Bump up your savings by earning extra money through flexible side gigs. Search for odd jobs through Taskrabbit, Gigwalker, or Airtasker. Don't have time for a second job? Get a roommate to cut your expenses.

Tool: Use apps such as Mint (free) to create a budget. Follow your spending over a month or two. Then look for areas to cut, such as dining out.

SAVE FOR A MAJOR PURCHASE

Question: I'd need to drive to my dream job, but I can't afford a car. How can I save up enough to buy one? —David O'Brien, class of 2016, St. Leo, Fla.

Answer: This one will require some math—specifically, keeping a budget. Start by jotting down all your essential living expenses: rent, utilities, transportation, food. They should eat up only half your take-home pay. Loan payments should be about 15%. That will leave roughly a third of your salary (after taxes are taken out) for savings and the occasional fun run. The best way to stay disciplined is to squirrel away your cash before you can even touch it.

Tip: Bump up your savings by earning extra money through flexible side gigs. Search for odd jobs through Taskrabbit, Gigwalker, or Airtasker. Don't have time for a second job? Get a roommate to cut your expenses.

Tool: Use apps such as Mint (free) to create a budget. Follow your spending over a month or two. Then look for areas to cut, such as dining out.

BARGAIN FOR HIGHER PAY

Question: How can I negotiate a fair salary with my limited experience and income history? —Tom Mc Morrow, class of 2018, Morristown, N.J.

Answer: Rule one (stolen from the Boy Scout handbook): Be prepared. Websites such as Glassdoor, PayScale, and Salary.com contain intel on hundreds of companies, down to the specific job titles in specific cities. That said, you'll be in much better shape if you let the interviewer start the salary discussion. If you throw out the first number, you might undersell yourself with a price that's at the low end of what the company is willing to pay. If the interviewer tries to coax you into making the first move (“What salary range are you looking for?”), deflect him or her nicely. (“Why don't you tell me your expectations for the job so I can get a sense of what you're looking for?”)

When you do start talking numbers, back up your request by touting the specific goals you can help the company reach with your skills. “It is your job to explain what you're worth, and why,” says Robin...
Pinkley, a professor of management and organizations at SMU.

**Tip:** To boost your confidence and get ready for anything that’s thrown at you, rehearse your talking points with a friend.

**Tool:** For more pointers, check out the “Negotiating Your Salary” video on Lynda.com (free for a 10-day trial).

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**CREATE AN EMERGENCY FUND**

**Question:** How much should be earmarked for urgent expenses, and where do I put the money?

— Heidi Smith, class of 2015, Cranston, R.I.

**Answer:** You eventually want to have banked three to six months worth of expenses in case you lose your job. But it’s okay to start small. For now, you’re looking to cover unexpected expenses—say, a car repair or your best friend’s last-minute destination wedding in Hawaii—withdrawing your credit card. A good goal: Save $1,000 your first year out of college by putting aside $85 a month.

**Tip:** Open a separate savings account and set up an automatic deposit after each pay period so that you can’t even be tempted to spend your stash.

**Tool:** Have a little fun—and maybe win a gift card or two—by joining SaveUp (SaveUp.com). Linked to your own savings account, SaveUp is a free website that rewards you with points for every dollar you save. The points can then be used to enter lotteries that pay cash prizes, gift cards, vacations, and more.

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**SAVE FOR RETIREMENT**

**Question:** Do I need to put aside money for retirement now, or can I wait until I’m in my thirties?

— Lina Saud, class of 2015, Princeton, N.J.

**Answer:** Start now. “You have the power of time on your side,” says Denver financial planner Bob Morrison. “Leverage that.” That said, don’t freak out. Anything you put away is better than nothing. Set aside just $500 a year (about $10 a week) over your first five years, and you’ll have nearly $30,000 more at retirement than if you had saved nothing then. If your company has a program that matches your contributions to a 401(k) retirement account, take advantage of that. It’s like free money (albeit money you can’t touch for another 40 years). And it’s a smaller chunk out of your paycheck than you may realize. Unlike your salary, the government doesn’t take taxes out when you put money into a 401(k), so funneling $100 to your account takes only about $85 from your take-home pay.

If your company doesn’t have a retirement plan, open a Roth IRA, which allows your contributions to grow and be withdrawn tax-free. They’re offered by most banks and investment companies; Vanguard and Fidelity, which offer many low-cost investment options, are good places to start. Look for funds with low costs or “expense ratios” below 0.5%.

**Tip:** Bring your lunch four out of five days a week, and you’ll save $800 to $1,000 a year on average. That’s a good bit of your first year’s retirement contribution.

**Tool:** Use the retirement calculators at money.com/calculators to see how fast your savings can grow. You’ll be feeling rich in no time.

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**BUILD A RETIREMENT FUND**

**Savings Growth Over Time**

**NOTE:** Assumes 10% annual employee contribution and a 6% annual return. **SOURCE:** Bankrate.com

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**WATCH YOUR CREDIT CARD DEBT**

**NOTE:** Assumes minimum payments and 16% interest. **SOURCE:** Bankrate.com

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**NEGOTIATING PAYS DIVIDENDS**

**Lifetime Earnings of a 22-Year-Old**

**NOTE:** Assumes a 5% annual increase. **SOURCE:** PayScale.com

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**FOR ADVICE ON FINDING AFFORDABLE HEALTH INSURANCE, MANAGING CREDIT CARDS, AND MORE, GO TO money.com/newgrads.**

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For advice on finding affordable health insurance, managing credit cards, and more, go to money.com/newgrads.
Hate Networking? Try This

Even if you find schmoozing stressful, these strategies can help you get a career boost from your next industry cocktail hour.

by Daniel Bortz

Set a specific goal. Instead of feeling overwhelmed by the crowd, give yourself a work assignment—say, to make two or three meaningful connections—and then leave once you’ve fulfilled it. “If you overstay, you’re going to get burned out, and you’ll be less motivated to go to networking events in the future,” Linden says.

Contact people in advance. Get a list of attendees beforehand and identify the people you want to meet. Business communication coach Patrick Donadio recommends introducing yourself via email ahead of the event. (“I read your book and saw you’re attending the conference. I’d love to learn more about your research.”) For icebreakers, browse social media feeds to find shared interests, and use those to make small talk.

Keep the focus on others. “Networking is about building relationships, not selling yourself,” says Pete Mosley, author of The Art of Shouting Quietly. Translation: You don’t need to deliver an elevator pitch. Get the conversation rolling with a casual starter (“What did you think of that presentation?”), ask more open-ended questions, and let the other person do most of the talking.

Bring a wingman. Hesitant to approach people? Get a more outgoing co-worker to join you at the event and strike up conversations with people, then bring you into the talk. Just avoid clinging too closely or you’ll defeat the purpose, Mosley says.

Exit strategically. Close a conversation by setting a time to meet in the future. (“It was great talking with you. I’d love to get together soon for lunch to continue our conversation.”) Don’t forget to exchange business cards, and take short notes on the back about your talk so that you can send a meaningful follow-up email, says Donadio. If the person doesn’t have a card, ask to connect on LinkedIn.

Does the thought of working a room give you the jitters? Networking functions can turn even successful professionals into tongue-tied teens. Some people have such a visceral reaction that they actually feel physically dirty, a University of Toronto study found.

Yet industry events can also be a great place to rub shoulders with influencers, meet recruiters, pick up new skills, and raise your professional profile. So even if you hate schmoozing and small talk, these tricks can help you thrive at your next networking event.

Go backstage. Get access to key players by helping organize the event or volunteering on-site. Checking in attendees, for example, enables you to meet people when they walk in the door. Want face time with an industry influencer? “Be the person who picks up the keynote speaker at the airport,” says Carol Linden, author of The Job Seekers Guide for Extraverts and Introverts.
ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Brokerage commissions and ETF expenses will reduce returns.

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JAMES OLIVER CAN THANK HGTV for his business idea. In June 2011 his wife, Ayana, called him upstairs to watch a couple decorating their living room. “They were hanging wallpaper that had a collage of their family photos,” recalls Oliver, a father of twins. “They said anyone could do it, but I couldn't find how to do it anywhere.” Oliver, a self-employed small-business strategist, saw an opportunity. Without giving up his consulting work, Oliver found printing and distribution companies and created WeMontage’s sample product: a photo collage printed on removable wallpaper. A friend
To attract funding. At the end of the program, he raised $330,000 from its affiliated investors and redesigned the site to make ordering easier. WeMontage.com finally went live in August 2013.

To target families, he took a booth at a conference for female bloggers. Sales hit $70,000 in 2014 and $95,000 in 2015, on products selling for $60 to $120. Because the printing itself is outsourced, ongoing costs are low—Oliver's time plus web hosting—but he paid $17,000 to revamp the site for mobile after realizing that users were uploading photos from phones.

WeMontage isn't profitable yet, but Oliver has taken a salary the past two years and plans to hire one person this year. “As the business expands, it will help to have an extra pair of hands,” he says.

Oliver persisted, though. In early 2013, after buying out his partner for $26,000—and with support from Ayana, who works in marketing—Oliver quit his other gigs and enrolled in a startup accelerator (see sidebar, right).

### BY THE NUMBERS

<table>
<thead>
<tr>
<th><strong>EQUITY IN THE BUSINESS</strong></th>
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<tr>
<td>48%</td>
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<tr>
<td>After using his non-retirement savings to launch, Oliver has raised a total of $430,000 in two funding rounds, by trading away equity stakes. After the second round in February 2015, he ended up with just under half of the firm’s ownership.</td>
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<table>
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<tr>
<th><strong>ONE FULL-TIME EMPLOYEE</strong></th>
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<tr>
<td>To keep operating costs low, Oliver runs the business himself; he hires IT consultants as needed to provide technical support. He expects to bring on a developer later this year to handle website maintenance and assist with online marketing.</td>
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<th><strong>$30,000</strong></th>
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<tr>
<td><strong>SALARY HE DREW IN 2015</strong></td>
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<tr>
<td>Oliver budgeted for his own pay during his second round of funding; he expects to take $50,000 this year. “When I wrote a financial model to assess the economic feasibility of the business, I knew I needed an income,” he says. An accounting major in college, “I knew how to run the numbers and make it work.”</td>
</tr>
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### STARTUP

**JUMP-START YOUR NEW BUSINESS**

Backed by venture capitalists, colleges, and economic development groups, U.S. accelerators have helped launch more than 5,000 companies since 2005, the Brookings Institution finds. Could one of these programs help you? **WHAT YOU GET** In most programs, early-stage founders receive seed money, industry mentorship, and training; at the end you'll pitch a reworked idea to affiliated investors. Typically three to six months long, the programs are “crash courses in starting a business,” says Wharton professor Laura Huang.

**WHAT YOU GIVE UP** Most are run by investors who want equity in your startup. But deals vary, and some take no equity at all.

**WHERE TO FIND ONE** Use the database at Seed-DB.com to identify options. It lists companies funded, capital provided, and equity share taken. Some programs specialize by industry while others offer local contacts; decide which will help you most.

**WHAT YOU RISK** These are competitive, intense, full-time programs. You won’t have time to earn an income, and there’s no guarantee you’ll get additional investment once you’re done. —D.B.
NO SINGLE COLLEGE is best for everyone. So in addition to our annual list of more than 700 “Best Colleges for Your Money,” we also publish lists tailored to different kinds of students. At money.com/colleges, we take it a step further and let you create a customized list of schools that will provide a great education for your student at a price you can afford.

Recently MONEY collaborated with Essence magazine, analyzing more than 1,500 colleges to single out the ones that offer the best value for African-American students. We focused on these factors:

- **Graduation rates.** A school’s graduation rate is one of the best measures of how well it’s serving students. That is especially true for African-American students, whose average graduation rate of 40.8% within six years lags that of other racial groups. For our analysis, we compared colleges’ graduation rates specifically for black students.

- **Affordability.** To evaluate costs, we calculated the average net price of a degree from each school, after subtracting its financial aid.

- **Earnings potential.** MONEY used a recent analysis by the Georgetown Center on Education and the Workforce to identify colleges that produce relatively high earners, given the background of their student body.

- **Representation.** Campus diversity is also important. For a school to make our list, African Americans had to represent at least 5% of students. “You don’t want to be the lone black student in the lecture hall,” says Tyrone Howard, associate dean for equity, diversity, and inclusion at UCLA.

Best Colleges for African Americans

These schools offer both high value and a supportive environment. by Kim Clark

The MONEY/Essence Top 10

These colleges came out on top in our exclusive analysis.

