Kiplinger's
PERSONAL FINANCE

Great Places to Retire

We found seven standout communities across the country that are affordable and offer an active lifestyle, accessible health care and abundant cultural amenities. p 52

COLORADO NATIONAL MONUMENT, NEAR GRAND JUNCTION, COLO.

AUGUST 2022

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Investors are attracted to municipal bonds for three reasons; safety of principal, regular predictable income and the tax-free benefits. Together, these three elements can make a compelling case for including tax-free municipal bonds in your portfolio.

Potential Safety of Principal

When investing in municipal bonds, investors are paid back the full face value of their investment at maturity or earlier if called, unless the bond defaults. This is important because many investors, particularly those nearing retirement or in retirement, are concerned about protecting their principal. In July of 2021, Moody's published research that showed that rated investment grade municipal bonds had an average cumulative 10-year default rate of just 0.10% between 1970 and 2020. That means while there is some risk of principal loss, investing in rated investment-grade municipal bonds can be an important part of your portfolio.

Potential Regular Predictable Income

Municipal bonds typically pay interest every six months unless they get called or default. That means that you can count on a regular, predictable income stream. Because most bonds have call options, which means you get your principal back before the maturity date, subsequent municipal bonds you purchase can earn more or less interest than the called bond. According to Moody's 2021 research, default rates are historically low for the rated investment-grade bonds favored by Hennion & Walsh.

Potential Tax-Free Income

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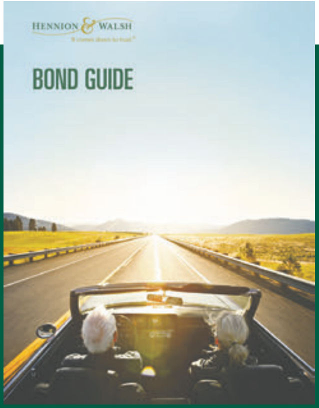

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- Strategies for smart bond investing
- Municipal bond facts every investor should know

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FOUNDED 1947

VOL. 76 NO. 8

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Amazon Prime Fans

Every consumer should test the usefulness of their subscriptions ("10 Good Reasons to Cancel Amazon Prime," June). As you said, the annual $139 price tag is as expensive as Hulu or Netflix, but think of it as a video-streaming service with free-delivery perks. My child broke a refillable water bottle on a Wednesday afternoon. I ordered a replacement, and it arrived between 4 and 8 A.M., as promised, in time for it to be used at school that day. This saved me approximately $5 of gas and 35 minutes of time I would have otherwise spent on a $20 purchase at a store. If several people in my neighborhood have items delivered at the same time, there will be one instead of several vehicles making the trip for those items.

JOSEF McNICKLE
SAN DIEGO

Three good reasons to keep Amazon Prime: First, I appreciate the point about becoming a "lazy shopper" by not shopping around. But it's hard to beat the variety of products available via Prime. Second, half-price online access to the *Washington Post*. And finally, Thursday Night NFL Football only on Prime this coming season. If your local team isn't playing, you will only be able to see the games on Prime.

RICHARD JOHNS
KANSAS CITY, MO.

I go to Whole Foods stores (rather than order online) and make use of Amazon Prime price reductions. It is likely that many people regularly shop at Whole Foods stores for organic and healthy foods when there is an advantage with Amazon Prime pricing. On occasion, the prices are even better than at Costco.

SYLVIE MULDOON
FAIRFAX, VA.

Social Security. I and other young widows are grossly uninformed by Social Security about future spousal benefits ("Answers to Your Social Security Questions," June). Because our husbands are now deceased, we no longer receive statements of their benefits, and their Social Security online accounts are disabled. Early calls to the Social Security office are not helpful—the response is, "Call back within three months of claiming benefits." How can widows plan their financial future without knowing their spousal benefits? Some widows are unaware that they qualify for any benefit at all. This could be easily addressed by a written notice prior to the widow turning age 60.

CYNTHIA JONAS
VIA E-MAIL

There's one scenario you did not cover. I filed for benefits in 2021 at age 70 and continued working. In March 2022, I received a letter from the Social Security Administration revising my benefit upward due to my earnings in 2021, which were not considered in calculating my benefit because I hadn't earned them yet.

ALEXANDER CONRAD
HENRICO, VA.

Gas taxes. "Relief at the Pump?" ("Ahead," June) includes a sidebar showing gasoline taxes in a select group of states. You didn't mention that California's gasoline laws levy so-called environmental fees that amount to another 43 cents on each gallon above the stated 68-cents-per-gallon tax. Moreover, there is a hidden regulatory tax burden in the state's unique blend of refined gasoline that accounts for higher underlying gasoline prices, even before tax.

JOHN CARSON
SAN DIEGO

Disaster protection. I, too, purchased a fireproof home safe ("Create a Financial Plan for a Natural Disaster," June). I was later shocked to learn it is not waterproof! We live within a quarter mile of a coastal bay. At least everything is in one place to "grab and go." Now, all important items are in Ziploc bags, too. Our bank has a long waiting list for safe-deposit boxes, and they are not waterproof either.

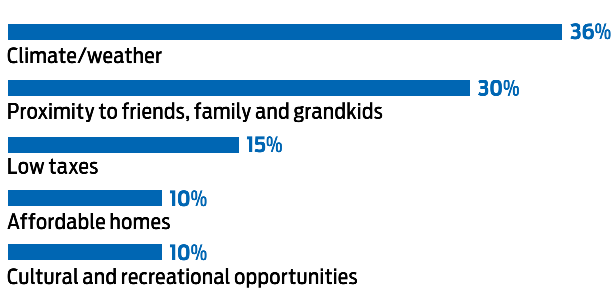
MIKE DORSEY
LEWES, DEL.

Corrections: Prices and returns were incorrect for the iShares Core S&P 500, Mid-Cap and Small-Cap funds ("The Kiplinger ETF 20 Update," June). The tables have been corrected in the online version of the June issue on Kiplinger.com.

A photo of the Puget Sound Refinery was incorrectly identified as belonging to Shell ("A Different Shade of Green," July). Shell sold the refinery to HollyFrontier Corp. in 2021.

READER POLL

What's your top priority for a retirement location?



Exceeds 100% due to rounding. See our list of standout cities on page 52.

CONTACT US

Reader Feedback may be edited for clarity and space, and initials will be used on request only if you include your name. Send to Kiplinger's Personal Finance, 1100 13th St., N.W., Suite 1000, Washington, DC 20005, or e-mail to feedback@kiplinger.com. Please include your name, address and daytime telephone number.

Mark Solheim

Retire Where You Want

The cover story, starting on page 52, features our annual selection of places to retire. As always, the cities on our list are meant as suggestions to serve as food for thought as you contemplate what your life will look like in the decade or two after you retire. Most retirees don't relocate, but research shows that the wealthier you are, the more likely you are to move (or buy a second home).

This year, we took a slightly different approach. Rather than search exclusively for states with low or moderate taxes, which tends to limit our picks to the Sunbelt, we aimed for a geographically diverse list, including the Northeast and upper Midwest. The idea, says senior editor Sandy Block, who compiled the list, is to play off the theme that retirees want to be close to friends, family and the grandkids. One of these small or midsize cities is bound to be close to loved ones.

Each of the places we spotlight has attributes that are high on retirees' wish lists: affordable homes and living costs, good restaurants and cultural attractions, accessible health care and outdoor recreational areas. These cities are within easy driving distance of a big city or two, where you can take advantage of urban amenities and a larger airport.

A tough conversation. In early June, as we were finalizing our cover story, one of the cities on our list, Tulsa, made the news when a patient suffering from pain after back surgery went to his doctor's office with a couple of newly purchased guns and killed his doctor and three others before taking his own life.

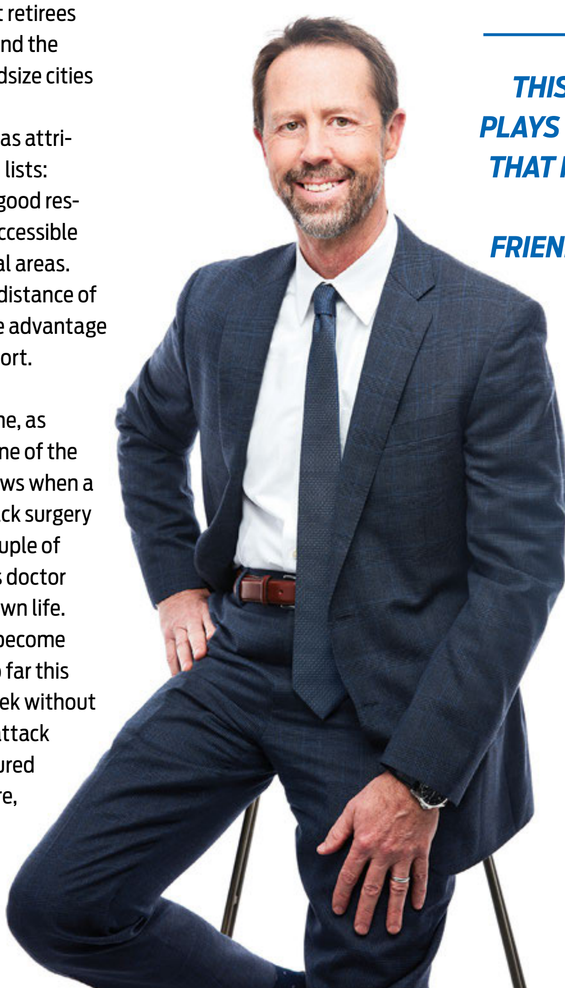
Mass shootings have, tragically, become common in our nation. In the U.S. so far this year, there has not been a single week without a mass shooting (defined as a gun attack in which four or more people are injured or killed). They can happen anywhere, at any time—in Tulsa or any other city. While Congress and some state legislatures debate measures to try to reduce future incidents, I wondered how prevalent gunmakers are among widely held funds and indexes.

The gun industry is complex. It includes everything from hunting and assault rifles and handguns to magazines and ammo, with companies that supply the military and law enforcement as well as retailers that sell to consumers. Whether you support some, none or all of the industry, you may want to know how much exposure you have as an investor.

Of the five gun companies being investigated by a House committee because they manufactured weapons that have been used in mass shootings, only two are publicly traded in the U.S.: Smith & Wesson Brands (symbol SWBI) and Sturm, Ruger & Co. (RGR). Both are too small to be included in the S&P 500 index. They are represented in the Russell 2000 small-cap index, but each has a weighting of only 0.05% or less. BlackRock and Vanguard are the largest two institutional shareholders of the two stocks.

If you want to see how a specific fund invests in a broader list of gunmakers and retailers, check out https://gunfreefunds.org, which is run by the nonprofit As You Sow. For example, if you have money invested in a target-date fund in your retirement plan, you probably also have some limited exposure to these and other gun-related stocks. According to the tool, the portion of assets devoted to gunmakers in Vanguard Target Retirement 2035 is only 0.1%. In Fidelity Freedom 2035 it's 0.4%, and in T. Rowe Price Retirement 2035 it's 0%. BlackRock LifePath Index 2035 has less than 0.01% in gunmaker stocks.