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>% AFRICAN-AMERICAN STUDENTS</th>
<th>GRADUATION RATE FOR AFRICAN AMERICANS</th>
<th>ESTIMATED NET PRICE OF DEGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINCETON, Princeton, N.J.</td>
<td>6%</td>
<td>93%</td>
<td>$162,007</td>
</tr>
<tr>
<td>HARVARD, Cambridge, Mass.</td>
<td>5%</td>
<td>96%</td>
<td>$176,531</td>
</tr>
<tr>
<td>DUKE, Durham, N.C.</td>
<td>7%</td>
<td>92%</td>
<td>$212,983</td>
</tr>
<tr>
<td>CORNELL, Ithaca, N.Y.</td>
<td>5%</td>
<td>88%</td>
<td>$216,222</td>
</tr>
<tr>
<td>FLORIDA A&amp;M, Tallahassee</td>
<td>87%</td>
<td>87%</td>
<td>$94,265</td>
</tr>
<tr>
<td>SPELMAN COLLEGE, Atlanta</td>
<td>87%</td>
<td>75%</td>
<td>$172,772</td>
</tr>
<tr>
<td>UNIVERSITY OF PENNSYLVANIA, Philadelphia</td>
<td>6%</td>
<td>94%</td>
<td>$206,999</td>
</tr>
<tr>
<td>YALE, New Haven</td>
<td>5%</td>
<td>92%</td>
<td>$196,466</td>
</tr>
<tr>
<td>NORTH CAROLINA A&amp;T STATE, Greensboro, N.C.</td>
<td>80%</td>
<td>49%</td>
<td>$77,799</td>
</tr>
<tr>
<td>UNIVERSITY OF MARYLAND AT COLLEGE PARK, College Park, Md.</td>
<td>11%</td>
<td>77%</td>
<td>$96,290</td>
</tr>
</tbody>
</table>

NOTES: Estimated net price of a degree is for students starting college in 2015–16. State school costs based on in-state tuition. Other data are for 2014, the most recent available. SOURCES: U.S. Department of Education and MONEY calculations.

See the full list of “The 50 Best Colleges for African Americans” at money.com/
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YOU’RE NEVER TOO OLD... to shack up. A growing number of grownup lovebirds are living together without benefit of marriage. In 2014, for example, 900,000 women ages 55 and over cohabited with a male partner, reports the Census Bureau, up from 372,000 10 years earlier. There are plenty of reasons to move in with, but not marry, your new partner, such as keeping Social Security benefits based on an earlier marriage, making sure your kids and grandkids remain your sole heirs, and just not wanting to tie yourself down.

But while staying single may simplify matters
in some respects, living together in retirement can get complicated too, since each of you brings a family and a lifetime’s worth of assets into the mix. When the refrigerator gives out, who buys the new one? If you get sick, who directs your care? Follow these tips to make your love shack a happy one.

SHARE THE WEALTH ... A LITTLE
Without a marriage, your finances won’t officially merge. But you will have shared costs. Simplify daily spending by opening a joint account for regular, known expenses. And set up another account, suggests Minnesota planner Timothy LaPean, for unforeseen expenses—everything from a broken fridge to impulse-purchase $300 tickets to Paris. Keep most of your money separate, though, to protect it for yourself and your heirs, should you break up.

While splitting expenses with a partner may have been simple at age 22—it’s easy when you’re both broke—you and your current sweetheart may have vastly different finances. So will you vacation in Venice, Italy, or Venice, Fla.? Dine on filet mignon or grill hot dogs?

To guide how well you’ll live and what each of you will contribute, ask yourselves this, says P. Jeffrey Christakos, a planner in Westfield, N.J.: Are you roommates or are you life partners? As roomies, you might live in a style the less well-off partner can afford, splitting shared expenses evenly and letting the wealthier partner spring for the occasional treat. If you’re life partners, settle on a different split—say, 70/30—for joint expenses.

SET DOWN ROOTS
Moving into a house your new love owns can be great—until your sweetie dies and his or her kids show up to kick you out. Avoid this with what’s known as a life estate, a legal document giving the non-owning partner the right to live in the home for the rest of his or her life, with the property ultimately going to the owner’s heirs. Having an attorney draw one up will cost anywhere from a few hundred dollars to a few thousand, if part of a larger estate plan.

Buying a place? Title the property as tenants in common if you plan to leave your share to your children, or as joint tenants with right of survivorship to have your partner inherit your half.

MAKE A HEALTH CARE PLAN
While spouses can make medical decisions on each other’s behalf, you have no such automatic right. So decide who’s in charge of your health care: One another? Your kids? Fill out a health care power of attorney and a durable power of attorney so your designees can handle your affairs if you can’t.

You may not be up for the financial and physical demands of caretaking, especially if you have already looked after a dying spouse. Decide how you will cover expenses and pay for extended care, and whether you need long-term-care insurance. Because you’re not married, if one of you has to go on Medicaid, the other’s assets don’t have to go toward health care, though jointly owned property does.

MAKE THE HEIRS APPARENT
Absent other plans, your spouse, if you were married, would be your primary heir. Not so for unwed couples. You may want to leave most of your estate to your children or other relatives. But you might also want to ensure that your beloved has resources to last the rest of his or her life. To do that, work with an estate-planning lawyer to create what’s called a residual trust. “You can provide income for a surviving partner but keep your children or other heirs as your final beneficiaries,” explains Mark Struthers, a financial planner in Chanhassen, Minn.

Disclose the outlines of your plan to your partner and your family, because surprises after your death will be upsetting, says New York City financial planner Karen Altfest: “It’s enough to have grief without being angry too.”
YOU’RE GOING TO LOVE OUR...
It’s Okay to Stray From Your 401(k)

SAVING FOR YOUR FUTURE IS IMPORTANT, BUT SO IS THE CHANCE TO LIVE YOUR LIFE AS YOU WANT TO RIGHT NOW.

by Tim Maurer

YOU ALREADY KNOW what you’re supposed to do: Contribute the maximum to your 401(k) or other retirement plan at work. Lock up your money until you retire. Right?

Wrong. While that’s good advice, it’s not always the best advice. We don't all live the same life.

My friend Tim Donohue, for one, didn’t want to be forced to live a particular life. So after college, he set himself a goal: Save a year’s worth of living expenses in cash. He did that, then decided to save another year’s worth. He did that too.

Tim couldn’t retire, of course. But with this outsized stash of cash, he had bought a degree of financial freedom by age 25 that even executives in their sixties might not enjoy. If Tim felt trapped in a dead-end job, he could (a) quit, (b) go back to school, (c) move to another city, or (d) do all of the above.

So Tim, now 41, was able to risk his livelihood by moving across the country. Knowing he had options has widened his view of his life’s possibilities. In contrast, by dedicating all our savings to a distant retirement portfolio, we may deprive ourselves of enjoying a taste of financial independence until then.

FOCUS ON YOUR MATCH

It’s not so hard to apply Tim’s strategy to your life. Instead of maxing out your 401(k), max out your employer match—the free money your company contributes to your retirement. Muscle up your cash savings and set up a plan to hit a target comparable to Tim’s.

Keep saving for retirement, but in an account that’s easier to tap: a Roth IRA. Your money grows tax-free and isn’t taxed on withdrawal. You can put in up to $5,500 this year ($6,500 if you’re at least 50), or a lesser amount that starts heading to zero once your income exceeds $184,000 if married, or $117,000 if single. You can pull contributions for any reason, without penalty.

Then invest what you can for the midterm in an old-fashioned, liquid, taxable investment account. The investment mix should be less aggressive than your retirement portfolio’s, but not all-cash like your short-term savings. A 45-year-old with a 75% stock/25% bond retirement account, for example, might want a 60%/40% split for this “Who knows?” fund.

BE REALISTIC

I’m not trying to gloss over the fact that a secure retirement requires concerted saving. But I do want to argue that tomorrow is promised to none of us, and savings aren’t reserved for IRS-sanctioned plans.

If you know that the only way you can avoid blowing your money is to lock it in a 401(k), then do so. Remember, though, that the present and the midterm are just as worthy of investment as your more distant future. Liquidity and flexibility—perhaps because they are intangible—are often undervalued. In fact, they are two of the greatest benefits money can buy.

Financial planner Tim Maurer is the author of Simple Money and director of personal finance for the BAM Alliance.
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Smart Reasons to Start Renting

SOMETIMES YOU’RE BETTER OFF AS A TENANT THAN A HOMEOWNER IN RETIREMENT. by Ian Salisbury

YOU MAY HAVE long pictured homeownership as a cornerstone of your retirement. But baby boomers are increasingly renting instead. From 2005 to 2015, the number of renters ages 60 to 64 nearly doubled, rising from 1.3 million households to 2.5 million, reports Harvard University’s Joint Center for Housing Studies.

Though the longer you live in a home the more likely it is that buying beats renting—taxes and upkeep, for one, are probably lower than the rent you’d pay—there are times when renting is the way to go.

YOU’RE RESTLESS
Want to buy a home in your favorite vacation spot? The idyllic weeks you’ve spent there may not give you a realistic sense of what life is like year-round, warns University of Cincinnati real estate professor Michael Eriksen. Orlando’s 70° F winters, for example, might not be worth its humid 90° summers. You could end up as what some real estate agents call half-backers—retirees who move a second time, to a place partway back home.

Trying out your new town by renting will save you money and headaches. “Real estate can have huge transaction costs,” says Eriksen, like the typical 5% brokerage fee. “You don’t want to pay it twice.”

YOU WANT THE EXTRA CASH
Selling the family home and investing some (or all) of the proceeds can help pad your savings—and provide peace of mind, says George Gagliardi, a financial planner in Lexington, Mass.

Yes, you could tap home equity via a reverse mortgage. But selling would supply more upfront cash. A 65-year-old with a $300,000 mortgage-free home could net $275,000 from a sale; a reverse mortgage would free up only $150,000, according to the industry site ReverseMortgage.org. You’d have to tap some of your proceeds to rent a new place, but the extra long-term cost of renting (see the chart below) might be worth the comfort of more cash on hand.

A Rental’s Tradeoffs

If you net $300,000 selling your home and downsize to a $200,000 place, renting will free up more investable cash than buying, but cost you more over time.

<table>
<thead>
<tr>
<th>VALUE OF INVESTMENT PORTFOLIO</th>
<th>Rent</th>
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<td>Year 15</td>
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NOTES: Housing cost is net of 5% annual investment return. Yearly rent is 3% of home price. Owner’s annual expenses are 4.1% of home value. Inflation rate is 2.3%. SOURCE: Michael Eriksen, University of Cincinnati

YOU WANT CONVENIENCE
Sick of raking leaves? Don’t want to deal with peeling paint? Renting lets you off-load such chores, points out retirement author Sally Abrahms: “It’s not your problem anymore.” A rental in a multiunit building can also include amenities you’ll value more as you age, such as an elevator and a doorman.

Rental property developers have started catering to older customers, says Chuck Ehmann, an economist at real estate data company Axiometrics. The result: buildings that include a greater number of larger two- and three-bedroom units, as well as aging-friendly perks like door-to-door package delivery and trash pickup. Says Ehmann: “Some properties have maid service and restaurant delivery.” You don’t have to own your castle, it seems, to be treated like royalty.
MORE THAN EVER, COLORECTAL CANCER IS A PERSONAL MATTER.

Today, colorectal cancer (CRC) is the second leading cause of cancer death in the United States,* but that may be changing. Research shows that knowing the genetic and molecular makeup of your colorectal tumor may lead to safer, more effective treatment, just for you. Make it personal. It’s your tumor.

Talk to your doctor about testing your tumor. Speak up. Ask questions.

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Greg Kinnear, SU2C Ambassador
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¹ Morningstar, as of 9/30/15. Comparison is between the Prospectus Net Expense Ratio for the average iShares Core Series ETFs (0.12%) and the average Open-End Mutual Fund (1.27%) available in the U.S. (excluding municipal bond and money market funds).
² Based on $4.506T in AUM as of 9/30/15. Visit www.iShares.com or www.BlackRock.com to view a prospectus, which includes investment objectives, risks, fees, expenses and other information that you should read and consider carefully before investing. Risk includes principal loss. The Funds are distributed by BlackRock Investments, LLC (together with its affiliates, “BlackRock”). ©2016 BlackRock. All rights reserved. iSHARES and BLACKROCK are registered trademarks of BlackRock. iS-17226-0116
YOU’VE PROBABLY HEARD the Wall Street phrase “sell in May and go away.” Chances are, you’ve also ignored the advice—because it runs counter to buy-and-hold investing and dates back to a bygone era when London stock traders would take an extended holiday in May, leading to light trading volumes and low stock returns for several months. Today, of course, Wall Street remains open throughout the summer and pretty much around the clock, thanks to international markets. Yet there’s a compelling case for at least heeding the spirit of the saying this year.

Relax From Risk Taking

AS STOCKS NEAR THEIR TRADITIONAL MAY DOLDRUMS, THIS COULD BE THE TIME TO EASE UP. by Carolyn Bigda
For one thing, history shows that midyear doldrums are in fact real. Since 1945 the S&P 500 has gained just 1.3% from May to October—about a fifth of the average returns in the following six months (see chart). What’s more, stocks have outperformed during the November to April stretch 72% of the time. “That’s an incredible batting average,” says Sam Stovall, U.S. equity strategist at S&P Capital IQ.

As if that’s not enough, the recent spike in market volatility, coupled with the global economic slowdown, hints that the second-oldest bull market may be nearing an end. Surely, taking some precautions now would make sense, as long as you don’t go overboard. “Too many people get the saying wrong because they take it literally and go to cash,” Stovall says. In fact, moving out of stocks and into cash or Treasury bonds in the May-to-October period has historically led to lower returns than staying the course. That’s because cash and bonds don’t typically beat meager stock returns in the summer, especially after considering lost dividends, trading costs, and taxes. But other steps can improve your gains and reduce big swings in your portfolio.

**ROTATE IN MAY THIS YEAR**

While equities in general languish in the summer months, defensive sectors that don’t require strong economic growth do better than most. This includes “consumer staples” makers, which sell essential goods such as toothpaste, and health care companies. So you don’t have to head to the sidelines to respond to the change of seasons. Just tilt defensively.

Had you invested in the S&P 500 year-round since 1990, you would have averaged gains of 7.5% annually. By shifting to a defensive stance with U.S. blue chips—investing only in consumer staples and health care stocks—each May through October, your annual returns would have climbed to 11.3%, with less volatility.

Consumer staples and health care stocks also hold up better in downturns. Vanguard Consumer Staples (VDC) fell less than half as much as the S&P 500 in 2008, while Vanguard Health Care ETF (VHT) lost 14 percentage points less.

Understand this is still a major move that can trigger a big tax bill, so the strategy is best suited for your IRAs and 401(k)s.

**RETRACT IN MAY THIS YEAR**

If you’re worried about an impending pullback, James Stack, president of InvesTech Research, suggests trimming your stock allocation now by, say, five or 10 percentage points—whatever lets you sleep better at night. “Then come back and revisit your portfolio and the outlook for the economy in November,” he says.

To get there, jettison frothy and volatile equities, such as speculative small stocks, which enjoy their biggest gains from November to April anyway. Instead, favor blue chips with stable earnings, such as those in PowerShares S&P 500 Quality Portfolio (SPHQ), which is on our MONEY 50 recommended list.

**REBALANCE IN MAY AS A RULE**

Conventional advice is to reset your mix of stocks and bonds at year-end so you won’t forget. But that requires selling equities just as they’re entering the fruitful November-to-April stretch. Instead, rebalance in May, when stocks are entering a period in which they barely outpace bonds and cash.

True, this is market timing. But so is rebalancing. This way you’re at least moving to sell stocks when timing is on your side.
HAVE YOU BEEN SETTLING FOR AVERAGE?

We have not. 100% of T. Rowe Price Retirement Funds have above-average returns for the 10-year period and below-average costs.

- 100% of our Retirement Funds beat their 10-year Lipper average as of 12/31/15*
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The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The funds’ allocations among a broad range of underlying T. Rowe Price stock and bond funds will change over time. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term postretirement withdrawal horizon. The funds are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility over shorter time horizons.

*Based on cumulative total return, 34 of 36 (94%), 35 of 36 (97%), 35 of 36 (97%), and 20 of 20 of the Retirement Funds (including all share classes) outperformed their Lipper average for the 1-, 3-, 5-, and 10-year periods ended 12/31/15, respectively. Not all funds outperformed for all periods. (Source for data: Lipper Inc.)

**Keep in mind that an IRA may be subject to an annual fee, and a fee may be assessed if the IRA is closed.

†Consider all available options, including remaining with your current retirement plan, rolling over into a new employer’s plan or IRA, or cashing out the account value.
Can Cheap Energy Fuel Equities?

The markets act as if low oil prices only augur an economic slowdown. But there’s more to the story.

by John Waggoner

Falling energy prices should be a boon for businesses and consumers alike. A gallon of unleaded averaged $1.95 in mid-March, down from a record $4.11 in 2008. That’s like scoring $25 to $55 on every trip to the gas station, depending on your car. Collectively, we’re saving $800 million a year—just at the pump.

You’d think all that extra cash would rev up the economy and stocks. After all, consumer spending accounts for two-thirds of U.S. gross domestic product. And it’s not just consumers saving on gas, electricity, and heat. Every company on the planet has pocketed some money from falling energy costs.

Perversely, however, stocks seem to fall whenever oil slides. “There’s about an 85% correlation between stocks and oil,” says Dirk Hofschire, senior vice president at Fidelity Investments. That’s a tighter alignment than you would find in a Maserati’s front end.

What gives? For one thing, energy became more important to the economy during the boom in shale-oil drilling, or fracking. From 2010 to 2014, the oil patch accounted for a third of U.S. economic growth, says Mark Vitner, senior economist for Wells Fargo Economics. “The loss of that sector left a big hole,” Vitner says.

Cheap oil is also putting sand in Wall Street’s gearbox because it could be signaling falling global demand on top of a supply glut, notes Jeff Rosenberg, BlackRock’s chief investment strategist for fixed income. Yet there are few signs that a recession is looming in the U.S., as the economy is growing more than 2% this year and is expected to accelerate in 2017.

Wait for oil to trickle down

While the benefits of cheap oil are considerable, they accrue slowly, says Vitner. “Consumers don’t save that money all at once—they save a bit each week,” he says. And it can take months for households to feel that low gas prices aren’t a fluke.

Yet eventually, spending will get a boost. So low prices are great for consumer companies that use lots of fuel. An example is FedEx (FDX), which wins from increased spending and cheaper jet fuel. Three other clear beneficiaries: Delta (DAL), American Airlines (AAL), and JetBlue (JBLU), says Jim Corridore, director of industrials research at S&P Global Market Intelligence. These airline stocks all trade at a price/earnings ratio below 10.

If you prefer to go through a fund, SPDR S&P Transportation ETF (XTN) owns airlines and FedEx. For broader exposure, check out iShares U.S. Consumer Services (IYC), which owns transports plus pure consumer stocks like Costco and Walmart. Says Rosenberg: “Lower oil prices might not be producing the boost to consumption you’d expect, but it’s still there.”

Columnist John Waggoner is the author of three books on Wall Street and investing.
NOTE: Earnings growth rate is over the next three to five years.
SOURCES: Ycharts.com, Bloomberg

Since crude-oil prices peaked two years ago, Exxon Mobil’s market value has shrunk by about 20%. Sounds bad, but that’s only half the losses suffered by the average oil stock. And while shares of the energy giant have been flat over the past year, they have outperformed the broad market and trounced their peers, which are down by double digits. Sure, the company has felt some pain; its profits were cut in half in 2015. But in this tumultuous market, Exxon has been a surprising stalwart. The question is, How strong is the case for owning the stock going forward?

**Hedging Its Bets**
Defensive strategies have helped the stock hold up in the oil crisis.

**Income Growth Now**
While Exxon’s dividend growth rate has slowed, payouts are still rising.

**Earnings Growth Later**
Despite a drop in earnings last year, profits are expected to rebound soon.

Unlike some of its peers—such as ConocoPhillips, which spun off its refining business a few years ago—Exxon stuck with a diverse approach even when times were flush and oil hit $148 a barrel in 2008. That’s paying off now, as Exxon’s refining operations, which benefit from low oil prices, doubled earnings last year. That has helped cushion the drop in oil production revenues, which have been hurt by cheap crude.

Why does this matter? Because another oil boom may be years away owing to China’s economic slowdown and the refusal of most global producers to cut supplies. Denton Cinquegrana, chief oil analyst at the Oil Price Information Service, expects prices, now near $40, to slowly climb back next year, to just $50 or $60.

The energy giant has raised dividends for 33 straight years and has not cut payouts since 1948. And there are few signs this oil crisis threatens those streaks. Last year Exxon paid out $2.88 per share, for about a 6% increase. That’s slightly slower than its average hike over the past five years, but far better than Chevron’s flat payouts and ConocoPhillips’s recent cut.

Moreover, Exxon’s payout ratio—the percentage of earnings passed along as dividends—was about 75% last year, vs. 175% for Chevron, a sign the company isn’t overextended. If Exxon continues cutting costs and oil prices recover moderately, stock buybacks and dividend growth should see a boost in 2017, according to Wells Fargo analysts.

Exxon hasn’t been unscathed. The firm is slashing capital spending 25% this year after last year’s profit slide. Still, Exxon has something no competitor has: a triple-A credit rating, which gives it the financial strength to buy assets on the cheap when smaller oil producers fold. That plus Exxon’s business mix should let the company’s earnings rebound faster than those of its peers.

“Exxon continues to represent the most defensive play in the sector, although that is largely reflected in the current share price,” says Morningstar analyst Allen Good. With the profit dip, the stock’s price/earnings ratio jumped above 30. But Exxon and Chevron trade at 20 times 2017 forecasts, and Exxon’s safe harbor sure looks more attractive.
MAKE YOUR BEST MOVE

Whether you’re a young couple starting out, a family seeking elbow room, or empty-nesters ready to downsize—or even if you’re happy right where you are—here’s how to put yourself in the perfect home for the right price.
From their home in Seattle's Ballard neighborhood, Zane and Danielle Miller see signs of the city's booming economy. Construction cranes crowd the downtown skyline five miles to the south, and the couple's once-affordable area has become a sought-after destination as newcomers come for jobs at Amazon and other tech companies. Over the past year home prices in Seattle have soared nearly 10%, and the number of houses for sale has plunged 27%, according to online real estate marketplace Zillow.

Meanwhile, says Zane, “things are starting to feel pretty cramped” in the two-bedroom house the couple bought 11 years ago, before they had their two daughters, ages 8 months and 3 years. Selling their house, now worth twice
what they paid, would be easy. But finding another place nearby? That's the problem. “We made an offer on a house down the street, and I'm sure we were severely outbid,” he says. “There were seven offers that day.”

If you’ve looking to make a move yourself, you’ve probably encountered a similar scenario. Across the country the prevailing trends this spring are higher prices, an influx of new buyers, and too few houses for sale—straining buyers at all levels. For homeowners who need to sell before moving to their next place, timing concerns complicate both transactions. “We have a bit of a musical-chairs dilemma,” says Svenja Gudell, Zillow’s chief economist.

The current squeeze reflects both supply and demand pressures. The construction of single-family homes still hasn’t recovered from the cutbacks that followed the financial crisis. (As of February the annualized rate was 822,000 homes; the historical average is more than 1 million.) Meanwhile, millennials—the generation of people ages 19 to 35—are entering their peak nesting years. The group made up 35% of all buyers between mid-2014 and mid-2015, up from 28% three years earlier, the National Association of Realtors finds. Boomers looking to downsize “are now competing for the same houses as their children,” says Gudell.

A year ago economists believed that more homes would come on the market, but things have only gotten tighter. Nationally, inventory is 9% lower than a year ago, and all but four of the 35 largest markets tracked by Zillow now have fewer homes for sale than at the same time last year. And the problems aren’t just in hot markets like New York City and San Francisco. “We’re seeing low inventory in places not usually associated with housing shortages—places like Nashville, Raleigh, and even Kansas City,” says NAR chief economist Lawrence Yun.

The tight market is driving up prices. About a decade after peaking in the last, ill-fated real estate boom, home values rose 5.7% in 2015, according to the closely watched S&P/Case-Shiller 20-City Composite Home Price Index. As of December, prices were up 36% from the market bottom in early 2012, although they have yet to pass bubble-era peaks in most cities. In some spots, bidding wars and home flippers have resurfaced as well. Most economists think home prices will keep climbing, albeit not as much as last year. The NAR is calling for a 4.4% increase in existing-home prices this year and 3.4% in 2017; other economists and strategists also put 2016 price growth in the 4% to 5% range.

A TRICKY U.S. HOUSING MARKET
Hangovers from real estate’s last boom-and-bust cycle include pricing mismatches and an inventory squeeze. Here’s how key trends have played out.
Lock up your financials. Before you start shopping, clean up your credit and save for a bigger down payment so that you'll qualify for a better mortgage rate and avoid costly fees. Step one: Check for errors on your credit reports (free at AnnualCreditReport.com) and get your FICO score; many credit cards offer it for free, or you can get one credit bureau’s report for $19.95 at Myfico.com. For the best loan rates you’ll need a score of 740 or better, says Bankrate chief financial analyst Greg McBride. To boost yours, pay down credit cards so your balance is less than 30% of the limit and avoid late payments. “Paying bills on time is the single most important thing you can do,” McBride says. Next, use a dedicated account to amass a down payment. Putting 20% down helps you avoid costly private mortgage insurance and positions you to beat competing offers. Not there yet? Ratchet up savings or look at cheaper starter homes.