Among the Kiplinger 25, the list of our favorite actively managed mutual funds, 10 hold no controversial weapons and no small arms: DF DENT Midcap Growth, Parnassus Midcap, Baron Emerging Markets, Brown International Small Company, Fidelity Select Health Care, T. Rowe Price Global Technology, Fidelity Intermediate Muni, T. Rowe Price Floating Rate, TIAA-CREF Core Impact Bond and Vanguard Emerging Markets Bond.



THIS YEAR OUR LIST PLAYS OFF THE THEME THAT RETIREES WANT TO BE CLOSE TO FRIENDS, FAMILY AND GRANDKIDS.

On the retail side, Walmart (a Kiplinger Dividend 15 member; see page 28) already has policies in place that have been proposed at the national level. Since a mass shooting at a Walmart in El Paso, Texas, in 2019, the company has stopped selling handguns, and it hasn't sold assault rifles since 2015. Customers must be 21 to buy a gun at a Walmart store.

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POON WATCHARA-AMPHAIWAN

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AHEAD

TOPIC A

AN UPSIDE TO A DOWN MARKET

When the balance on a traditional IRA takes a major hit, consider converting it to a Roth. **BY SANDRA BLOCK**

WHENEVER THE STOCK MARKET has a bad day—and there have been a lot of bad days in recent weeks—it's not uncommon to hear people warn darkly that they may have to postpone retirement. Some folks suggest that at the rate things are going, they may never be able to retire at all.

But perilous markets offer opportunities, not only for investors

ILLUSTRATION BY CHRIS GASH

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QUTENZA® (capsaicin) 8% topical system is indicated in adults for the treatment of neuropathic pain associated with postherpetic neuralgia (PHN) and for neuropathic pain associated with diabetic peripheral neuropathy (DPN) of the feet.

IMPORTANT SAFETY INFORMATION

Treatment with QUTENZA must be performed only by a healthcare provider. You should never apply or remove QUTENZA yourself.

Please see additional Important Safety Information on next page.

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IMPORTANT SAFETY INFORMATION

Treatment with QUTENZA must be performed only by a healthcare provider. You should never apply or remove QUTENZA yourself.

Contraindications

None

Warnings and Precautions

- Do not touch QUTENZA or items exposed to capsaicin. Touching QUTENZA and then accidentally touching other areas of your body can cause severe irritation of eyes, mucous membranes, respiratory tract, and skin.
- QUTENZA is not for use near eyes or mucous membranes. Do not sniff or inhale near QUTENZA as this may cause you to cough or sneeze.
- If any of these side effects become severe, tell your healthcare provider immediately.
- Even though a numbing medicine is used on the skin before applying QUTENZA, some patients may still experience substantial pain during the treatment. Tell your healthcare provider if you are experiencing pain; a cool compress or medicine for the pain can be provided to help lessen your discomfort.
- QUTENZA can cause serious side effects, including pain and increases in blood pressure during or right after treatment.
- Your healthcare provider should check your blood pressure during treatment with QUTENZA.
- If you have high blood pressure that is not well controlled by medicine, or have had recent heart problems, stroke, or other vascular problems, you may be at increased risk and should discuss with your doctor whether QUTENZA is right for you.
- Tell your doctor if you have reduced sensation in the feet. You may notice that you have less feeling for hot or sharp pain where QUTENZA was applied, but this is usually minor and temporary.

Side Effects

In all clinical trials, the most common drug-related side effects of QUTENZA were redness, pain, or itching where QUTENZA was applied. You should tell your doctor if any side effects bother you or do not go away.

Adverse Event Reporting

Physicians, other healthcare providers, and patients are encouraged to voluntarily report adverse events involving drugs or medical devices.

To make a report you can:

- In the US, visit www.fda.gov/medwatch or call 1-800-FDA-1088; or
- For QUTENZA, you may also call 1-877-900-6479 and select option 1, or press zero on your keypad to talk to an operator to direct your call.

For more information, ask your healthcare provider or pharmacist.

Please see Brief Summary of full Prescribing Information on the following page.

AveritasPharma™

M-QZA-US-05-22-0030 May 2022

Qutenza®
(capsaicin) 8% topical system

QUTENZA® (capsaicin) 8% topical system Brief Summary of full Prescribing Information. See full Prescribing Information. Rx Only.

What is QUTENZA?
QUTENZA is a prescription medicine for adults, used for the treatment of post-shingles nerve pain and the treatment of diabetic nerve pain of the feet. The safety and effectiveness of QUTENZA in patients younger than 18 years of age have not been studied.

What should I tell my doctor before using QUTENZA?
Before you receive QUTENZA, tell your doctor about all your medical conditions, including if you have heart problems, including high blood pressure, or if you are pregnant or breastfeeding or planning to become pregnant or breastfeed. Tell your doctor about all the medicines you take, including prescription and over-the-counter medicines, vitamins and herbal supplements.

How will I use QUTENZA?
Treatment with QUTENZA must be performed only by a healthcare provider. Only physicians or healthcare professionals under the close supervision of a physician are to administer QUTENZA. You should never apply or remove QUTENZA yourself. QUTENZA may only be applied to dry, intact (unbroken) skin. QUTENZA should not be applied to the face, eyes, mouth, nose, or scalp to avoid risk of exposure to eyes or mucous membranes. The recommended dose of QUTENZA for the treatment of post-shingles nerve pain is a single, 60-minute application of up to four topical systems. The recommended dose of QUTENZA for the treatment of diabetic nerve pain of the feet is a single, 30-minute application on the feet of up to four topical systems. Treatment with QUTENZA may be repeated every three months, or longer, as warranted by the return of pain, but not more frequently than every three months.

What should I avoid while using QUTENZA?
You should not touch the QUTENZA patch. If you accidentally touch the patch, it may burn and/or sting. You may be given local cooling, such as an ice pack, or medication to treat acute pain during and after the QUTENZA application procedure.

QUTENZA may cause serious side effects, including:

- **Severe Irritation with Unintended Capsaicin Exposure:** Capsaicin is the active ingredient in QUTENZA and it can cause severe irritation to the eyes, mucous membranes, respiratory tract, and skin. Accidental exposure to the eyes and mucous membranes can occur from touching QUTENZA or items exposed to capsaicin and then touching the eyes and mucous membranes. If this happens, notify your doctor immediately. You will need to be moved away from the vicinity of QUTENZA and your eyes and mucous membranes may need to be flushed with cool water. Inhalation of airborne capsaicin can cause coughing or sneezing. Tell your doctor if shortness of breath develops. If skin not intended to be treated is exposed to QUTENZA, apply Cleansing Gel for one minute and wipe off with dry gauze. After the Cleansing Gel has been wiped off, wash the area with soap and water.
- **Application Associated Pain:** QUTENZA can cause substantial procedural pain. Your doctor will treat your pain during and following the application procedure with local cooling (such as an ice pack) and/or pain medication.
- **Increase in Blood Pressure:** As a result of treatment-related increases in pain, your blood pressure may increase during and shortly after treatment. Tell your doctor if you have experienced a recent heart problem.
- **Sensation Function:** Reductions in sensory function have been reported following administration of QUTENZA. Decreases in sensory functions are generally minor and temporary (including to thermal and other harmful stimuli). All patients with pre-existing sensory deficits should be clinically assessed for signs of sensory deterioration or loss prior to each application of QUTENZA. If sensory deterioration or loss is detected or pre-existing sensory deficit worsens, continued use of QUTENZA treatment should be reconsidered.

The most common side effects of QUTENZA are redness, pain, or itching where QUTENZA was applied. The treated area may be sensitive to heat (e.g., hot showers/bath, direct sunlight, vigorous exercise) for a few days following treatment.

If your eyes or lungs become irritated, of if any of the side effects become severe, notify your doctor immediately. These are not all the possible side effects of QUTENZA. Ask your doctor for medical advice about side effects. For more information, including the FDA-approved product labeling, go to QUTENZA.com or call 1-877-900-6479. You are encouraged to report side effects to the FDA at 1-800-FDA-1088 or www.fda.gov/medwatch.

Manufactured for Averitas Pharma, Inc., Morristown, NJ 07960, USA
by Lohmann Therapie-Systeme AG (LTS), Andernach, Germany

AveritasPharma™

M-QZA-US-05-22-0030 May 2022

who are willing to swim against the tide (see "Practical Portfolio," on page 63) but also for savers who convert funds in their traditional IRAs to a Roth. Instead of crimping your retirement lifestyle, this bearish market could enable you to lower taxes on your nest egg, leaving you with even more money when you retire.

When you convert a traditional IRA to a Roth, you must pay taxes on all deductible contributions at your ordinary income tax rate. But the tax bill is based on the value of your IRA at the time you convert. For example, suppose your IRA was valued at $300,000 in January and is now worth $250,000. If you convert before your portfolio rebounds, you'll only pay taxes on the lower amount. Once you've converted, future growth is tax-free, as long as you're at least 59½ and have owned the Roth for at least five years before taking any withdrawals.

Before you take this step, it's important to understand that your decision is irrevocable, even if the value of your IRA continues to decline. Before 2018, individuals who converted to a Roth had until the tax-extension deadline—typically October 15—of the year following the year they converted to change their mind. The "do-over" option was eliminated in the Tax Cuts and Jobs Act, so if, for example, your $250,000 IRA declines to $200,000 after you convert, your tax bill will still be based on $250,000.

If you're feeling particularly bearish, that may give you pause, but that's short-sighted, says Ed Slott, founder of IRAhelp.com. The goal of converting to a Roth is to shield your savings from an increase in tax rates in the future—and there's a good chance that will happen. "Does anybody think your tax rates will go lower?" Slott says. "We have the lowest tax rates anybody has ever seen in their lifetime."

Even if tax rates remain the same, Slott adds, your personal tax rate could rise when you take required minimum distributions from your traditional IRA. Currently, you're required to take RMDs at age 72. (Congress is considering legislation that would gradually increase the age for RMDs to 75.) If your IRA balance is large, those withdrawals could push you into a higher tax bracket.

The go-slow option. You don't have to convert your entire IRA at once (and if your balance is large, that's probably not a good idea anyway). One strategy is to convert a specific amount every year, ideally just enough to remain within your tax bracket. You also need to make sure you have enough money in a savings or other liquid account to pay the tax bill next year since, as noted, you can't change your mind.

Spreading out conversions will also help minimize the impact on your modified adjusted gross income, an important consideration for retirees or near-retirees. If a Roth conversion increases your MAGI above a certain amount, you could end up paying a high-income surcharge for Medicare Part B, which covers doctor's visits and outpatient services, and Part D, which covers prescription drugs. In 2022, for example, the standard premium for Part B is $170.10, but seniors who were hit with the surcharge are paying from $238.10 to $578.30, depending on their income.