BIG CHALLENGE You’re likely bringing less cash to the table, which makes it harder to compete with more seasoned, flush buyers.

COMPETITIVE EDGE Flexibility—you’re not counting on selling your current place to fund the deal. You can play nice guy with sellers who want to stay put until they land their next place.

BEST MOVES:

- Lock up your financials. Before you start shopping, clean up your credit and save for a bigger down payment so that you’ll qualify for a better mortgage rate and avoid costly fees. Step one: Check for errors on your credit reports (free at AnnualCreditReport.com) and get your FICO score; many credit cards offer it for free, or you can get one credit bureau’s report for $19.95 at Myfico.com. For the best loan rates you’ll need a score of 740 or better, says Bankrate chief financial analyst Greg McBride. To boost yours, pay down credit cards so your balance is less than 30% of the limit and avoid late payments. “Paying bills on time is the single most important thing you can do,” McBride says. Next, use a dedicated account to amass a down payment. Putting 20% down helps you avoid costly private mortgage insurance and positions you to beat competing offers. Not there yet? Ratchet up savings or look at cheaper starter homes.

- Check alternatives. Can’t get close to 20%, or have a credit score in the 600s or low 700s? Federal Housing Administration loans let you put just 3.5% down, and offer better rates for those with less-than-pristine credit. (Mortgage giants Fannie Mae and Freddie Mac launched similar programs last year; for more on new loan options, see page 60.) But know the
tradeoffs: With a 30-year FHA loan, for instance, you’ll pay an extra 1.75% of the purchase price in upfront mortgage insurance, plus at least 0.8% in annual insurance for the life of the loan.

- **Get pre-approved.** This means a mortgage lender has checked your credit and verified your income and assets; it gives you an edge with sellers looking for a quick, smooth deal. Some lenders even give a fully underwritten pre-approval, committing to fund the loan, says Redfin’s chief economist, Nela Richardson: “That is almost as good as cash.”

- **Find a true advocate.** For a generation that uses apps for most transactions, the need for human help may be surprising, but a good buyer’s agent can help you find listings and guide you through financing, inspections, and price negotiations. “As a first-time buyer I wouldn’t have thought about things like water damage or homeowners association fees,” says Rosanna Eusebio, 33, who is hunting for a two-bedroom condo in Santa Monica. Bargaining skills are key, so ask agents for sale-to-list-price ratios for their last dozen deals. The lower the better, says Kelly Moye, a ReMax real estate broker in Denver.

- **Make unsolicited offers.** To avoid going head-to-head with more established buyers, look for homes not yet on the market. Cruise rental ads, for instance, or bookmark new listings that look overpriced and revisit them in a month, says Brendon DeSimone, author of Next Generation Real Estate: New Rules for Smarter Home Buying & Faster Selling. Unsold homes usually drop in price after about six weeks; until then, “some sellers will take much less, but they won’t formally reduce the price,” he says.

- **Play up your flexibility.** The one edge you have over more well-heeled buyers is your ability to delay move-in, so take full advantage. “Have your agent get in touch with the sellers’ agent to find out exactly what they need,” whether it’s a longer closing window or an option to rent back, says Jordan Clarke, a Redfin agent in San Diego.
time to make an offer on your next place. Resist: As a trade-up buyer, you’ll need flexibility as well as a high price, so your primary goal should be to draw multiple bids—which in turn will give you more room to negotiate your exit.

You want to be no more than 1% to 2% higher than comparable recent sales, says Moye, the Denver agent. “Buyers know if something is priced too high, and the house will sit,” she says. To find comps, ask your agent or check Zillow for several sales from the last two to six months. Make sure properties are as similar as possible to your own, and be sure to zero in on the final deal prices, not list prices. “Price the house perfectly and you improve your odds of getting multiple offers,” Moye says.

**Look at new homes.** Most new developments are sold on a first-come, first-served basis. That different buying process, which tends to have a longer time frame, can simplify the trade-up buyer’s high-wire act. “There are no bidding wars,” Moye says. You’ll need to pay a deposit upfront—figure 1% to 2% of the purchase price—but the balance won’t be due until you close on your mortgage, typically when the home is near completion. That gives you time to sell your current house.

Builders tend not to negotiate on prices, since doing so reduces the comps for future sales. But they may offer incentives, such as picking up closing costs, to entice buyers in the early stages of a development.

**Don’t snub the burbs.** Across the board, Americans have been migrating back into urban areas since the recovery began six years ago, according to U.S. Census data. Millennials in particular are living in cities at a higher rate than any other generation and intend to stay there, research giant Nielsen has found.

You should head in the opposite direction, though—not for the schools and elbow room, as previous generations did, but for the bargains. Since January 2010, the average price per square foot in the urban cores of 32 metro areas has increased 10.6% a year, according to Redfin, vs. 6.3% for the overall metro areas.

**Don’t overprice.** With all this talk of supply constraints, you might be tempted to add a little extra onto your asking price, just to give yourself more purchasing power when it’s circumstances you might have been able to make an offer on a new home dependent on the sale of your current place, but now? “You want as few contingencies as possible,” says Virginia Calvin, a broker with Windermere Real Estate in Seattle.

If you wind up having to rent for a few months, experts say, that’s better than juggling two mortgages. The good news: While there are always exceptions, you should be able to sell quickly. Nationally, the median time on the market was 59 days in February, NAR says, a 5% drop from the prior year. Just continue to shop around while you’re marketing your home so you can move quickly to bid on your next place.

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**BEST MOVES:**

**Primp for a sale.** If your last big move was when the kids were small, your interiors may look dated. Even low-cost upgrades can help, says Redfin agent Clarke: Add newer bedding and fluffy towels, for instance, and clear out the last decade or so’s accumulated clutter. (Bonus: Paring down your belongings will make the transition to a smaller place that much easier.)

For higher-priced homes, a professional stager can add more contemporary furnishings. Staging services, and price tags, range widely, but a 2015 NAR survey pegged the median cost at $675—and 90% of seller’s agents (81% of buyer’s agents) said staging increased the price buyers would pay.

**Share the walls.** Want extra cash for your retirement fund? Townhouses and condos can get you a better deal; their prices rose just 3.1% in 2015, NAR says, vs. 7.2% growth among single-family homes. They also require less upkeep, which may be tempting after years of maintenance. Just be wary of high homeowners-association fees and surprise costs. Ask the seller for a building’s financials and meeting minutes, and look for potential red flags: a history of assessments, problems raised by owners, or reserves that look insufficient to cover any planned work.

**Rightsize your mortgage.** With money in your pocket, you can afford a higher down payment, which bolsters your buying position against rival bids; it also cuts your ongoing costs. But you don’t need to go all-cash: With 30-year loans still below 4%, financial advisers say it’s fine to have some housing debt even in retirement. “It’s relatively inexpensive money, it’s tax-deductible, and it means that you don’t tie up all of your cash in your home,” says Joe Heider of Cirrus Wealth Management in Cleveland. How much debt? If you’re working, mortgage payments should top out at 28% of gross income. But if you’re retired, Heider says, aim closer to 15%.

**Take on a face-lift.** Downsizers typically want less space but not fewer amenities, says Cara Meer, a broker with Coldwell Banker Vanguard Realty in Ponte Vedra Beach, Fla. “Everybody wants what I call the ‘rights-size ranch,’ but most need work.” Meer is one of several agents across the country to say you’ll find bargains among houses that need...
cosmetic upgrades, because younger buyers are still juggling full-time jobs and family, while you’ve got the cash and, if you’re retired, additional time to manage a contractor. How good a deal will you get? NAR puts fixer discounts at 15% to 55% in several big U.S. cities—so even after you factor in remodeling costs, you’ll still probably come out ahead.

**Test-drive a new locale.** If you’re contemplating a big change—a move to the Sunbelt or a condo back in the city—don’t buy quite yet. “I recommend selling first and renting something for a while to make sure it’s really the square footage you need,” says Clarke. Even if prices keep rising, you’re better off paying more a year from now than overpaying for the wrong place.

Jim and Fern Frye learned this lesson in 2007, after Jim retired and the couple downsized from a larger home in Jacksonville to 1,200 square feet in Beaufort, S.C. “It just wasn’t enough space,” says Jim, 68. Jim wound up returning to work (and to a larger house) in Jacksonville, but the Fryes got another shot recently when he retired again. Last November, when a 2,000-square-foot townhouse went on the market nearby, the pair moved quickly. “We got lucky,” says Jim. “We’re saving $1,200 a month”—and have just the right amount of room.

### Looking Further Ahead

For city-by-city forecasts going out to 2020, go to [money.com/housing-forecast](http://money.com/housing-forecast).

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<td>Washington D.C.</td>
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<td>Denver</td>
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<tr>
<td>Miami</td>
<td>+5.6%</td>
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**Minneapolis/St. Paul** The Twin Cities are forecast to outperform many other Midwestern metro areas, thanks to above-average income growth and new households.

**Tampa/St. Petersburg** These paired cities have the strongest growth forecast of the lot, in part because prices are still off substantially. Economic fundamentals are strong, but values are currently 10% below where they should be based on long-term trends, Moody’s says.

**Seattle** With home values almost back to pre-crash peaks, expect a continued rebound driven by rising incomes, new households, and job growth in a range of industries.

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**Seattle** With home values almost back to pre-crash peaks, expect a continued rebound driven by rising incomes, new households, and job growth in a range of industries.
HOMEOWNERS ARE EXPECTED TO SPEND $154.8 BILLION ON REMODELING BETWEEN OCTOBER 2015 AND SEPTEMBER 2016, REPORTS HARVARD UNIVERSITY’S JOINT CENTER FOR HOUSING STUDIES—UP 7.6% YEAR OVER YEAR—and experts say kitchen and bathroom remodels look to be the most popular improvements. Choose your own upgrades partly on need, of course, but how long you intend to stay in your home should also guide both the projects you select and the amount you spend.

Generally, if you’re planning to sell within two years, you should favor projects with a higher return on investment (see graphic on the next page); longer-term residents have more latitude to indulge their own tastes. Owners who are on their way out soon should also pick exterior projects that boost curb appeal, advises Apex, N.C., real estate broker Kimberly Sands.

Another way to improve your odds of recouping costs is to be sure your upgrades fit your neighborhood, says Craig Webb, Remodeling’s editor-in-chief. “You can turn your house into a palace, but the payoff will be small if it’s the only mansion on the block,” he says. “Or you can put a Band-Aid on a home in San Francisco and the price could go up significantly.”

Finally, keep a file of all receipts and paperwork; if you’ll have taxable gains when you sell, you can add to your cost basis by proving what you spent on improvements.

KEEP FINANCING TO A MINIMUM. Denver financial planner Andrea Blackwelder recommends against financing projects unless you can get a low interest rate (say, 4%) and pay off the cost within a couple of years. Otherwise, she says, stick to what you can cover with cash.

If you’re going to borrow, choose a home-equity line of credit rather than a home-equity loan, says Jordan Dobbs, a loan officer at WashingtonFirst Mortgage in Rockville, Md., because you can usually get a lower rate for a short term. As of late March, introductory HELOC rates were 3.75% to 5% for borrowers with good credit; home-equity loans were at 3.74% to 6.75%.

PARE YOUR PAYMENTS. Mortgage rates have been falling, so refinance now if you
FOR THE STICKY
AND THE STINKY.

Experience 3X the coverage of a standard showerhead* with Delta® In2ition® plus H2Okinetic®. To learn more about this integrated showerhead and handshower, visit deltafaucet.com/in2ition.

haven’t done so yet. Don’t bother if you’re selling in the next one to two years, though; you probably won’t get back the upfront closing costs. Staying put longer? Lock in a lower rate and perhaps shorten your time frame, says Blackwelder. (See more refinancing advice on page 60.)

Another way to cut monthly costs: Attack your property taxes. This primarily applies to owners who bought during the last peak, but if you think your home is worth less now, order a private appraisal. If it comes in lower than your assessed value, bring the paperwork to your local tax assessor and ask to renegotiate, says Steve Albert, director of tax services at Baltimore financial services firm Glass Jacobson.