Here's the rub, though: The Part B surcharge is based on your tax return from two years ago, so a Roth conversion this year could affect your Medicare premiums in 2024. While Medicare provides exemptions from the surcharge based on certain life events, a Roth conversion isn't one of them (see "How to Fight a High-Income Surcharge," April).

One way around this problem is to convert when you're 62 or younger because you'll avoid the two-year "look back" that begins once you turn 65 and sign up for Medicare. But even if you're older than 62, the one-time hit to your premiums may be worth it, Slott says. After that, withdrawals from your Roth won't affect the formula used to calculate the surcharge. That's not the case with withdrawals from a traditional IRA, which are unavoidable once you're required to take minimum distributions. "As your IRA continues to grow, you'll have this problem every year," Slott says.

BACKDOOR ROTH

Strategies for High Earners

In 2022, a married couple who file jointly are ineligible to contribute to a Roth if their modified adjusted gross income is $214,000 or more. A single taxpayer is ineligible if his or her MAGI is $144,000 or more.

However, there are no income limits on Roth *conversions,* so if you have money in traditional IRAs—money rolled over from a former employer's 401(k), for example—you can use that workaround to shift some of your savings into a Roth.

Plus, there are no income limits on contributions to a nondeductible IRA. That means you can contribute to a nondeductible IRA (the maximum contribution is $6,000 in 2022; $7,000 if you're 50 or older) and then convert the IRA to a Roth. Because your contributions are after-tax, the conversion is tax-free. This strategy could be particularly lucrative during a bear market, because you're investing on the cheap with the prospect of future tax-free growth.

However, if you have funds in a deductible IRA—say, from a 401(k) rollover—only a portion of the funds converted to a Roth will be tax-free. Your tax liability will be based on the ratio of your nondeductible contributions to the total balance of all of your traditional IRAs. For example, suppose you have $100,000 in IRAs that includes $10,000 in nondeductible contributions and $90,000 in deductible contributions. In that case, only 10% of the amount you convert to a Roth will be tax-free; you must pay your ordinary income tax rate on the remaining amount.

INTERVIEW

CAREER ADVICE FOR NEW COLLEGE GRADS

Research potential employers, and don't wear pajama bottoms for Zoom interviews.

Beth Hendler-Grunt is the president of Next Great Step, a career-counseling firm for recent college graduates, and author of The Next Great Step: The Parents' Guide to Launching Your New Grad into a Career.

New college graduates will be looking for jobs at a time when many employers are desperate to fill openings. How can they take advantage of these favorable labor conditions? Before applying for a job, recent graduates should really think about the skills they have and what they're really good at so they can explain to an employer the value they can bring to a company. A lot of young adults will say things like, "I'm a hard worker," but that's not a skill. Think about the top three things you want to be known for, and be able to share an example of how you demonstrated that skill.

A lot of young adults go to the online jobs boards and send out 100 applications because they think, *The more job applications the better.* That's not how to get a successful outcome. Target and research the kinds of companies you want to work for. Once you go down that path, the company will be more excited to interview you because you've taken the time to figure out how you can help them be successful.

Is networking still important? What's the best way to do that when many managers are still working from home? LinkedIn is a great way to network, but instead of just going on LinkedIn and asking to connect, take a few minutes to look at someone's profile. Once you connect, you should have access to their e-mail. Send them an e-mail telling them that you're interested in the work they're doing and would like to speak with them. Many people are willing to give you 15 to 20 minutes on the phone or on Zoom if you're thoughtful about it and explain what you're looking to accomplish. Also, many graduates underutilize their alumni network. People love to talk to fellow alumni.

Speaking of Zoom, any advice for job seekers who are asked to conduct an interview through Zoom or a similar virtual tool? Some companies are using one-way interviews to screen job candidates. Instead of a call from HR, they're sending a link to job candidates and telling them to go on video and record answers to three questions. There's no one on the other end. It's very stressful, but it's a big money saver for employers. But whether it's a one-way or two-way interview, be prepared. Practice recording yourself answering questions and to see what you look like. You want to have eye contact, and to do that you need to look into the camera. Don't have a messy bed in the background. Don't put your back to the window because your face will be darkened. Dress the same way that you would for an in-person interview from head to toe, because dress is also a state of mind. We've heard crazy stories where employers have asked people to stand up to see if they have on pajama bottoms.

What are the biggest mistakes new grads make in job interviews? The first mistake is that they don't prepare enough. They research the person who is interviewing them but don't research the company. With the resources we have now, it's so simple: Type the name of the company in Google and then type "in the news." Are they public? Who is the CEO? What's their latest stock price?

The second mistake is that job candidates get nervous and ramble, or they don't listen to the actual question. People aren't going to hire you if they can't talk to you.

SANDRA BLOCK

LEE SEIDENBERG

BARGAIN HUNTING

CUT THE COSTS OF BACK-TO-SCHOOL SHOPPING

Sales tax holidays can apply to everything from laptops to shoes.

INFLATION HAS TURNED MANY Americans into extreme coupon clippers as families look for ways to cope with rising prices on just about everything they buy. But if you're in the market for back-to-school items, or just need a new laptop, upcoming state sales tax holidays could provide an even more effective way to cut costs.

Sixteen states will hold back-to-school sales tax holidays this summer, primarily during the first two weekends of August (see the table below). The amount you save will depend on where you live, your state's sales tax rate and what you buy.

SALES TAX HOLIDAY PLANNER

These states will give shoppers a break on many back-to-school items in July and August.

= Clothing = Footwear = School supplies = Computers

STATE	STATE SALES TAX RATE	DATES	CATEGORIES: Clothing	Footwear	School supplies	Computers
Arkansas*	6.50%	Aug. 6–7	✓		✓	✓
Connecticut	6.35	Aug. 21–27	✓	✓		
Florida	6.00	July 25–Aug. 7	✓	✓	✓	✓
Illinois**	6.25	Aug. 5–14	✓	✓	✓	
Iowa*	6.00	Aug. 5–6	✓	✓		
Maryland	6.00	Aug. 14–20	✓	✓	✓	
Massachusetts	6.25	NA	✓	✓	✓	✓
Mississippi	7.00	July 29–30	✓	✓	✓	
Missouri	4.23	Aug. 5–7	✓		✓	✓
New Mexico	5.13	Aug. 5–7	✓	✓	✓	✓
Ohio*	5.75	Aug. 5–7	✓		✓	
Oklahoma*	4.50	Aug. 5–7	✓	✓		
South Carolina*	6.00	Aug. 5–7	✓	✓	✓	✓
Tennessee*	7.00	July 29–31	✓		✓	✓
Texas*	6.25	Aug. 5–7	✓	✓	✓	
West Virginia*	6.00	Aug. 5–8	✓	✓	✓	✓

NA Not available at press time. *Exemption includes local sales taxes. **Sales tax will be reduced by five percentage points.

In some instances, the savings can be significant. For example, Tennessee will exclude laptops and tablets priced at $1,500 or less from state and local sales taxes during the last weekend in July. The state's average combined state and local sales tax rate is 9.5%—the second-highest rate in the U.S.—for a potential savings of up to $142.

Several states offer tax breaks for clothing, shoes and other back-to-school purchases, but the exemption is typically limited to items that cost $100 or less. But a few states have much broader exemptions. In South Carolina, for example, any purchase of clothing, footwear, computers, and select bed and bath items is exempt from the state's 6% sales tax during the weekend of August 5 to 7, with no price limits.

While back-to-school weekends are the most popular sales tax holidays, they're not the only time shoppers can get a tax break. Several states in parts of the country that are affected by hurricanes offer sales tax holidays on generators and other disaster-preparedness items, and the rise in gas prices has prompted several states to temporarily waive taxes on gas (see "Ahead," June).

Although tax holidays are popular with state lawmakers, they don't promote economic growth, says Janelle Fritts, policy analyst for the Tax Foundation, a tax research organization. Research shows that sales tax holidays don't increase spending because most shoppers simply shift purchases they had already planned to make to coincide with a holiday weekend. Sales tax holidays also tend to disproportionately benefit higher-income families, who have the means to make a big purchase when the tax exemption is in effect, she says.

Sales tax holidays "distract from real tax relief and things that actually help," Fritts says. "If states need to have a tax holiday, maybe they should bring down rates across the board rather than exempting things for a weekend." **SANDRA BLOCK**

CALENDAR
08/2022

▲ MONDAY, AUGUST 1
More babies are born in August than any other month. This is a good time to confirm your company's maternity and/or paternity leave policies and make a plan for taking time off. And once your child is born, be sure to add him or her to your health insurance plan within 30 days.

THURSDAY, AUGUST 11
The dog days of summer—the period when the dog star, Sirius, rises and sets with the sun—officially end today, but it will remain toasty for weeks in many parts of the U.S. A smart thermostat will help you keep the cost of air conditioning under control. To learn about energy-efficient thermostats and other smart home devices, turn to page 66.

FRIDAY, AUGUST 19
World Humanitarian Day is observed around the world to pay tribute to aid workers who risk their lives in humanitarian service. Now that pandemic-related restrictions have eased, you may be able to find more opportunities for hands-on volunteer work in your community or elsewhere. Retirees can take advantage of the U.S. Government's Senior Corps volunteer program for a number of volunteering opportunities in their communities. Learn more at www.americorps.gov/serve/americorps-seniors.

WEDNESDAY, AUGUST 31
Unless it's extended, the suspension of payments on federal student loan payments implemented during the pandemic ends today. For advice on how to resume payments, along with tips on what to do if you can't afford them, go to page 50.

EMMA PATCH

DEAL OF THE MONTH
If your child needs a new laptop computer for college or high school, look for back-to-school discounts. (In some states, you can avoid paying sales taxes on laptops; see the facing page.) There are typically more deals on laptops in August than at any other time of the year except Black Friday, says Julie Ramhold, consumer analyst for DealNews.com.

ALAMY

BRIEFING

INFORMATION ABOUT THE MARKETS AND YOUR MONEY.

GET A HEAD START ON YOUR 2022 TAXES

With the 2021 tax season barely over, you probably don't want to start thinking about next year's return. But armed with your recent returns, now is a good time to make sure you're up to speed on tax law changes and updates for the 2022 tax year.

Most of the tax breaks in the American Rescue Plan Act expired at the end of 2021. As a result, some popular tax breaks are different for the 2022 tax year than they were for 2021. Other 2022 tweaks are the result of new rules or annual inflation adjustments.

For example, the child tax credit reverts to its pre-2021 form for the 2022 tax year and drops back down to $2,000 per child. And children who are 17 years old don't qualify for the credit this year, because the former age limit (16 years old) returns. Other highlights:

Long-term capital gains tax rate. Tax rates on long-term capital gains (that is, gains from the sale of capital assets held for at least one year) and qualified dividends did not change for 2022. However, the income thresholds to qualify for the various rates were adjusted for inflation.

In 2022, the 0% rate applies for individual taxpayers with taxable income up to $41,675 on single returns and $83,350 for joint returns. The 20% rate for 2022 starts at $459,751 for singles and $517,201 for couples filing jointly.

The 3.8% surtax on net investment income stays the same for 2022. It kicks in for single people with modified adjusted gross income of more than $200,000 and for joint filers with modified AGI above $250,000.

Standard deduction. The standard deduction amounts were increased for 2022 to account for inflation. Married couples get $25,900, plus $1,400 for each spouse age 65 or older. Singles can claim a $12,950 standard deduction—or $14,700 if they're at least 65.

PayPal and Venmo reporting. Starting with the 2022 tax year, third-party payment settlement networks (for example, PayPal and Venmo) will send you a Form 1099-K if you are paid more than $600 during the year for goods or services, regardless of the number of transactions. Previously, the form was sent only if you received more than $20,000 in gross payments *and* had more than 200 transactions. However, 1099-K reporting is only for money received for goods and services, not for payments from family and friends.

Charitable deductions. The "above-the-line" deduction

$315,000

That's how much a 65-year-old couple retiring this year can expect to spend in health care and medical expenses throughout retirement, according to Fidelity's latest Retiree Health Care Cost Estimate. That's 5% higher than 2021's estimate. The 2022 estimate for single retirees is $150,000 for men and $165,000 for women. The figure assumes retirees are enrolled in traditional Medicare parts A and B and in Medicare Part D, which covers prescription drugs.

GETTY IMAGES

for up to $300 of charitable cash contributions ($600 for a married couple filing a joint return) expired at the end of 2021. You will have to itemize deductions to write off gifts to charity.

Retirement savings. Many key dollar limits on retirement plans and IRAs are higher in 2022. For example, the maximum contribution limits for 401(k), 403(b) and 457 plans jumped from $19,500 to $20,500 for 2022, while people born before 1973 can put in $6,500 more as a "catch-up" contribution. The 2022 cap on contributions to Simple IRAs is $14,000, plus an extra $3,000 if you're 50 and up.

The 2022 contribution limit for traditional IRAs and Roth IRAs stays steady at $6,000, plus a $1,000 catch-up contribution for individuals age 50 and up. However, the income ceilings on Roth IRA contributions went up. Contributions phase out at AGI of $204,000 to $214,000 for couples and $129,000 to $144,000 for singles.

Deduction phaseouts for traditional IRAs also start at higher levels in 2022, from AGI of $68,000 to $78,000 for single filers and $109,000 to $129,000 for couples. If only one spouse is covered by a workplace retirement plan, the phaseout zone for deducting a contribution for the uncovered spouse starts at an AGI of $204,000 and ends at $214,000.

More lower-income people may be able to claim the "saver's credit" in 2022, too. This tax break can be worth up to $1,000 ($2,000 for joint filers), but you must contribute to a retirement account, and your AGI must be below certain thresholds: $34,000 for single filers and married people filing a separate return, $68,000 for married couples filing jointly, and $51,000 for head-of-household filers.

Estate and gift taxes. For 2022, the lifetime estate and gift tax exemption jumped from $11.7 million to $12.06 million—$24.12 million for couples if portability is elected by timely filing IRS Form 706 after the death of the first-to-die spouse.

Finally, you can give up to $16,000 (or $32,000 if your spouse agrees) to each child, grandchild or any other person in 2022 without having to file a gift tax return or tap your lifetime exemption.

If you need to adjust withholding from your paycheck, visit IRS.gov and search for "Form W-4." File the form with your employer. The site's Tax Withholding Estimator can help. **ROCKY MENGLE AND JOY TAYLOR**

SOCIAL SECURITY OUTLOOK: LESS DISMAL

The financial health of Social Security and Medicare was buoyed—a bit—by the strong post-pandemic economic recovery, according to the latest reports from the Social Security and Medicare trustees, released in early June. The dire outlook for Social Security overall hasn't changed; The Social Security Old-Age and Survivors Insurance Trust Fund, which pays retiree benefits, will be depleted next decade unless Congress acts to shore it up, which it is widely expected to do. But a few bright spots amid the gloom emerged from the report: The trust fund is now expected to run dry in 2034, one year later than previously projected. At that time, incoming tax revenue will be enough to cover only 77% of scheduled benefits. Also, the Disability Fund, for the first time since 1983, is no longer expected to be depleted within the 75-year projection period.

A companion report said the forecast for Medicare's Hospital Insurance Trust Fund also improved. It is now forecast to encounter a shortfall in 2028, two years later than in last year's report. At that time, Medicare will be able to cover only 90% of total benefits.

One bright spot for retirees: The report predicted a 3.8% cost-of-living adjustment for 2023, but that was based on mid-February inflation projections. Now, says Social Security chief actuary Stephen Goss, the COLA could be closer to 8%, as determined by inflation in July, August and September. Medicare trustees are projecting no Medicare premium increase for 2023, and possibly a slight decrease. **MARK SOLHEIM**

From *The Kiplinger Letter*

WHERE AMERICANS ARE MOVING

When Americans move, they're mostly heading to the South and West, creating new suburban and exurban boomtowns in the process. All of the top 15 fastest-growing large cities and towns—those with 50,000 residents or more—are in these two regions, according to the Census Bureau. Arizona alone contains five, all part of suburban/exurban Phoenix. Three are in Texas, including top growers Georgetown (10.5%) and Leander (10.1%), both suburbs of Austin. Florida and Idaho both have three apiece. And Tennessee has one. The South and West are also home to all the cities with the largest numerical population gains. Expect these regions to continue their winning streak in the years to come.

ALAMY (LEFT); GETTY IMAGES

MASTERS OF GROWTH INVESTING

PHOTOS BY EMILY ANDREWS

THE LONG-TENURED TEAM AT BARON CAPITAL IS STEEPED IN FOUNDER RON BARON'S INVESTMENT PHILOSOPHY.

The Baron Funds have an extraordinarily long and successful track record. Here's how they do it.

BY ANDREW TANZER

On a recent sunny morning in New York City, Ron Baron, founder, chairman and chief executive officer of Baron Capital, is standing and studying *Sixteen Jackies,* a famous painting of Jackie Kennedy by Andy Warhol that Baron purchased through a dealer. The office walls are adorned with dozens of paintings by Warhol, Roy Lichtenstein, Jasper Johns and other modern art masters. In Baron's corner office, Babe Ruth's 1920 contract and a 1940 letter written by Albert Einstein about the plight of Jews in Europe hang on the walls; President John F. Kennedy's rocking chair sits by a table. The view from the 48th floor of the General Motors Building on Fifth Avenue is spectacular: You can see all of Central Park, the Upper East and West sides of Manhattan and both the Hudson and East rivers.

Baron, a multibillionaire, is one of the greatest growth-stock investors of all time, investing in companies with the potential to increase profits at a faster-than-average rate. During a time when relatively few actively managed funds can beat their respective index benchmarks (and more investors are gravitating to passive indexing), Baron's long-term approach to growth investing continues to shine.

As of the end of the first quarter, 15 of 17 funds, representing 98.5% of Baron Funds' $49 billion of assets under management, had beaten their index benchmarks since inception, several of them by an annualized five percentage points or more. Baron Growth is the top midsize-company growth fund since its inception in 1994; Baron Partners and Baron Focused Growth are the top performers among all mutual funds since their inceptions in the 1990s.

Ron Baron is a trim, remarkably spry 79-year-old. He's certainly old and wealthy enough to retire to his 59-acre oceanfront estate in East Hampton, Long Island. But a conversation with him quickly reveals an almost childlike enthusiasm and thirst for knowledge. "He has an incredible passion for what he's doing," says Linda Martinson, founder, president and chief operating officer of Baron Capital, who has been with Baron since 1983. "He's the most curious person on the planet. He wants to learn about everything."

Baron grew up in Asbury Park, a beach town in New Jersey where he drove an ice cream truck and worked as a lifeguard to help pay for college. His parents wanted him to be a doctor, but he didn't get into medical school. In any case, he caught the investment bug at a young age. Baron recalls investing $1,000 of gift money from his bar mitzvah in Monmouth County National Bank, a local bank that was soon taken over. "All of a sudden, my $1,000 became worth $1,700," he says. "I said, 'Wow, there's nothing to this.' I was always interested in the stock market."

After working as a security analyst on Wall Street through the 1970s, he founded Baron Capital in 1982 with $100,000 in capital. For much of the first decade, he mainly managed private partnerships before launching mutual funds in 1987. From 1992, when the firm managed $150 million, Baron calculates that his funds have generated more than $44 billion in realized and unrealized gains. Fund offerings have expanded to include foreign stocks, health care and real estate, but always with the same growth focus. "We only do one of kind of investing," says Martinson, "and we do it well."

Baron investment professionals often spend months researching a firm before investing—and then maintain due diligence once the security is in the portfolio.

PATIENCE, PATIENCE

One distinguishing feature of Baron Capital is its unusually long-term approach to investing. For example, Baron has held stock in Charles Schwab since 1992, Choice Hotels since 1996 and Vail Resorts since 1997. The average holding period for a stock is six to seven years, compared with less than a year for the fund industry, says Michael Baron, who comanages Baron Partners with Dad. The approach resembles that of the private-equity industry, where investors expect to hold shares in private enterprises for five or more years when investing. Michael recalls that as he was growing up, whenever his father discussed investing, "It was not what stock was up or down, but about businesses, what made them special."

"A lot of investors say they're long term, but then they sell in a bad market," says Michael Lippert, who manages Baron Opportunity. "The pool of investors focused on what a company will earn in five years is much smaller than on what it'll earn next quarter or year," says Andrew Peck, co-chief investment officer (with Cliff Greenberg) and a portfolio manager who joined the firm in 1998. "If you focus on the short term, it's easier to fall into the trap of preoccupation with stock movements rather than the fundamentals of a business."

Baron only invests in businesses that it believes can double in market value in five to six years, which implies compounded growth of 15% per year. Several Baron funds, including Growth and Focused Growth, have achieved the 15% annualized threshold in returns over decades (the stock market has returned about 10% over the long haul). "We look for companies that can grow faster for longer," says Lippert, who is also the firm's head of technology research. But that doesn't mean that stock movements will be smooth over those five years, notes Lippert as he traces a squiggly but upwardly trending line on the wall.

Obviously, the number of such persistent growth companies is limited. The firm's 43 analysts (including fund managers) focus on several characteristics in their research. They seek businesses that have durable competitive advantages and large addressable markets with strong long-term growth opportunities that are run by top-notch management teams. "Ron always asks me what the company can do differently," says Lippert.