**Look for energy savings.**

A federal energy-efficiency tax credit is set to expire at the end of 2016, so to get up to $500 off your taxes, make upgrades now. Eligible projects include caulking windows, installing energy-efficient windows and doors, and replacing an older furnace and water heater with more efficient models. Insulating the attic and basement ($6,000 or so for each) also gets you the tax credit, and doing so in an old house can shave 20% to 25% off your utilities, says Elmsford, NY, energy-efficiency specialist Mike Brown.

Even without the credit, new LED fixtures, ceiling fans, and energy-efficient window treatments can yield big short-term savings on heating, cooling, and other utility bills—and none should cost more than $1,500 or so. If you’re sticking around, go bigger: Solar panels usually pay off (in reduced utility bills) within seven to 12 years. They cost $15,000 to $40,000, says Brown, depending in part on available rebates, and qualify for a separate U.S. tax credit.

**Keep things up.** Home repair is a drag, but don’t put it off: Routine maintenance is a must for preserving your home’s value, says Kokomo, Ind., real estate broker Paul Wyman. Fixing a small foundation crack now can help prevent a major rehab later, so stay on top of small problems, have major appliances serviced twice a year, and inspect the roof annually for damage.

You also need to budget for replacements. “You should have the out-of-pocket cash to pay for big-ticket items” like a new water heater, says Blackwelder.

### BIGGER TICKET, SMALLER PAYOFF

Want a better return on your investment? In general, stick with less costly projects.

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>AVG. COST</th>
<th>PAYOFF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Under $2,000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insulating the attic (fiberglass)</td>
<td>$1,268</td>
<td>117%</td>
</tr>
<tr>
<td>Replacing the garage door</td>
<td>$1,652</td>
<td>92%</td>
</tr>
<tr>
<td>Replacing the front door (steel)</td>
<td>$1,335</td>
<td>91%</td>
</tr>
<tr>
<td><strong>$5,000 to $25,000</strong></td>
<td></td>
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<tr>
<td>Adding a stone veneer to the exterior</td>
<td>$7,519</td>
<td>93%</td>
</tr>
<tr>
<td>Remodeling the kitchen (minor work)</td>
<td>$20,122</td>
<td>83%</td>
</tr>
<tr>
<td>Adding a wood deck</td>
<td>$10,471</td>
<td>75%</td>
</tr>
<tr>
<td><strong>$50,000 and Up</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major kitchen remodel (midrange)</td>
<td>$59,999</td>
<td>65%</td>
</tr>
<tr>
<td>Remodeling a bathroom (upscale)</td>
<td>$57,411</td>
<td>58%</td>
</tr>
</tbody>
</table>

*NOTE: Based on national averages of current costs and resale values. Source: Remodeling magazine’s “Cost vs. Value Report 2016”*
It’s where you’ll receive a hero’s welcome every evening. Where “silly dances” break out at a moment’s notice. And where kids’ heights marked on the doorframe appear way too quickly. It’s home.
Quicker approvals, 3% down, more loan options! A decade after the financial crisis, the mortgage market is looking pretty friendly again.
The question is, Is that necessarily A-OK?
For shoppers and homeowners alike, today’s mortgage market offers plenty to cheer about. After edging up last year, interest rates are again ultralow. With the financial crisis long over, lenders are loosening up, approving borrowers with a few credit blemishes in their past. First-time buyers can again put down as little as 3%. You can apply for a mortgage right from your smartphone. More affordable “interest-only” loans are showing up on the menu at major banks. And not having a steady paycheck is no longer a barrier to financing a home.

Didn’t this kind of easy lending, spurred by steadily rising home prices, spark the financial crisis in the first place? As home values recover across the country, is history repeating itself? Like real estate, “lending is cyclical,” says Mark Calabria, director of financial regulation studies at the Cato Institute. “The longer prices increase, the looser lending standards get. We’re not back at 2006, but we are a lot closer than we were in 2010.”

Still, this time around, the rules are tougher for the bubble-era favorites that are staging a minor comeback.

For you as a borrower, the real risks you’ll face are picking the wrong loan or overextending yourself. But you’ll also find ample opportunities to save. From new technologies to new loan options, there’s a lot of good in the mix in this new mortgage market.

In the story that follows, you’ll read about the five biggest mortgage trends today, see a one-to-five rating of whether you should unashamedly embrace each or be wary, and learn how you can best take advantage of the changes—or protect yourself.

1 SHOPPING FOR A LOAN HAS GONE FULLY ONLINE

It’s not often that a TV ad for a financial product lights up Twitter. But that’s what happened after online lender Quicken Loans aired a minute-long ad touting its new Rocket Mortgage app during the Super Bowl, promising to let you quickly qualify for a mortgage right from your smartphone. In minutes, viewers were comparing this seemingly easy credit and casual borrowing to the subprime era, when home loans were freely given out and millions of homeowners got in over their heads. Even the Consumer Financial Protection Bureau jumped in, tweeting, “When it comes to #mortgages, take your time, ask questions and #knowbeforeyouowe.”

The outrage was understandable: Fast and loose underwriting was a big facet of the financial crisis. But in this case the criticism may have been off the mark. This latest innovation in mortgage tech is about streamlining the application process by delivering a rate quote based on your actual finances, not taking shortcuts. And Quicken, the nation’s second-largest mortgage lender, offers only plain-vanilla products, such as fixed-rate loans and traditional five-year adjustable-rate loans.

Rocket Mortgage really does offer a new way of doing things. While most traditional mortgage sites quote you rates online, you must enter info like your credit score and loan amount to get a number. Then you’ll typically have to talk with a loan officer for an actual quote, plus you’ll need to send in your W-2, bank statements, and other documents. Rocket Mortgage can fetch this data digitally once you hand over key information, such as your Social Security number and bank account passwords, and then produce a real rate quote on the spot.

Still, while Rocket Mortgage and other niche players such as SoFi and Lenda are the leading edge of paperwork-free borrowing, they’re not necessarily the best way to get a loan. But they do underscore that the present and future of mortgage shopping is online. Take these steps...
Play with the numbers. An actual mortgage offer in eight minutes—Rocket Mortgage’s promised speed—might appeal to you, but fast is not really your goal when you’re borrowing to buy a home. What you want is the best rate. How Rocket Mortgage can help with that: The app has an easy-to-use slider tool that lets you change the term and costs of your loan and see how the options would change your payments based on your finances, not a hypothetical borrower’s—useful backup for when you talk to a lender. That alone could make using the app worthwhile.

Test the waters. Direct lenders like Quicken, Freedom Mortgage, and LoanDepot, the upstart players looking to parlay new ways of doing things into a bigger market share, offer the advantage of nearly instant quotes but don’t help you survey the market. For that, turn to lender marketplaces, such as LendingTree, Bankrate, Zillow, and HSH. You enter the basics—your credit score, say, and the loan you want—and they send that information to dozens of lenders for quotes and even pre-approvals.

At LendingTree, for instance, you typically get offers from three different lenders, but often as many as five, the company says. On average the rate difference between the high and low bids is 0.4 percentage points, which could add up to nearly $17,000 in interest on a $200,000 loan over 30 years. “It’s a great place to start. It doesn’t take much time—or any money,” says Steve Centrella, a Redfin real estate broker in Washington, D.C., who suggests checking with at least three independent sources to make sure you are getting a good price.

Know when to stay local. While you should look online, and you may find the best rate there, convenience shouldn’t necessarily be your only consideration. The ease of using any online lender can come with a tradeoff when it’s time to close the loan: You’re typically assigned a loan officer in a far-off call center. Quicken says it has tried hard to make up for its lack of physical presence: All customers receive both their loan officer’s work and cellphone numbers. That may be enough to satisfy experienced homeowners with relatively simple needs, such as refinancing. But a local officer at a bank, credit union, or other lender can still offer a lot of value, say realtors like San Diego’s Sarah Davis, especially for borrowers who don’t fit cookie-cutter underwriting standards, such as business owners or anyone buying a second home.

Another plus: In tight markets, where impatient sellers put a premium on closing deals quickly and smoothly, relying on online lenders can add stress. Call centers are often open only from nine to five. “If there is a problem, you can’t show up at eight in the morning and get it done,” Davis says.
After the housing crisis, lending standards became unreasonably tight for many. In 2014, only 51% of refi applications went through, according to mortgage-software company Ellie Mae, and one that didn’t gained notoriety: That year Ben Bernanke said he was turned down when he tried to refinance the mortgage on his Washington, D.C., home shortly after stepping down as chairman of the Federal Reserve. While he didn’t say why, one theory was that his post-Fed income as a consultant was irregular.

Today, 66% of refis are approved, and that’s not the only good sign for borrowers in search of a plain-vanilla mortgage—that is, a 20% down fixed- or adjustable-rate loan guaranteed by the government-sponsored agencies Fannie Mae or Freddie Mac. As the graphic at right shows, the average FICO credit score on a 30-year loan to buy a home has dropped from a high of 765 in 2010 to a recent 755, the real estate data firm CoreLogic reports. Borrowers with the average score of 695 might be able to get a conforming mortgage (loans for less than $417,000 in most of the country) for the first time in years, says Trulia chief economist Ralph McLaughlin.

Get off the bubble. The very best rates are still reserved for borrowers with top scores of 800-plus. The good news is that the difference between the rate you’ll get with an excellent score of 800 and what you’ll get with a very good score between 750 and 800 has narrowed to almost zero, says McLaughlin. “The big gap is between people in the 750 range and those in the low 700s and high 600s,” he says. With weaker credit, you could pay nearly a quarter of a point more. On a $200,000 mortgage, that’s $10,000 more over the 30-year life of the loan.

While you should be able to get a top rate with a 740 credit score, lenders don’t follow uniform cutoffs. That score might get you lumped in with borrowers in the 700 to 750 range at one bank but the 740 to 800 range at another. The more quotes you get, the more likely you are to land the best rate you can.

Revisit your refi. Banks have gotten even more relaxed about refinancing. Once you have a record of paying your mortgage, banks typically assume you’ll pay it in the future.

Even if you already hit the refi table—say when rates fell well below 5% in 2010—check back. The Federal Reserve raised short-term interest rates in December, raising worries of higher consumer loan rates, and it may do so again in June. But mortgages typically track 10-year Treasury bond rates. Investors, uneasy about the economy’s long-term prospects, have been snapping up these bonds, pushing prices up and rates down. The upshot: The average rate on a 30-year mortgage is 3.9%, lower than at almost any time since early 2013. But with the Fed still committed to raising rates in 2016, that low rate will eventually rise. Don’t dally.

One way to profit now: Switch from a
30-year to a 15-year loan. If you last refinanced in 2010, your rate is probably around 4.7%, the average that year. On a $200,000 mortgage, that monthly bill is $1,036. By swapping your mortgage for a 15-year loan, you should be able to lock in 3.1%. That will bump your payment to $1,229 but let you retire the loan nearly a decade sooner and save $77,000 in interest.

Let yourself go big. In some high-cost areas, home prices have surged: Median home prices in San Jose have doubled of their housing-crisis lows. Prices are up 60% in Seattle and 45% in Washington, D.C. That can be a problem. Loans for more than $625,500 in high-cost areas and $417,000 in the rest of the country don’t qualify for guarantees from Fannie or Freddie, making them harder to get.

What’s more, banks are starting to warm to customers who need these bigger loans, known as jumbos, though they are still skittish when it comes to credit. The average FICO score on a jumbo loan is 770 for purchases and only slightly lower for refinancings. But if you can meet that criteria, you’ll pay a rate of just 3.8%

Finally, there’s one jumbo option to be leery of. You may be offered an interest-only loan, which is initially more affordable because you don’t pay principal until years later. Stay away: “These are one of the products that led to the downturn,” says HSH’s Tim Manni. “Now we are starting to see them surface. It’s risky business.”

That’s starting to change. With yields on traditional fixed-income investments near rock bottom, some investors—such as private equity and hedge funds—are willing to make these types of loans again. “They are designed to allow a person to buy or refi when they have strong cash flow but also write off a lot of business expenses,” says Brian Hickey, a senior loan officer at Unity West Lending, who estimates he arranges two or three such mortgages a month.

As long as lenders stick to top-shelf borrowers, these loans aren’t necessarily “a flashing red light,” Calabria says. Of course, that’s a big if, especially if housing and the economy sour.

Amass your evidence. After getting burned in the financial crisis when borrowers who had never provided backup for their income could no longer pay, lenders that offer these loans—now called alternative income verification—

To qualify, you’ll need a credit score of 680 and a down payment of 20% to 30%. You’ll have to produce statements showing two years of regular bank deposits to prove your earning power and enough easy-to-liquidate assets to cover a year of mortgage payments. You’ll pay a rate of 6% to 7%, plus one or two “points,” compared with less than 4% interest with no points for a conventional 30-year mortgage. And allow two months for the loan to close, since investors review the deals individually.