Baron investment professionals often spend months researching a firm before investing—and then maintain due diligence once the security is in the portfolio. Critical to the process is devoting considerable amounts of time to sitting down with senior management teams to understand what makes them tick, a part of the job that Ron Baron particularly relishes. "He is foremost an analyst," says Martinson. "He has to know everything about hotels, cars, pharmaceuticals or any industry he's researching."

In conversation with Ron Baron, a couple of things jump out. One is his phenomenal head for numbers: He seems to recall the price, market value and performance of almost every stock he has purchased over a half-century of investing. The other is how his inquisitive mind absorbs lessons and insights gleaned from others over time, which he then applies to his investing.

For example, 45 years ago he recalls a brokerage executive teaching him the importance of analyzing company revenues as well as profits. ("You can't make up sales; you can make up earnings per share," he recalls the executive saying.) He cites how, decades ago, Hyatt Hotels' late Jay Pritzker taught him how to value hotels. In more recent times, he has learned quite a bit about engineering and science from conversations with Elon Musk (Baron is a very large shareholder in both Tesla and SpaceX, Musk's privately owned rocket and space launch outfit).

INSTILLING THE CULTURE

The Baron way is drilled into the staff on a daily basis. "He's demanding about following the Baron investment philosophy," says Michael Baron. "All investments must meet high hurdles." Ron Baron, who still visits factories as well as chatting up corporate executives most days, tells his portfolio managers not to be afraid to ask about anything in their company meetings. "There are no dumb questions," he says.

Extremely low staff turnover helps maintain consistency. Four of the five original employees are still with the firm. Portfolio managers, expected to invest in the funds they manage, are long-tenured, and most (including both Michael and David Baron, who comanages Focused Growth with his father) started as analysts and worked their way up. Very few analysts or fund managers leave the firm, which has never had layoffs. An open and transparent office environment is designed to foster collaboration. "I think of us as a big Baron family," says Martinson. Each year, Baron Capital hires two or three analysts, generally right out of business school. Analysts are assigned to sectors, such as health care, technology or real estate companies, and rigorously trained in the Baron way. "My role is to make the processes repeatable," says Lippert, who joined in 2001 as a research analyst and mentors them today.

Analysts build models of projected cash flows and earnings for companies, but the research approach is nearly entirely qualitative. Executives file into the office every day to discuss their businesses with analysts and managers. As co-chief investment officer, Peck says that part of his role is to ensure that all 18 funds (the newest, Baron Technology, was launched in January 2022) are investing in the same fashion. If a fund's turnover seems high or portfolio diversification appears lower than normal, he may have a word with the manager.

BUSINESS AS USUAL

This year has been a dreadful one for stocks, particularly growth stocks, and Baron is far from immune. Baron Opportunity fell 34% from the start of 2022 through June 3. Not surprisingly, the fund managers aren't perturbed because they are focused on the long term and not overly concerned about short-term gyrations of stock prices, which can trade based on investor fear and sentiment. "When there's dislocation in the market, such as this year, good companies are available at irrational prices," says

TOP CHOICES

BARON FUNDS WORTH BUYING

Just as the portfolio managers do, think long term if you invest in a Baron fund. Fees, generally around 1.3%, are relatively high. "We think people get value for what we deliver," says Linda Martinson, chief operating officer of Baron Capital. Baron Funds produces excellent, informative quarterly letters, which are well worth reviewing prior to making an investment. Listed below are some of our favorite Baron funds.

BARON ASSET (SYMBOL BARAX) is a diversified mid-cap growth fund managed by Andrew Peck. The largest holding is Gartner, the leading research outfit in the tech sector worldwide, which Asset has held since 2007. "If you believe that the trend is for technology to become more pervasive and complex in all of our lives, then it's hard to see that Gartner isn't attractive over the long term," says Peck. The second-biggest position is Idexx Laboratories, a leading producer of testing and diagnostic devices for pets and livestock. Idexx has been a holding since 2006.

In **BARON OPPORTUNITY** (BIOPX), a growth fund that invests in companies of all sizes, manager Michael Lippert prefers industries with long runways, such as cloud computing, genomics, electric vehicles and cyber security. His top three holdings—Microsoft, Alphabet (the parent of Google) and Amazon—are the leading players in the cloud. Lippert thinks all three stocks can double in value within five to six years, which is the standard target for Baron's investments.

BARON EMERGING MARKETS (BEXFX) is a member of the Kiplinger 25, the list of our favorite actively managed no-load funds. Michael Kass, who has piloted the fund since its inception in 2010, is particularly bullish on India, where he says dramatic tax reform is increasing transparency, productivity and competitiveness. "India is in the very early stages of a virtuous investment cycle that could go on for years and years," he says. Valuations are cheaper in China, where Kass is focusing on industries including robotics, electric vehicles, software and biotechnology.

Alternatively, consider investing in **BARON WEALTHBUILDER** (BWBFX), a sort of fund of funds with allocations of differing proportions to 16 different Baron funds. Launched in 2017, WealthBuilder is jointly run by Ron and son Michael Baron. Since inception through June 3, the fund has returned 13.5% annualized, nearly twice the return of the MSCI All-Country World Index.

RON BARON WITH HIS SONS MICHAEL AND DAVID, BOTH PORTFOLIO MANAGERS WITH THE FIRM.

Lippert. "I think now is a great buying opportunity."

Ron Baron is unfussed and recollects how his funds survived and prospered through bear markets in 1987, 2000 and 2008. For example, today he holds about $6 billion in shares of Tesla (having sold $1 billion in shares along the way), whose volatile stock has plunged this year along with other tech stocks. He rattles off long-term projections for Tesla auto sales and rising gross profit margins as he explains why he thinks the stock could quadruple again in 10 years. Baron thinks he can make at least 10 times his money in 10 years with SpaceX. He clearly has enormous confidence in Elon Musk. "I think he might be from another planet, actually," he quips.

Small and midsize firms have been Baron's stock in trade for 50 years, and he still spots value in many of them. But he allows that bear markets do focus the mind. "When you lose money, it pushes you to think more about valuation and ensuring that the businesses in which you're investing have a distinct, enduring competitive advantage." (For more on what Baron likes now, see the interview on page 26.)

Inflation, a hot topic in today's markets, has always been an obsession of sorts with Baron because he considers maintaining and increasing purchasing power the *raison d'être* for investing, and he strives for returns that are well above the long-term rate of inflation. Interestingly, he is less concerned than many observers that today's inflation will be difficult to conquer. "Getting out of deflation is very, very hard," he says. "Getting out of inflation is easy: All you do is raise interest rates, tighten credit and you slow down the economy. When prices of commodities, for example, go very high, that's a signal for businesses to invest, bring on capacity and increase supply." Once supply and demand are more in sync, inflation will subside.

And so, despite the awful market, it's business as usual at Baron Capital. Every year the firm hosts a high-profile investment conference that includes surprise entertainment. Past performers include Paul McCartney, Elton John and Billy Joel (one performer whom Baron would like to perform someday is Bruce Springsteen, who hails from Baron's hometown of Asbury Park). Any shareholder with at least $30,000 invested in a Baron fund is eligible to attend and pepper Baron fund managers with questions. The conference was canceled due to COVID the past two years, but the show will go on this November at Lincoln Center's Metropolitan Opera House.

Ron Baron says he won't step down until he's incapacitated, and clearly he still enjoys his job and is still learning. "He loves the challenge, the intellectual stimulation," says Michael Baron. "It keeps him young." When he does pass from the scene, control of the business will remain in the Baron family, says Martinson. Michael and David Baron, tutored at the feet of the master from a tender age, will take the reins. Don't expect dramatic change. "Our method hasn't changed in 40 years," says Michael. "My father has imparted his investment philosophy to everyone." And the goal will remain the same, he adds: "We want to be thought of as the preeminent public-market growth investor."

INTERVIEW

A Fund Legend Shares Stock-Picking Secrets

Ron Baron is chairman, CEO and portfolio manager at Baron Capital, the investment firm he founded in 1982.

KIPLINGER'S: You're a master of growth investing, which involves finding companies with prospects for faster-than-average profit growth, among other measures. What do you look for?
RON BARON: Everyone can understand what a growth company is. What is hard for most people is being able to understand competitive advantage—the most important thing. That's something you can't figure out with an algorithm. You need to understand a business, how it operates and what makes it difficult for others to compete. It may have a license, patents or a head start in technology. For example, Tesla's competitive advantage is in its culture of rapid innovation. Tesla has a 10-year lead making batteries and electric cars; it has revolutionized an entire industry. We make investments on the basis of what we think a business will be worth in five or 10 years as opposed to what it's worth right now. Our goal has been to double our money about every five or six years. We have been able to accomplish that by investing for the long term in businesses that we believe are competitively advantaged and managed by exceptional people. We worry about businesses, not about stocks and stock markets.

What do you emphasize to your portfolio managers and analysts? I tell them two things are critical. Number one is competitive advantage. Number two is management, the people who run the businesses. Those executives must be talented, really smart, great leaders, hardworking, inspirational and possess vision. You judge that by meeting people. That's table stakes, getting into the game. The other thing—which is probably more important than anything else—is whether you can trust the individuals. That judgment requires experience. One of the questions I ask our analysts is, "If your family's well-being was completely dependent upon the success of the business in which you are recommending we invest, what would you need to know to make such an investment? Question everything."

Why did you become such a long-term investor? When I began my career as a young analyst for brokerage firms in 1970, I recommended growth companies like Disney, McDonald's, Federal Express and Nike to institutional clients of those brokerage firms. After those stocks quickly doubled or tripled, I recommended selling. My compensation was based on commissions, not on the long-term success of businesses I recommended. When I looked back on all those 1970s sell recommendations, virtually all of the stocks were dramatically higher. I then concluded that what was important in becoming a successful investor was being able to buy and hold great growth companies for the long term. We started Baron Capital in 1982 to do just that. We then believed, and still do, that most fund managers and analysts can't invest and recommend for the long term because they are under pressure to perform every day. We have been able to become long-term investors because, for 40 years, we have established an exceptional track record. Performance of very few others has exceeded benchmark returns, but 98.5% of Baron's assets have beaten stock-market returns over the long term, often by several percentage points annually.

What stocks do you like now? We like Hyatt Hotels (symbol H, $92). [Prices are as of June 3.] It has made terrific deals to manage all-inclusive resorts while selling real estate to reduce its fixed assets. Vail Resorts (MTN, $257) is becoming a subscription business, with most revenues coming from season-pass sales in advance of ski season. Real estate company CoStar Group (CSGP, $63) is investing in digital residential real estate services. MSCI (MSCI, $438) is a unique index provider with strength in environmental, social and governance risk metrics. And Space Exploration Technologies has an amazing opportunity to launch enough satellites to provide worldwide internet access. SpaceX is private, but it is a major holding of the Baron Partners and Baron Focused Growth funds.

Do you ever hold on to stocks that underperform for a few years? Yes. That is often the case. Tesla is one example. We invested $380 million in Tesla from 2014 to 2016. Although we believed we could earn 20 times our money over 10 years, we regarded it as a risky investment at the time, so we invested less than 2% of our firm's assets in the stock. We considered it risky because manufacturing cars is a highly regulated, capital-intensive business, and few thought Elon Musk's electric car business would be successful, especially because financially powerful car companies and their dealers and unions, oil companies, hedge funds, and politicians were aligned against this business. During the following five or six years, Tesla's sales increased tenfold. Its share price, however, although extremely volatile, changed little over most of that period. We were right, and Tesla's sales have continued to increase dramatically. From 2019 to 2021, Tesla's share price increased about 20 times, and we have earned about $7 billion on our initial investment. We expect to make at least three to five times our money again over the next 10 years.

When and why do you sell stocks? We sell principally for three reasons. First, if an investment becomes very successful and, as a result, represents too large a percentage of diversified portfolios, we gradually reduce holdings. We have sold about $1 billion of Tesla shares, about 15% of our investment in that company. Second, the return that we require—our "hurdle rate"—in most instances is a potential double in five or six years. We

RON BARON HAS BEEN IN THE INVESTING BUSINESS FOR MORE THAN 50 YEARS AND STILL FINDS IT FASCINATING.

believe that most of the time we can accomplish that return by investing in businesses that can increase profits, cash flow and other drivers of value by 15% per year. If a company's growth rate slows to 7% to 8% per year as it matures, it becomes a candidate for sale. Finally, if we determine we have made a mistake, we sell as quickly as humanly possible.

Do you spend any time looking at interest rates, forecasts for gross domestic product and other macroeconomic indicators? Macro judgments are not an important part of our process. I can't predict when there's going to be a recession, and I believe neither can anyone else. I can't predict when the market's going to go up and neither can anyone else. I've been doing this for 52 years, and in that entire period I've never seen anyone consistently and accurately predict what the economy or stock market is going to do. No one. Not Warren Buffett. Not Elon Musk. Not my friend [former Fidelity mutual fund manager] Peter Lynch. Certainly not me. Most investors try to predict what I believe you can't predict—interest rates, oil prices, wars, election outcomes. One thing we are certain about is inflation. Inflation is a big deal and always has been. During my 52-year career and 79-year lifetime, inflation has averaged about 4% or 5% per year, according to my analysis of my personal cost of living. This means that the value of your money falls in half about every 14 or 15 years. We invest in growth stocks to hedge against the decline in the purchasing power of our money and to participate in the growth of our country's economy. Inflation will be higher sometimes, lower sometimes, but it's always going to be there. ■

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THE KIPLINGER DIVIDEND 15 UPDATE

Our Dividend Picks Pay Off

WHEN THE STOCK MARKET HITS A rough patch, it can pay to hide out in dividend-paying stocks. Those cash payouts to shareholders are akin to a vaccine or an underground war bunker. They may not shield you from all of the financial pain of a market in free fall due to soaring inflation and rising interest rates, but they will ensure that you'll survive the tumult.

"You can be down, but not out," says Jay Hatfield, manager of the InfraCap Equity Income Fund ETF. Dividend-payers provide an income stream that allows you to cover expenses without selling stocks at depressed levels. And you can reinvest dividends in stocks you own at lower prices.

That weather-the-storm thesis applies to the Kiplinger Dividend 15, the list of our favorite dividend stocks. Over the past 12 months, our picks have gained 5.1%, on average, compared with a 0.6% decline in the S&P 500 index. They sport an average yield of 3.3%, more than double the 1.6% yield of the stock market benchmark.

Since our last update in the April issue, six members of the Dividend 15 have hiked their payouts. The biggest bump, 15.3%, came from Home Depot, benefiting from the nesting trend prompted by the pandemic. Among our dividend stalwarts (companies that have raised their dividend at least 20 straight years), Procter & Gamble, which has the longest streak of our favorites, raised its dividend for the 66th consecutive year. 3M, Air Products & Chemicals, Johnson & Johnson and Walmart also extended their streaks.

The outlook for dividends is good. The S&P 500 is on track for 11 straight years of record payouts. S&P Dow Jones Indices sees dividends for stocks in the S&P 500 rising 7.5% this year.

The biggest Dividend 15 gainer in the past 12 months was private-equity firm Blackstone, up 36.4% thanks to strong gains from its real estate portfolio and from credit holdings that are less affected by inflation, such as floating-rate debt. Drugmaker AbbVie is a defensive play that has risen 36.3% with the help of robust performance from its immunology drugs and continued strength in Botox products. Defense contractor Lockheed Martin, which makes the Javelin antitank missiles used by Ukraine in its war with Russia, is up 17.1% over the past year.

But 3M was off 25.4% over the past year. The conglomerate is challenged by supply-chain and inflation headwinds and by legal costs related to its military combat earplugs. Still, its generous dividend does not appear to be in jeopardy, says InfraCap's Hatfield, and the upside of 3M's struggles is that its shares sport a plump 4.1% yield.

Walmart and McDonald's are also facing headwinds, but we're staying patient. Walmart, the nation's largest retailer, is down nearly 10% over the past 12 months, hurt by higher costs. McDonald's is exiting Russia after three decades of selling burgers there, and the company announced it will incur a $1.2 billion to $1.4 billion charge to do so. That's not likely to impair its payout, says Morningstar analyst Sean Dunlop: "Its dividend should be safe." **ADAM SHELL**

Feedback@kiplinger.com

THE KIPLINGER DIVIDEND 15: BY THE NUMBERS

Picking some stocks from each of the groups below will give you a mix of dividend income and growth.

Company (symbol)	Share price	Dividend yield	Annual dividend*	Consecutive years of increases	5-year dividend growth rate†	1-year total return
DIVIDEND STALWARTS Companies in this category have raised dividends for at least 20 straight years.						
3M (MMM)	$146	4.1%	$5.96	64	4.9%	–25.4%
Air Products & Chemicals (APD)	252	2.6	6.48	40	11.3	–15.0
Emerson Electric (EMR)	90	2.3	2.06	65	1.4	–5.3
Johnson & Johnson (JNJ)	176	2.6	4.52	60	6.1	8.9
McDonald's (MCD)	248	2.2	5.52	45	8.0	9.2
Procter & Gamble (PG)	146	2.5	3.65	66	5.8	10.0
Walmart (WMT)	125	1.8	2.24	49	1.9	–9.9
DIVIDEND GROWTH Companies in this category should continue a history of robust dividend increases.						
AbbVie (ABBV)	$147	3.8%	$5.64	9	17.1%	36.3%
Home Depot (HD)	305	2.5	7.60	13	16.4	0.2
Lockheed Martin (LMT)	443	2.5	11.20	19	9.0	17.1
Texas Instruments (TXN)	172	2.7	4.60	18	18.1	–5.0
HIGH YIELD Companies in this category have a five-year average yield of 4% or more.						
Blackstone (BX)	$121	4.4%	$5.28	2	8.7%	36.4%
Enterprise Products Ptnrs (EPD)	28	6.6	1.86	24	2.3	23.6
Realty Income (O)	67	4.4	2.96	28	3.2	2.4
Verizon Communications (VZ)	51	5.0	2.56	15	2.1	–6.4
INDEX						
S&P 500 INDEX		**1.6%**	**$65.00‡**	**12**	**6.8%**	**–0.6%**

As of June 3. *Annualized based on the most recent dividend. †Annualized. ‡The weighted sum of dividends paid by companies in the index. SOURCES: Company websites, Morningstar Inc, S&P Dow Jones Indices, Yahoo Finance, Nasdaq.

ALTERNATIVE ASSETS

Fight Inflation With Collectibles

New platforms and fractional shares let ordinary investors add fine art, wine and more to their portfolios. BY ADAM SHELL

Now that the inflation genie is out of the bottle, there's growing affection for so-called passion investments. Inflation (as your wallet and 401(k) statement have no doubt told you) is behaving like a pickpocket and wreaking havoc on your finances. The biggest consumer price spike in four decades and volatility caused by rising interest rates is shining a spotlight on collectibles such as fine art, wine and vintage watches. These alternative assets don't move in lock-step with stocks and bonds (which have sold off sharply this year) and perform well when inflation goes rogue.

Just like the price of chicken or cheese, prices for collectibles tend to rise when the consumer price index spikes. Some Wall Street pros say inflation peaked at more than 8% in the spring, but inflation will likely stay higher than we've been used to for 2022 and beyond. And studies show that tangible items such as Domaine de la Romanée-Conti wines, Andy Warhol paintings and Hermés Birkin handbags, to name a few examples, provide a hedge against inflation and an added layer of portfolio diversification.

According to a 2021 paper by Duke University finance professor Campbell Harvey and researchers at U.K. investment firm Man Group, during the eight major inflationary periods from April 1941 through July 2008, art delivered an annualized gain of 7%, wine 5% and stamps 9%. That's better than the 7% annualized decline over the same periods for stocks and 5% drop for government bonds, the research shows.

No wonder interest in investing in collectibles is on the rise, as a 2021 survey by insurer Chubb found. Half (47%) of respondents said if they had the available capital they'd invest in jewelry, as well as art (41%), wine (34%), watches (32%) and classic cars (30%). Moreover, collectibles aren't just for collectors, according to an April survey by MagnifyMoney: One-third (32%) of Americans surveyed said their main motivation for buying collectibles is to "make money."

SOLID TRACK RECORD

A host of scorecards that measure the performance of collectibles, even without selecting for inflationary periods, show gains that aren't shabby. The Acker Fine & Rare index, a benchmark composed of 100 of the world's top wines, has gained a cumulative 63% over the past five years and 114% over the past 10 years through May 31. That trailed the S&P 500 index's 71% and 215% price gains over the same time periods. But over the past year through the end of May, as inflation jumped from 4% to more than 8%, the wine index has shone, rising 19% while the S&P 500 declined 2%. Art has posted respectable long-term returns, too. In the 35-year span from 1985 to 2020, art delivered an estimated annualized return of 8.3%, compared with a 9.9% annual return for global stocks (including dividends), according to Citigroup.

Even so, the view among many financial advisers has long been that collectibles are best suited for knowledgeable hobbyists or the uber-rich and shouldn't be viewed as strategic portfolio investments. But that's changing.

Thanks to emerging trends in technology and finance, individual investors can now gain exposure to collectibles that once were out of reach. You can attend auctions virtually at houses such as Sotheby's and Christie's. New apps and online platforms enable investors to buy wine and art like they buy stocks. A huge breakthrough is securitization, which enables you to buy fractional shares of paintings, vintage cars, wine collections, comic books or trading cards. "You're essentially taking a collectible and breaking ownership up into pieces," says Terry Sylvester Charron, senior director and family wealth investment adviser at BNY Mellon Wealth Management.