Curb your enthusiasm. While your portfolio may help you qualify, don’t be lulled into thinking you will be able to easily tap it to pay your mortgage. After all, if the economy turns south, your stocks might be down at the same time your business is flagging. “You need to make sure you can afford the house in a bad year, not just in a good year,” says Greg McBride,
Student loan debt, high rents, and high home prices have combined to make it difficult for millennials to get into a first home. The under-35 home ownership rate was 36% in 2014 (the latest data available), according to Harvard’s Joint Center for Housing Studies, down from a 2004 peak of 43% and the lowest level since 1994. Even 35- to 44-year-olds are less likely to own homes.

This isn’t a problem just for young buyers. Less demand on the low end can put a damper on prices overall, as trader-uppers are slow to sell and downsizers find fewer takers. “Baby boomers who want to retire and sell their homes need available buyers,” says Nikitra Bailey, executive vice president of external affairs at the Center for Responsible Lending.

That has left the government in a sticky situation. When you can’t scrape up a big down payment, as many first-time buyers can’t, you run the risk of becoming saddled with a home worth less than your mortgage if real estate prices crater. At the peak in 2012, 16 million homeowners were underwater, according to Zillow, though that was down to 6 million at the end of 2015. No one wants a repeat of history.

Still, the government has been enhancing programs for first-time buyers, and millennials are starting to make up a bigger portion of buyers. So whether you’re aiming to buy a starter home yourself or helping your kids realize that dream, the outlook is brighter.

Go to the government. Last year the Obama administration made one of the best solutions to the down payment problem even better. With a loan from the Federal Housing Administration, you can buy with as little as 3.5% down and a credit score of 580. The tradeoff is that you pay for mortgage insurance, fees that essentially boost your loan rate. But the FHA cut the annual premiums for borrowers putting down less than 5% from 1.35% of the loan value to 0.85%, a move estimated to save a typical buyer $900 a year.

See if you can do better. In 2014, Fannie and Freddie started offering mortgages with as little as 3% down. These require higher credit scores (typically 620). But they have a big advantage over FHA loans: You pay mortgage insurance for the life of the loan with a 3.5%-down FHA loan; with Fannie and Freddie you stop once your principal payments add up to 20% of your initial home value. One caveat: You may run into income limits to qualify—no more than 100% of the median income in some areas. For more, visit TheMortgageReports.com and click on “loan types.”

Be ready to leave. With fixed rates so low nowadays, it’s hard to make the case for risking higher rates later. But adjustable-rate mortgages are more affordable in the short term, and according to the National Association of Realtors, 56% of homeowners under age 34 stay in their homes for five years or less. “If you know you are going to be in the house less than seven years, it can make sense to get the lower rate,” says HSH’s Manni. Today you’ll pay 3.5% on a seven-year ARM, vs. 3.9% for a 30-year fixed.

Defer the dream. Just because you can buy a house with 3% down doesn’t mean you should. Even a small drop in home prices could leave you underwater, especially since real estate commissions typically amount to 5% of the sale price. Plus, notes Denver financial planner Kristin C. Sullivan, “if all you can manage to save is 3% down, you might not be ready for all the other costs of ownership.” She suggests putting at least 10% down. Failing that, look at cheaper houses or wait a little while before you buy.

### CHEER-O-METER

Putting down as little as 3% is back, but so is the risk of going underwater.
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1.25% APY¹

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¹-² Annual Percentage Yields (APYs) are accurate as of 3/1/16 and subject to change at any time without notice. Fees may reduce earnings. Visit synchronybank.com for current rates, terms and account requirements. Offers apply to personal accounts only.

³ A minimum of $2,000 is required to open a CD and must be deposited in a single transaction. A penalty may be imposed for early withdrawals. After maturity, if you choose to roll over your CD, you will earn the base rate of interest in effect at that time.

² For High Yield Savings Accounts, rates are variable and subject to change any time without notice after the account is opened. A minimum of $30 is required to open an account and avoid a $5 monthly service charge.

³ National Average APYs based on specific product types of top 50 U.S. banks (ranked by total deposits) provided by Informa Research Services, Inc. as of 3/1/16. CD Rates: Average APYs are based on certificate of deposit accounts of $25,000. High Yield Savings Rates: Average APYs are based on high yield savings accounts for $10,000. Although the information provided by Informa Research Services, Inc. has been obtained from the various institutions, accuracy cannot be guaranteed.

† FDIC Insurance up to $250,000 per depositor, per insured bank, for each ownership category.

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You’re still likely to be faced with a long list of fees for everything from an appraisal to a title search. But unlike in the past, when mortgage companies could and often did use all kinds of different names for these charges, the new language is prescribed by the CFPB, making comparison shopping easier.

Even better, the mortgage estimate is legally binding. While lenders have a bit of wiggle room—especially if the details of your purchase change—they are legally obligated to stick to the terms. So when you do settle on a lender, keep the loan estimate handy.

To get this form, you may have to pay a small application fee, typically associated with the costs of pulling your credit report. Still, aim to collect this valuable loan estimate from several offers you are really serious about, says Bankrate’s McBride. “By spending $30 now, you might save $3,000 later on,” he says.

**Do one more review.** Once you’re ready to close, you need to check that the mortgage terms are what you expected. Hence the stack of documents you used to face when you arrived at the lawyer’s office. These have been overhauled by the CFPB too. You should now receive a second five-page document called a closing disclosure no later than three days before you are set to ink the deal. While this largely contains the same information as the loan estimate, the new window is designed to give you time to review it thoroughly and work out any discrepancies with your loan officer.

**Budget for delays.** While the extra time and firmer loan terms are a boon to consumers, the highly automated mortgage industry is still adjusting to these advances. Not only do lenders have less room for error, but they’re facing tighter deadlines. For instance, since the second disclosure must be delivered three days before the close, missing this deadline can delay a sale. In many cases that’s exactly what’s happened. In November, right after the regulations went into effect, delays were blamed for a 10% drop in the number of sales that closed that month. While mortgage companies are working out the kinks, don’t play it close. Advises Las Vegas realtor Linda Rheinberger: “Plan for a 45- to 60-day closing.” With today’s low interest rates, a new mortgage can be worth the wait.
99 Tips to Make Your Retirement More Comfortable

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While it's easy to imagine retirement as a time of relaxation, enjoyment and fun, the fact of the matter is that a successful retirement doesn't just happen. It takes thought, planning and action. To help Money readers get ready for retirement or make your retirement even better, we've assembled 99 retirement tips. Importantly, Ken Fisher has gleaned these tips from Fisher Investments' clients, people who have or are successfully navigating the transition from work to retirement.

Here Are Just a Few of the Things You'll Learn

- Determine how much you can take from your investment portfolio without risking running out of money. (Tip #10)
- Why, if you are close to retirement or already retired, you'll probably live longer than you think. (Tip #12)
- How not to get caught in the inflation trap and the fallacy of most asset-allocation advice. (Tip #13)
- What you should tell your adult children about your finances. (Tip #23)
- Why selecting a benchmark, something few people do, can help you maintain and grow your portfolio over time in bull and bear markets. (Tip #19)
- Why paying down your mortgage before you retire might not be a good idea. (Tip #26)
- How to estimate what your taxes are going to be and look for ways to reduce them in retirement. (Tip #40)
- Why retirement can be a strain for marriages. (Tip #87)

And many more financial, lifestyle and health suggestions!

Retirement Is More Complicated than Just Money Management

99 Retirement Tips will help you better understand the concerns and issues that retired people face. Please claim your copy today, at no cost or obligation, and take a step toward a better retirement.

About Fisher Investments and Ken Fisher

Fisher Investments is a money management firm serving successful individuals as well as large institutional investors. Fisher Investments and its subsidiaries use proprietary research to manage over $63 billion* in client assets and have a 35-year performance history in bull and bear markets.

Ken Fisher, Founder, CEO and Co-Chief Investment Officer, has been Forbes’ “Portfolio Strategy” columnist for over 30 years and is the author of more than 10 financial books, including 4 New York Times bestsellers.

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Investments in securities involve the risk of loss. Past performance is no guarantee of future returns.
In his new book, Charles Duhigg explains how you can boost your productivity and improve your finances with a few easy strategies.

INTERVIEW BY SCOTT MEDINTZ     PHOTOSHOPS BY MATT FURMAN

In 2012 reporter Charles Duhigg not only published a bestselling book, The Power of Habit, but also collaborated on a Pulitzer Prize–winning series of New York Times stories about the dark side of the business practices of Apple and other technology companies. So you might reasonably conclude that it’s safe to call Duhigg a productive person. Afterward, however, Duhigg found himself suffering a common malady: The harder he worked, the more he felt he was falling behind. Technology that was supposed to help, didn’t. Setting out to learn why he didn’t feel productive—and what he could do about it—Duhigg wrote his new book, Smarter Faster Better: The Secrets of Being Productive in Life and Business. Real productivity, it turns out, isn’t about using apps to get more stuff done. It’s about understanding your brain, learning to control your focus, and picking the right goals.

Is it really possible to transform someone into a more productive person?

There is this cultural bias that there are some people who are particularly productive and other people who aren’t. And that those people who are productive are uniquely smart or they have great genes. All the research shows that’s not right. Anyone can learn to become more productive. Anyone can learn to make better financial decisions. Anyone can learn to focus better. The key is that you have to learn how your brain works.

So how does it work?

For one thing, your brain craves control. And feeling like you’re in control turns out to be critical for triggering self-motivation—initiative—which, in turn, is critical for productivity. If you don’t have this sense of control, you’re simply reacting to things in your environment. But if you do have it, you’re proactively deciding what to focus on and what to be motivated for. Teach people to emotionally crave that control, and they will do it. Teach people to fly a plane, and they will fly a plane. Teach people to drive a car, and they will drive a car. Teach people to lose weight, and they will lose weight. Teach people to make more money, and they will make more money.
CHARLES DUHIGG
AGE: 41


WROTE The Power of Habit: Why We Do What We Do in Life and Business (2012)

WON a Pulitzer Prize in 2013 as part of a team reporting on Apple for the New York Times
How do you get someone to develop this craving for control?

- You give people experiences where they can take control and learn how good it feels. Many parents put restrictions on how their kids use their allowance. That’s understandable—we want to teach our kids the right things to do—but it’s the wrong instinct. Instead, give them the chance to feel like they’re in charge. Will they make the best choice every time? No. But it’s important that they learn what it feels like to make decisions, even if they’re sometimes bad ones.

What can I do to motivate myself?

- Sometimes you need to make a choice—almost any choice—that lets you exert control. I’m sure you’ve had the experience of opening your in-box and seeing a million emails you need to reply to. How do you trigger the self-motivation to deal with it? Studies show that the best way is to just hit “reply,” “reply,” “reply.” Fill up your screen with a bunch of replies. Go into each one and make some kind of choice. Type half a sentence in all those emails and then go back and decide if those choices are good. The point is, once you’ve asserted control, it’s a lot easier to fill in the rest of those emails. Getting over that hump is the important first step.

You write that it’s also important to attach meaning to your choices.

- That’s right. Simply asserting control, that’s a convenient way to trick your brain into feeling self-motivated. It works in the short term. But if you’re doing something you think is stupid and meaningless, over time you’re not going to care. So you need to figure out why that task matters. Sometimes it’s just a matter of taking a few seconds and asking yourself, “Why am I doing what I’m doing?”—and answering the question.

You mean literally talk to yourself?

- It may feel silly, but these inner dialogues work on a biochemical level by creating new neural pathways in your brain. You’re trying to create pathways that are useful, instead of pathways that just sort of happen in reaction to the world.

Can this technique work with personal finance?

- Absolutely. Every small forgone purchase seems like a sacrifice—unless you recast it in your mind as, say, paying for your kid’s college. By bringing lunch to work and not spending $10 on fast food, you’re proving to yourself that you are providing for your family. That’s so much more powerful.

How do you overcome distractions?

- One of the things we know about our neurology is that when you become very accustomed to reacting—because, for example, your phone is buzzing with emails or texts—you lose control of your focus and latch onto the most obvious stimuli to the exclusion of what’s important to you.

How do you stop that?

- Imagine before you do something what you expect to see. It makes it much easier for your brain to focus on the things that matter and to ignore distractions. This is another inner dialogue. You’re telling yourself a story about what you expect to occur. It takes only a couple of minutes. But when you do that, you prime your brain to pay attention to things that you think are important and to ignore distractions much more easily.