Such market transformations mean that for more people, "collectibles can have a place in an investment portfolio," says Joshua Stein, a partner and financial adviser at Stein Wealth Advisors who also collects watches and Martin acoustic guitars. Most financial advisers recommend limiting exposure to collectibles

■ VINOVEST'S INTERFACE HELPS YOU KEEP TRACK OF YOUR WINE INVESTMENTS.

COURTESY VINOVEST

to 3% to 5% of your portfolio. And it still helps to have "a passion and knowledge of a particular collection market" before you invest, says Kimberlee Davis, managing director and partner at wealth management firm The Bahnsen Group.

BE AWARE OF THE RISKS

Collectibles can and do appreciate. In April, an Hermés Birkin 30 crocodile handbag sold for $65,000 at auction, far above the $42,850 estimate. A month later, Warhol's iconic portrait of Marilyn Monroe sold for $195 million. But just as a share of electric car maker Tesla carries risks, so does investing in a Pablo Picasso painting, or even just a fraction of one. This unregulated asset class comes with unique caveats. Collectibles tend to be "illiquid," or not easy to sell. Unlike shares of Apple, which can be sold in seconds using an app on your phone, it can take years for an owner of a museum-quality painting to find a buyer. Collectibles are buy-and-hold investments with time horizons that can run seven to 10 years before profits are realized. And unlike a business or income-generating real estate, collectibles don't generate any cash. A Rolex watch can't pay a dividend the way stock in Coca-Cola can. The only way to profit from collectibles is through price appreciation. "That's a fundamental flaw," says Alan Cole, founder of Full Stack Economics.

Valuing collectibles—which trade on scarcity, condition and other factors—is also trickier than calculating a company's price-earnings ratio or cash flow. It's more subjective and dependent on the tastes and whims of buyers. What's popular today could be out of favor tomorrow. Fees incurred to source, store and insure a rare piece of art or expensive wine tend to be much higher than, say, an expense ratio for an S&P 500 index fund. And don't forget about taxes when you sell. Collectibles held more than a year are taxed at 28%—higher than the 20% long-term capital gains rate on stock sales.

If you're undeterred by these quirks and don't want to go the do-it-yourself route, you can gain exposure with the help of new apps and trading platforms that democratize investing in collectibles the same way new brokerage apps made it easy for newbies to start trading stocks. These platforms harness the acumen of experts who identify and buy investment-grade collectibles on your behalf. To be sure, these upstart platforms and business models don't have long track records. But that doesn't mean they don't offer value, as they do make it easier to diversify your holdings of collectibles without spending a fortune. "They are a good option for entry into the collectible investment world," says The Bahnsen Group's Davis. Below, we look at some popular collectibles and how to invest.

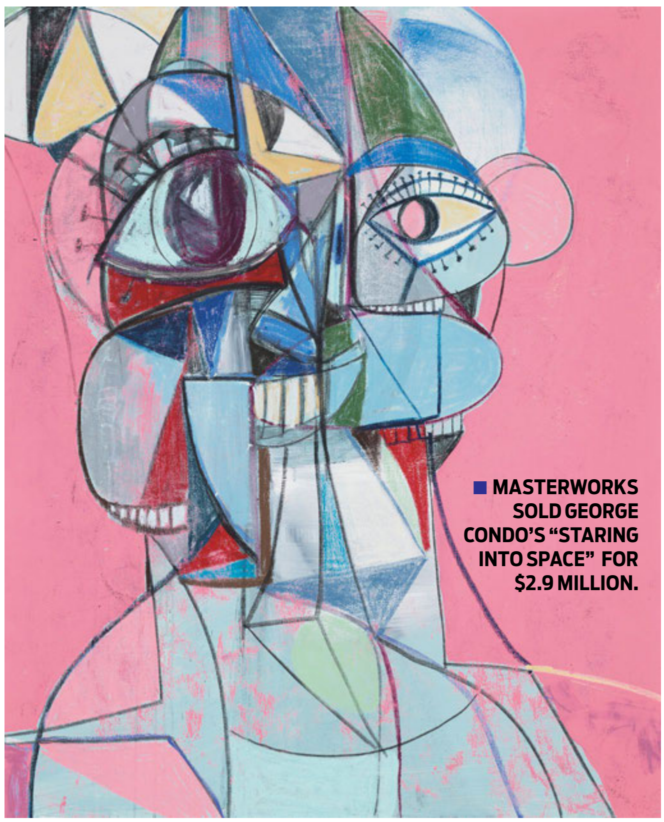
Wine. If you don't have a wine cellar or the expertise to pick a winning vintage, wine-investment platform Vint (https://vint.co), started in 2019, will do the wine picking for you. Sommeliers at Vint construct and curate multi-bottle collections of the world's best wines, with a focus on brand prestige, future market demand and appreciation potential. (Vint files paperwork with the Securities and Exchange Commission to qualify the wine collection as an investment allowing any type of investor to purchase fractional shares.) You'll get a Wall Street–style analyst report that lists the wines in the portfolio and highlights the investment thesis. "There's a lot of transparency so you know what you're investing in," says Vint CEO Nick King. Current collections open to investors, which have estimated values ranging from $53,000 to $138,000, can be purchased at share prices from $30 to $53.

You won't have to worry about storing the wine because you don't own the physical wine; you own fractional shares instead. There's no annual fee, but Vint charges a one-time sourcing fee of 8% to 10% to cover storage, insurance and other overhead. How do you make money? When Vint sells a collection, 100% of the proceeds are returned to investors on a pro-rata basis. Any gains will be reported as qualified dividends, which means they are taxed at regular capital gains rates. Currently, there's no secondary trading market for the shares on Vint's platform.

If you prefer direct wine ownership, explore Vinovest (www.vinovest.co). The digital trading platform allows you to buy and sell (or drink) individual bottles of wine that you own (but are stored for you) whenever you want. You also have access to managed portfolios or collections hand-picked by Vinovest. After completing a short questionnaire, Vinovest's team builds a personal wine portfolio that fits your risk profile using an algorithm that analyzes data to identify the most investment-worthy wines. "You don't have to be a wine geek to invest," says Vinovest CEO Anthony Zhang.

You can get started with as little as $1,000. Annual fees range from 2.25% for the highest Grand Cru tier, which requires a minimum investment of $250,000, to 2.85% for the lowest Starter tier, which comes with the $1,000 minimum. Those fees cover storage, insurance and authenticating the wine to make sure what's on the label is in the bottle. Vinovest monitors the market and lets you know when it's time to sell. Because you own the actual bottles, profits are subject to the higher 28% collectibles tax rate. Cult Wines (www.wineinvestment.com) is another platform that lets you build a physical wine collection.

Art. If you don't have the cash to compete at a Sotheby's auction, or you never took art history but view art as an asset class and want to invest in multimillion-dollar paintings, consider Masterworks (www.masterworks.io). The platform, founded in 2017, invests in blue-chip art. Art experts and data scientists at Masterworks identify artists whose works demonstrate a history of appreciation and future investment potential.



■ MASTERWORKS SOLD GEORGE CONDO'S "STARING INTO SPACE" FOR $2.9 MILLION.

After the company buys a high-end painting, it files a public offering with the SEC. You don't have to be rich or prove you're a sophisticated investor to buy a piece of a pricey painting. You can buy shares of paintings for as little as $20 from iconic painters such as England-based street artist Banksy and Jean-Michel Basquiat, a celebrated neo-Expressionist painter. Like a hedge fund, Masterworks charges a 1.5% annual management fee (which covers storage, insurance and annual appraisals) and takes 20% of any future profit from the sale of the painting, which usually occurs three to 10 years after its purchase.

You book profits when Masterworks sells the painting. Shareholders will pay long-term capital gains on distributions. The site does have a secondary market for shares, but it's thinly traded, which makes it hard to sell if you want to exit the investment early. "It's not like you can buy shares of a painting and sell minutes later; that's not how art works," says Allen Sukholitsky, chief investment officer at Masterworks.

Old-school collectibles. For collectors interested in memorabilia, vintage cars, trading cards and the like, check out the Rally app (https://rallyrd.com), which lets you buy a piece of something vintage.

Currently, for $212.50 you can buy a share of a 1955 Porsche 356 Speedster with an estimated value of $425,000. A 1979 Topps Wayne Gretzky rookie card valued at $800,000 goes for $40 per share. The bottom line, according to Rally CEO George Leimer: "Buy what you love, buy what you know, and buy what you've researched." ■

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COURTESY MASTERWORKS

STREET SMART | James K. Glassman

Stocks to Put on Your Watch List

When you buy shares of stock, you become a partner in a business. Perhaps I'm stating the obvious, but I doubt all investors see their purchases that way. Many see stocks as horses to bet on or as scorecards that tell them how their 401(k) is doing. Because stocks represent pieces of companies, the first consideration is whether that company is worthy of your partnership.

As I told readers two years ago, I keep a wish list of about a dozen companies. I want to become a partner, but I am waiting for the market to offer me a better price—an event that may never come. Some of these shares have been on my list for decades, and in my reluctance, I have missed spectacular successes. **JOHNSON & JOHNSON** is a good example. I have lusted after the stock for 20 years, as it has gone from \$54 to \$176, with a dividend that has increased from 84 cents to \$4.52 a share. If you bought J&J in mid 2002, your original investment would be yielding 8.4% annually in dividends alone. (Stocks I like are in bold. Prices and other data are as of June 3.)

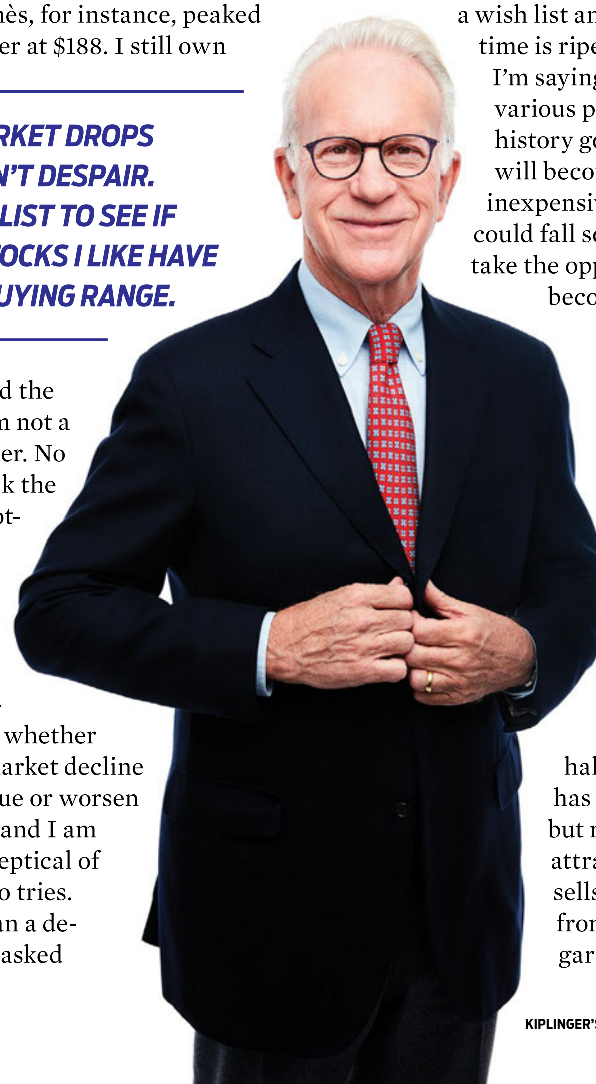
When the market drops sharply, I don't despair. Instead, I pull out my list to see if any of the stocks I like have moved into buying range. In other words, could I become an owner? This is a subjective decision. I'm not looking for a particular price-earnings ratio but a general sense that now is the time to pounce.