Say I’m at the supermarket, and I see something that’s designed to manipulate me into making a splurghance. If I have a visualization of why I went to the grocery store, maybe to buy stuff for lasagna, then when I see a pack of cookies, my brain automat-
I anticipate how that meeting will go and think about my goal for it. It takes me 10 minutes to think about my whole day, to create an inner dialogue about what I expect to happen. It has become a habit, and it has made me so much more productive.

Data overload often hampers productivity. How do you get around it? When you’re confronted with too much information, it’s easy to let your eye slide over it without absorbing anything [see the chart on the opposite page]. You can fight that with what’s known as disfluency: Slow the information down, make it stickier.

One way to internalize information is to tell someone about it. A lot of executives told me that whenever they read a new book they would call up their colleagues and describe all the important ideas from the book to them. This wasn’t to educate their colleagues. What they wanted to do was lock in those ideas.

You might send an email to someone explaining the idea, or tell your kid about it. You want to interact with the idea. That’s what makes it real and usable.

**Any suggestions for applying these ideas to your financial life?**

- Force yourself to interact with data, even if it seems inefficient. People who make the best financial decisions sit down regularly and say, “What was my bank balance a week ago or a month ago, and what’s my balance today?” They write out on a piece of paper how much their account went up or down since they last checked. And then they start thinking about why that happened: “Did I eat out too often? Is that why my bank account has less than I expected?”

Writing that down takes a little bit more time. It’s less efficient. But it teaches you to understand patterns in ways that you can use to make better decisions.

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*cally ignores the cookies. They don’t fit the picture in my brain. We can train ourselves to ignore distractions by spending half a second more visualizing what we want to occur.

I suspect it can help you be more productive at work too.

- I can tell you from personal experience. On my morning commute I used to read articles for work. Then I started using that time to picture what was going to happen during the day. Now, if I have a meeting, I ignore the cookies. They don’t fit the picture in my brain. We can train ourselves to ignore distractions by spending half a second more visualizing what we want to occur.

**Scout up your productivity tips to scott.medintz@moneymail.com**

This interview has been edited.
In rough waters like these, even Titanic-size ships can be sunk. These five rules for identifying low-risk stocks will help you spot the steady shares that will provide your portfolio safe passage.

By Paul J. Lim Illustrations by Karsten Petrat

A NEW TAKE ON
ON SAFE STOCKS
AFTER PLUNGING 13% IN THE SUMMER AND RISING 14% IN THE FALL, STOCKS SANK 13% IN EARLY WINTER ONLY TO SURGE 12% SINCE MID-FEBRUARY. PASS THE DRAMAMINE. To calm their nerves, investors have traditionally turned to “widows-and-orphans stocks,” rock-solid shares of the biggest dividend-paying companies—firms destined to dominate their industries for years. That sounds like a smart way to ride out today’s choppy markets. Yet in the global financial panic less than a decade ago, the strategy didn’t always work out. Even stodgy giants like General Motors, Merrill Lynch, and Lehman Brothers were forced into bankruptcy, to a sale, or out of business.

That experience shouldn’t dissuade you from searching for Steady Eddies this year. Stocks that offer you a smoother ride generally end up outperforming in the long run. But you’ll want to broaden your definition of what widows-and-orphans stocks are—and what role they can play in your portfolio. To figure out how, MONEY gathered industry experts at the World MoneyShow conference in Orlando in March. During that discussion the panelists identified the following five guidelines for finding modern-day widows-and-orphans stocks.

**PANELISTS**

In March, MONEY talked with leading money managers and market strategists to discuss their views on modern widows-and-orphans stocks. Their thoughts were the basis for this story.

**SAM STOVALL**  
U.S. equity strategist, S&P Capital IQ

**JOHN FOX**  
Chief investment officer, Fenimore Asset Management

**JACK ABLIN**  
Chief investment officer, BMO Private Bank

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**RULE NO. 1**  
**FOCUS ON QUALITY FIRST—STABILITY WILL FOLLOW**

Widows-and-orphans stocks are supposed to be safe enough even for a widow or an orphan to own—in any type of market. “The traditional definition pointed you to names like General Electric, Procter & Gamble, or one of the big drug stocks,” says John Fox, chief investment officer at Fenimore Asset Management. And those are precisely the type of blue chips being talked up in this aging bull market.

Trouble is, when the S&P 500 index sank 37% in 2008 in the global financial panic, shares of GE and Merck plunged more. Those two supposedly safe bets each lost about half of their value in a year, hardly something you would wish upon a widow or an orphan with little appetite for risk. It goes to show that the only investments that come with absolute assurances are U.S. Treasury bonds.

**YOUR BEST MOVES:**  
[Look for stocks that are stable enough.](#) “Nothing’s immune all the time,” says Jack Ablin, chief investment officer for BMO Private Bank. After the Clinton administration proposed
health care reform in 1993, even the biggest health care shares were hit, Ablin notes. In 2000 it was the tech giants’ turn, followed by big banks in 2008 and Big Oil last year. The trick is to find shares stable enough in the event of a downdraft, you’re less likely to panic and sell, making a bad situation worse.

**Go with stocks that lose less.** A smart way to identify stability is to focus on high-quality businesses. “There’s an old saying,” says Sam Stovall, U.S. equity strategist for S&P Capital IQ. “When the seas get rough, sailors prefer better-made boats.” For good reason. When the broad market sank 5.5% in the first two months of this year, the S&P 500 High Quality Rankings index held its ground. And in months when stocks fell over the past five years, high-quality shares lost about 30% less, according to Morningstar.

**Follow Buffett’s lead.** Look for companies with competitive advantages in their industries—that keep rivals at bay, Fox says. Then look for businesses with strong balance sheets marked by little or no debt and solid cash flow and earnings. One profit measure Fox relies on is return on equity, which gauges how efficient companies are at generating net income. The historical average ROE for U.S. stocks is roughly 10%, so you want to look for stocks above that.

You can find such companies in PowerShares S&P 500 Quality Portfolio (SPHQ), which is on our MONEY 50 recommended list. Top holdings include Gilead Sciences, the drugmaker with patent protection for its leading hepatitis and HIV treatments; Visa, with no long-term debt; and Johnson & Johnson, which sports an ROE of around 22%.

**RULE NO. 2**

### SIZE DOESN’T MATTER AS MUCH AS YOU THINK

Call it the Titanic theory of investing: You’ve probably been told that owning the absolute biggest and most dominant companies is the best way to find safe and stable stocks. Alas, that’s not necessarily been true in recent bears (see chart below). In the 2000–02 tech wreck, for instance, the S&P 600 small-stock index fell only 22%, less than half what the broad market lost.

**YOUR BEST MOVES:**

- **Diversify by size.** No one is saying go small with your entire portfolio. But a simple way to hedge your bets on big Steady Eddies is to add smaller high-quality stocks to your mix. “A lot of small and midsize companies are well-established businesses run by managements with a long track record,” says Fox.

- **Be boring.** While small-stock investors usually gravitate to highfliers or startups, avoid sexy, says Fox. Take Brown & Brown (BRO), a Florida-based property and casualty insurance brokerage that lost only a third of what the market did when stocks slumped from November to February. “For every dollar of sales they generate, they bring in 30¢ profit, which is phenomenal,” says Fox. “They generate $400 million a year in cash, and they need to invest about $20 million back in the business, so the rest is for dividends and shareholders.”

Another example is Donaldson (DO), a Minneapolis manufacturer of filters and parts for trucks, bulldozers, and turbines. The stock fell about a third less than the S&P 500 last summer and this winter, as well as in the 2008 crash. Donaldson has an above-average return on equity of 24%, nearly double that of industrial equipment giant Caterpillar.

You can own smaller high-quality stocks through Fox’s FAM Value Fund (FAMVX), which lost eight points less than the S&P 500 in 2008 and made money in the 2000–02 bear. During Fox’s tenure with the fund over the past 15 years, FAM Value has returned 8% annually, which is more than two percentage points better a year than the S&P 500.

**AVOID SIZE BIAS**

While shares of smaller companies are more volatile in general, don’t assume they’ll always lose more than the broad market in a downturn.
Yet the stock has outperformed the broad market by four percentage points annually over the past 15 years and seven points a year over the past five. And annual earnings growth is expected to accelerate from 10% to nearly 17% over the next five years.

Another stock popular with quality-minded investors is Emerson Electric (EMR), a leading manufacturer of electrical products and industrial automation services. Because it has some exposure to energy companies, Emerson shares took a hit in 2015 as oil prices slid. But this company has boosted dividends for 59 straight years. And its return on equity is still 30%. So even in tough times, the company is more efficient at making profits than 80% of the S&P.

RULE NO. 4
FAVOR DIVIDEND GROWTH OVER HIGH YIELDS

Generous dividends have long been associated with widows-and-orphans stocks on the theory that “if you’re a widow or orphan, you’re probably not working and you’ve got to eat, so you’d want a good dividend payout,” says Stovall. However, an extremely lofty yield can be just as much a sign of financial danger as safety. That’s because a stock’s yield may be high not because its payouts have grown recently, but because the stock price got crushed.

YOUR BEST MOVES:
→ Use payouts as a tool. Rather than thinking of dividends as just a form of current income, use them to judge the financial strength of a business—and therefore a stock’s safety. “Dividends themselves are not a source of value,” says Fox. “Cash flow is a source of value. Dividends are a choice of what management does with its cash.”

Demand a raise every year. “You want dividends that are almost bond-like,” says Ablin. But more than that, you want to invest in firms that consistently boost payments to shareholders even in tough times. If you can find that trait among stocks with a decent current yield, all the better. “Look at Exxon Mobil,” says Stovall. “I don’t see the company cutting their dividend. If you have a track record of raising dividends in each of the last 35 or so years, that’s going to be the last thing you do.” (For more on Exxon, see the story on page 47.)
RULE NO. 5

USE MENTAL TRICKS TO HELP STAY THE COURSE

The fact that even the Steadiest Eddie stock can lose money is bad enough. But investors often make matters worse by bailing out of supposedly safe stocks and funds at the worst time. “The key to making money in the stock market is staying in the game,” says Fox.

That’s a lesson lost on many investors. Consider this: Over the past 15 years the Fidelity Dividend Growth Fund, which invests in high-quality companies with the financial strength to consistently raise their payouts over time, has generated total returns of about 5% annually. But by jumping in and out of the portfolio, the fund’s investors have earned about two percentage points less a year, according to Morningstar. In effect, their impatience turned a widows-and-orphans-type stock fund into a slow-growing bond.

**YOUR BEST MOVES:**

- **Look at the dividend, not the stock price.** If you need help staying the course, try this mental trick: “Separate the dividend from the principal,” says Ablin.

How? Mentally organize your sources of gains into buckets. The first bucket is for price appreciation. The other is for your stock dividends. In the event of a market downturn in which your high-quality shares lose value, don’t even look at the price bucket, says Ablin. “Just forget about it as long as you’re comfortable that the company has the wherewithal to continue to pay the dividend and potentially raise it.” While providing you income, rising dividends should give you confidence in the company’s ability to eventually recover.

- **Remember that time is on your side.** While downturns can feel excruciating, it has typically taken less than two years for equities to recover from the effects of a bear market (and just 11 months following mild bears). As long as your stocks keep paying you during this stretch, you’ll know your shares will eventually get you where you need to go. At the end of the day, isn’t that what widows-and-orphans stocks are supposed to do?

**NOTES:**

Long-term gains are since 1972. Average monthly loss figures are since 2005. **Sources:** Ned Davis Research, SSGA

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**PLAYING IT SAFE**

Not only do stocks that raise dividends outperform over the long run ...

<table>
<thead>
<tr>
<th>Dividend growers</th>
<th>Dividend payers</th>
<th>Non-payers</th>
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<tbody>
<tr>
<td>10.1%</td>
<td>7.7%</td>
<td>2.7%</td>
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... they also tend to stumble less when the stock market falls.

<table>
<thead>
<tr>
<th>Dividend growers</th>
<th>S&amp;P 500</th>
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<tbody>
<tr>
<td>-2.9%</td>
<td>-3.7%</td>
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**LONG-TERM ANNUAL RETURN**

**AVERAGE LOSS IN DOWN MONTHS**

**NOTES:** Long-term gains are since 1972. Average monthly loss figures are since 2005. **Sources:** Ned Davis Research, SSGA

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**A NEW TAKE ON SAFE STOCKS**

If you invest strictly through funds, go with **ProShares S&P 500 Dividend Aristocrats** (NOBL). The ETF tracks the S&P 500 Dividend Aristocrats index. That’s a group of blue-chip companies that have increased their shareholder payments for at least 25 consecutive years, including Emerson Electric, Exxon Mobil, and Johnson & Johnson. When the Dow Jones industrial average sank 13% from November through mid-February, this ETF fell only 7%.

For a fund that offers you exposure to the broader U.S. market—including some small- and medium-size stocks—check out **SPDR S&P Dividend ETF** (SDY), which is on our MONEY 50 list. In 2008, when the S&P 500 fell 37%, this high-quality stock fund lost 14 percentage points less than the index.
Energy Fuels a Stock Recovery

A REBOUND in crude-oil prices tamed fears about the health of the global economy. And that sparked a rally in stocks, with the S&P 500 up more than 7% in the four weeks ended March 16. The sectors that did the best were all economically sensitive: energy, basic materials, and tech.

### S&P 500 RATIOS

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<th>P/E</th>
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<td>19.0</td>
<td>2.2</td>
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<td>17.0</td>
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<td>16.0</td>
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### BENCHMARKS

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### NOTIONS AND SOURCES


### BIGGEST MUTUAL FUNDS BY CATEGORY

<table>
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<tr>
<th>CATEGORY</th>
<th>TOTAL RETURN</th>
<th>EXPENSES (AS % OF ASSETS)</th>
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</table>
| LARGE-CAP STOCKS
| Fidelity Contrafund (FBALX) | -1.5% | 12.0% | 0.64 |
| American Funds Growth Fund of America (AGTHX) | -2.8 | 11.0 | 0.85 |
| American Funds Investment Co. of America (MFGSX) | -0.4 | 11.3 | 0.59 |
| Dodge & Cox Stock (DODIX) | -6.3 | 9.2 | 0.52 |
| American Funds Wash. Mutual Investors (VIMAX) | -0.8 | 10.4 | 0.58 |
| MIDCAP
| Fidelity Low-Priced Stock (FLPSX) | -2.2 | 9.7 | 0.79 |
| Vanguard Mid-Cap Index (VSMAX) | -5.8 | 10.3 | 0.09 |
| Vanguard Extended Market Index (VEXAX) | -10.9 | 7.2 | 0.10 |
| Fidelity Spartan Extended Market Index (VGTSX) | -11.0 | 7.1 | 0.07 |
| Vanguard Strategic Equity Fund (VEXRX) | -7.2 | 11.2 | 0.21 |
| SMALL-CAP
| Vanguard Small-Cap Index (VSMAX) | -9.0 | 7.5 | 0.09 |
| Vanguard Explorer (VEXAX) | -13.4 | 6.9 | 0.36 |
| Vanguard Small-Cap Value Index Fund (VSPHAX) | -6.0 | 8.6 | 0.09 |
| T. Rowe Price Small-Cap Value (VEXAX) | -4.3 | 4.6 | 0.96 |
| Vanguard Small-Cap Growth Index (VSGAX) | -12.5 | 5.8 | 0.09 |
| BALANCED
| American Funds American Balanced (FBALX) | 1.0 | 8.3 | 0.58 |
| Fidelity Balanced (FBALX) | -3.1 | 7.8 | 0.95 |
| Fidelity Puritan Fund (FPURX) | -3.4 | 7.8 | 0.56 |
| Vanguard Star Fund (VSTGX) | -3.2 | 6.0 | 0.34 |
| Oakmark Equity and Income Fund (OAKBX) | -6.3 | 5.8 | 0.75 |
| INTERNATIONAL
| Vanguard Total International Stock Index (VGTIMX) | -8.3 | -0.1 | 0.22 |
| Harbor International (HARAX) | -8.6 | -0.1 | 0.75 |
| American Funds EuroPacific Growth (AEFAX) | -8.5 | 2.4 | 0.83 |
| Vanguard International Growth Fund (VGIMX) | -8.1 | 2.0 | 0.34 |
| T. Rowe Price International Stock Fund (VRENX) | -7.0 | 2.1 | 0.83 |
| EMERGING MARKETS
| American Funds New World (VWILX) | -9.8 | -1.7 | 1.04 |
| T. Rowe Price Emerging Markets Stock (VREMX) | -11.2 | -4.5 | 1.24 |
| Vanguard Emerging Markets Stock Index (VEMAX) | -13.9 | -5.0 | 0.15 |
| Fidelity Emerging Markets (FBALX) | -12.4 | -3.1 | 1.05 |
| Russell Emerging Markets (VREFX) | -13.8 | -6.6 | 1.51 |
| U.S. GOVERNMENT BONDS
| Fidelity Government Income (VGIMX) | 1.9 | 1.9 | 0.45 |
| American Funds U.S. Government Securities (AMUGX) | 2.7 | 1.7 | 0.85 |
| MFS Government Securities (MFSX) | 1.6 | 1.4 | 0.88 |
| J.P. Morgan Government Bond (GMBAX) | 1.5 | 0.9 | 0.80 |
| INVESTMENT-GRADE
| Vanguard Total Bond Market Index (VWIX) | 1.7 | 2.2 | 0.07 |
| Vanguard Total Bond Market II Index (VWIX) | 1.6 | 2.1 | 0.10 |
| Dodge & Cox Income (VDCIX) | -0.1 | 2.1 | 0.44 |
| Vanguard Short-Term Investment-Grade (VFSUX) | 1.5 | 1.6 | 0.10 |
| T. Rowe Price New Income (VIGMX) | 1.0 | 1.8 | 0.59 |
| HIGH YIELD
| Vanguard High-Yield Corporate (VVEX) | -0.9 | 2.8 | 0.13 |
| American Funds American High-Income Trust (VHAX) | -7.5 | -0.5 | 0.87 |
| Fidelity Capital & Income (VFSX) | -4.5 | 3.6 | 0.72 |
| Northern High Yield Fixed Income (NHYIX) | -4.3 | 1.2 | 0.81 |
| Fidelity High Income (VHAX) | -5.4 | 0.5 | 0.72 |
| TAX-EXEMPT
| Vanguard Intermediate-Term Tax-Exempt (VIMAX) | 3.7 | 3.2 | 0.12 |
| Fidelity Municipal Money Market (FMMXX) | 0.0 | 0.0 | 0.40 |
| Vanguard Limited-Term Tax-Exempt (VLMEX) | 1.8 | 1.3 | 0.12 |
| Vanguard Tax-Exempt Money Market (VMMEX) | 0.0 | 0.0 | 0.16 |
| Schwab Municipal Money Fund (VWLMX) | 0.0 | 0.0 | 0.62 |
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**Advantage #1: The potential safety of principal.**
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**Advantage #2: The potential for regular, predictable income.**
When you invest in municipal bonds, you typically get interest payments every six months unless they get called or default. Because default rates for the investment-grade-rated bonds favored by Hennion & Walsh are historically low (according to Moody’s 2012 research,* you can enjoy a regular income stream in retirement. Please note that if a bond is called, any bond you may buy in the future with the proceeds, may earn more or less than the original called bond.

**Advantage #3: The potential for tax-free income.**
Good news! Income from municipal bonds is NOT subject to federal income tax and, depending on where you live, may also be exempt from state and local taxes.

**About Hennion & Walsh**
Since 1990, Hennion & Walsh has specialized in investment grade tax-free municipal bonds. The company supervises over $2 billion in assets in over 15,000 accounts and provides individual investors with institutional quality service and personal attention.

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We urge you to call and get your free Bond Guide. Having tax-free municipal bonds as part of your portfolio can help get your investments back on track and put you on a path to achieving your investment goals. Getting your no-obligation guide could be the smartest investment decision you’ll make.

**Funds Celebrate Bull’s Birthday**  
**ON A MAJOR ANNIVERSARY FOR STOCKS, THE MARKET GETS AN ECONOMIC SURPRISE.**  

**EQUITIES ROARED** back to life in the four weeks ended March 16, a period that included the bull market’s seventh birthday. Nearly all the mutual and exchange-traded funds in the MONEY 50, our recommended list, posted gains as several economic winds changed direction. For instance, oil prices, which had been declining for nearly two years, jumped from $29 a barrel to more than $38, sparking confidence in the world economy. As a result, *iShares North American Natural Resources* soared 16.1% in the month. And the strong dollar, which served as a drag on foreign stock returns, slumped in anticipation of the Fed’s decision not to raise interest rates. **PowerShares International Dividend Achievers** benefited from the buck’s decline, climbing 13.4%. — 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

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**THE NUMBERS**

**MONEY 50**

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**FUND (ticker)**

**Vanguard Short-Term Bond (VSTB)**

**Vanguard Inflation-Protected (VIP)**

**Vanguard Short-Term Int'l.-Prot. (VF3)**

**Vanguard Total Intl. Bond Index (VBIIX)**

**CUSTOM FUNDS**

**Large-Cap**

Dodge & Cox Stock (DCX)

PowerShares FTSE RAFI U.S. 1000 (VFRA)

Sound Shore (SPR)

PowerShares S&P High Quality Port. (VHQ)

Primcap Odyssey Growth (PRMG)

T. Rowe Price Blue Chip Growth (BGI)

**Midcap**

Ariel Appreciation (CARM)

WisdomTree MidCap Dividend (WMC)

T. Rowe Price Div. Mid Cap Gro. (JTSM)

**Small-Cap**

Royce Opportunity (ROY)

Vanguard Small-Cap Value (VSCV)

WisdomTree Small-cap Dividend (WES)

Watsch Small Cap Growth (WCG)

**Specialty**

PowerShares Int'l. Div. Achievers (VIA)

SPDR S&P Dividend (SDV)

Cohen & Steers Realty Shares (RXY)

SPDR Dow Jones Intl. Real Estate (VDW)

iShares N. American Nat. Resources (XAR)

**Foreign**

Oakmark International (OAKJX)

Vanguard International Growth (VIGI)

T. Rowe Price Emerging Markets (MTX)

**Bond**

Dodge & Cox Income (DCO)

Hilary Total Bond (VHIB)

Vanguard Short-Term Int'l. Grade (VTSX)

iShares Boxx $ Inv. Grade Corp. Bond (DBX)

Loamis Sayles Bond (LOAMX)

Fidelity High Income (VHII)

Vanguard Intra.-term Tax-Bx. (VITX)

Vanguard Limited-Term Tax-Ex. (VTE)

Templeton Global Bond (VGGL)

Fidelity New Markets Income (FNM)

**ONE-DECISION FUNDS**

**Balanced**

Hilary Balanced (VHB)

Hilary Global Balanced (VGGL)

Vanguard Wellington (VFWD)

**Target Date**

T. Rowe Price Retirement series (STOCK/BOND ALLOCATION)

Example: 2005 Fund (65%/35%) (VRET)

Example: 2020 Fund (65%/35%) (VRET)

Vanguard Target Retirement series

Example: 2025 Fund (70%/30%) (VRET)

Example: 2035 Fund (85%/15%) (VRET)

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**NOTES:** As of March 16, 2006. N.A.: Not available. Load funds are included for those who prefer to use a broker. Annualized. Phone numbers are 888. 14.25% sales load. 

**SOURCES:** Upper, New York. 877-955-4773; the fund companies.
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Changing Her Tune

by Anne Burt

LAST YEAR I SPENT $1,000 on a high-quality used cello. Then I invested $500 more on repairs and a new bow and case. I also signed up for $70 weekly private lessons. The running total: about $2,000 to date. It’s the most money I’ve ever spent purely on myself.

“Fantastic!” my friends said when I told them about my purchases.

“How long have you been playing?”

My answer: I’d never played the cello.

I had intended to take it up. I played piano as a child and throughout high school, and I told everyone that when I turned 70, I would start the cello and spend my retirement playing Bach.

Fast-forward 30 years: I’m a 47-year-old working mother/stepmother of two teenage girls. I spend my days running the communications team for a nonprofit organization, and in my few off-hours I write fiction and memoirs.

One day I listened in as my daughter and stepdaughter explored the exciting activities awaiting them as they prepared to start high school. “Basketball sounds fun,” one said, “but everyone else has played since they were 10.”

“Why should I join the band?” said the other. “It’s not like I’m going to make a living as a musician.”

I was taken aback by their timidity in the face of opportunity. When did my kids absorb the message that high school extracurriculars were about pre-professionalism, not pleasure? I never had the talent to be a working musician, but from childhood to today, music was part of my life.

Then I realized it wasn’t.

While I still thought of myself as musical, my kids knew nothing about my passion for making music. I realized that I couldn’t wait until I was 70. In a world where 14 is considered too old to start something new and teenagers are pressured to find a career path before they leave high school, becoming a beginner felt like a necessity, not a luxury.

So now I’m playing Bach. Badly. And I love it.

Also making music: the child who balked at joining the band. Encouraged (I can only hope) by my own flight of musical fancy, she signed up to play the baritone sax. It’s now her favorite extracurricular activity.

Anne Burt is chief communications officer for Facing History and Ourselves, a nonprofit education organization.
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