Such an occasion presented itself in early 2020, when the market tanked on the realization that the COVID pandemic was serious. In the five-week period ending March 15, the S&P 500 stock index dropped 30%, and I told readers that it was time to "get great companies at a reasonable price."

I cited five stocks whose shares I had picked up after they'd been hammered. All have subsequently risen. **ONEOK**, an energy pipeline company, was the big winner, going from \$27 to \$67. **HERMÈS INTERNATIONAL SOCIÉTÉ**, the French luxury-goods retailer, went from \$72 to \$121, and **BANK OF AMERICA** from \$20 to \$36. **SALESFORCE**, the business software firm, and **STARBUCKS** notched smaller gains.

All but Oneok have suffered significant declines as the S&P 500 has posted double-digit losses since the end of 2021. Hermès, for instance, peaked in November at \$188. I still own Hermès and the others. I am not a market timer. No one can pick the tops and bottoms with anything close to consistency. I can't possibly tell you whether the 2022 market decline will continue or worsen or reverse, and I am severely skeptical of anyone who tries.

WHEN THE MARKET DROPS SHARPLY, I DON'T DESPAIR. I PULL OUT MY LIST TO SEE IF ANY OF THE STOCKS I LIKE HAVE MOVED INTO BUYING RANGE.



POON WATCHARA-AMPHAWAN

More than a decade ago, I asked Mark Hulbert, whose *Hulbert Financial Digest* tracks the performance of market-timing newsletters, to examine the returns of the 97 newsletters that had been around for at least 10 years. He found that just seven of them had beaten the broad Wilshire 5000 index over the decade. As the late John Bogle, founder of Vanguard, put it, "After nearly 50 years in this business, I do not know of anybody who has done it successfully and consistently. I don't even know of anybody who knows anybody who has done it successfully and consistently."

By recommending that you keep a wish list and, when the time is ripe, act on it, all I'm saying is that at various points in their history good companies will become irresistibly inexpensive. Sure, they could fall some more, but take the opportunity to become an owner.

Below are five stocks that I'm moving from the wish list to the buy list.

COSTCO WHOLESALE stock dropped from over \$600 to \$416 in a month and a half this spring. It has bounced back but remains very attractive. Costco sells everything from groceries to garden supplies to tires in its 800 membership warehouses, about three-fourths of them in the U.S. Earnings keep rising impressively, year after year. High interest rates, supply-chain disruptions and the prospect of a recession are certainly concerns, but in the long run, don't you want to be a partner with the best big-box retailer in the world?

HOME DEPOT, which operates 2,300 home-improvement stores, is a stock I have always wanted to own. Sales and earnings are expected to rise only a few percentage points in 2022 compared with last year, but the comparison is distorted because in 2021 sales exploded 29.9% with the issuance of COVID stimulus checks. Shares are down by one-fourth this year, and the P/E has dropped to just 18. The stock could go lower, but I am not going to pass up the chance to finally become an owner—especially with a dividend yield of 2.5%. (Home Depot is a member of the Kiplinger Dividend 15, the list of *Kiplinger's* favorite dividend stocks. For more, see page 28.)

ILLUMINA is the leader in the field of genomic sequencing, or determining the composition of DNA. For example, Illumina provides the tools to detect mutations in the COVID-19 virus and to determine where cancer has spread in the body and how to treat it. The stock has lost half its value in less than a year. Why? "Biotech investors are hard to impress," said an article in *Barron's* after sales rose 40% last year. Perhaps, but Illumina is on the cutting edge of health technology.

NETFLIX STOCK HAS DROPPED FROM ROUGHLY $700 TO ABOUT $200 TODAY—CHEAPER THAN IT WAS IN 2018, EVEN THOUGH SALES HAVE DOUBLED AND PROFITS HAVE QUADRUPLED.

NETFLIX is the one that got away. I first bought the stock in 2003, when it was trading at less than $2 a share (adjusted for splits). After the stock quadrupled, I sold it and watched it soar. Disheartened, I never bought it back—even though it has gone through several periods of steep decline followed by strong advances. Netflix shares have dropped from about $700 in November to about $200 today, mainly on worries about competition cutting into subscriptions. What an overreaction! The stock, which carries a P/E of just 18.5 based on analysts' projected earnings for the 12 months ahead, is cheaper today than it was in 2018, even though sales have doubled and net income has quadrupled.

PUBLIC STORAGE dominates the self-storage business. With a captive customer base that doesn't want to keep moving stuff around, the company faces little resistance in raising its monthly fees. Rental income at same-store facilities for the most recent quarter rose an incredible 15.7% compared with the same period last year. Public Storage is a real estate investment trust that passes its tax liability on to shareholders, so it's best kept in a tax-deferred retirement account. Its most closely watched metric is funds from operations, the rough equivalent of earnings per share. For the three months ending March 31, FFO jumped 24.4% over the same period a year ago. As Public Storage sat on my wish list for three years, the stock doubled, but then this spring it fell more than 100 points in a few weeks.

I have other companies that are still on my wish list. You and I may differ on whether they have declined enough to be worth buying now, but at least keep a close eye on them. I have mentioned J&J already, but others are **3M**, **ALPHABET**, **MCDONALD'S** and **WALT DISNEY**. Better yet, make your own wish list. Carry it around on your mobile phone or on a scrap of paper in your pocket. The time will come to convert some of the names into partners. ■

Priced Right

STOCKS TO POUNCE ON

The stocks below are moving from Glassman's wish list to his buy list (or at least his watch-closely list). All are down from recent highs. For context, the S&P 500 index is down more than 14% from its January intraday high.

Company	Symbol	Price	52-week high*	% decline	Price-earnings ratio
3M	MMM	$146	$205	−28.8%	14
Alphabet	GOOG	2,291	3,042	−24.7	19
Costco Wholesale	COST	476	612	−22.2	35
Home Depot	HD	305	421	−27.6	18
Illumina	ILMN	233	526	−55.7	55
Johnson & Johnson	JNJ	176	187	−5.9	17
McDonald's	MCD	248	271	−8.5	25
Netflix	NFLX	199	701	−71.6	19
Public Storage	PSA	331	422	−21.6	32
Walt Disney	DIS	109	188	−42.0	12

As of June 3. *intraday. SOURCES: Yahoo Finance, S&P Capital IQ.

JAMES K. GLASSMAN CHAIRS GLASSMAN ADVISORY, A PUBLIC-AFFAIRS CONSULTING FIRM. HE DOES NOT WRITE ABOUT HIS CLIENTS. HIS MOST RECENT BOOK IS *SAFETY NET: THE STRATEGY FOR DE-RISKING YOUR INVESTMENTS IN A TIME OF TURBULENCE*. OF THE STOCKS MENTIONED HERE HE OWNS HERMÈS, ONEOK, STARBUCKS, BANK OF AMERICA AND SALESFORCE. REACH HIM AT JAMES_GLASSMAN@KIPLINGER.COM.

INCOME INVESTING | Jeffrey R. Kosnett

These Dogs Are Best in Show

All portfolio doctors should prescribe high dividends to remedy rising interest rates and stiff inflation. In 2022, the first year in recent memory pockmarked by those twin afflictions, dividend-heavy stocks such as utilities, pharmaceuticals, pipelines and many consumer-oriented blue chips have held up fine. There is a massive disparity of results within this year's stock, mutual fund and exchange-traded fund listings. The FAANGs—or whatever we call them now after the renaming of Facebook and Google—are a ball and chain. Your basic core S&P 500 index fund? Down double digits. I have never liked indexing anyway. That aversion goes doubly for bonds, real estate investment trusts and master limited partnerships. But I digress.

SEVEN OF THE 10 DOGS OF THE DOW—STOCKS IN THE AVERAGE THAT STARTED 2022 WITH THE HIGHEST YIELDS—ARE UP.

A passion for dividends. As we hit 2022's midpoint, the most upbeat performance stories underscore my perpetual passion for dividends. The Dogs of the Dow—the 10 members of the Dow Jones industrial average that begin the year with the highest dividend yields—are clearly this year's best in show. Through June 3, seven Dogs have positive returns, and only one, Chevron, is an oil company. Dow, the chemical giant, is up 20.7%. The Dogs sport dividend yields ranging from 2.8% (Coca-Cola) to 4.7% (IBM). I think IBM's 4.7% yield is a leading reason it is up 8% while a typical tech fund has coughed up a quarter of its value.

A pair of ETFs—**ALPS SECTOR DIVIDEND DOGS** (SYMBOL SDOG, $55) and **ALPS INTERNATIONAL SECTOR DIVIDEND DOGS** (IDOG, $28)—are also scaring off the bears, with year-to-date returns of 4.4% and 2.6% respectively. These funds are not replicas of the Dogs of the Dow but use a similar methodology across numerous sectors; SDOG's past four quarterly distributions combined work out to a 3.6% yield, and better yet, the payments have been growing with each distribution. (Securities I recommend are in bold. Prices and other data are as of June 3.)

To further this furry-friend theme, Caterpillar (in the Dow index, but not a 2022 Dog) is up 8.9% this year, one of the best in its sector. CAT is swimming in cash, and in May promised dividend increases in "the high single digits" shortly and for each of the next three years, although its 2% yield already exceeds the S&P 500's 1.6%. Caterpillar could write still bigger checks if it opts to emphasize cash payouts over stock buybacks, a practice investment managers sometimes clearly prefer. "You can't fudge dividends," says Henry "Hank" Smith, a dividend fan who is head of investment strategy for Haverford Trust Company. Smith says paying hard cash "is the most tangible statement management can make about future prospects."

The July issue of *Kiplinger's Personal Finance* featured another of my most esteemed dividend investments, **LEGG MASON LOW VOLATILITY HIGH DIVIDEND ETF** (LVHD, $39). (Readers of *Kiplinger's Investing for Income* will remember that I twice nominated the ETF as the Timely Tactic of the Month.) It's off 1.3% so far this year, but that is excellent compared with the broad market. The ETF's 3% yield is reliable. Two thumbs up.

Dividends catch regular criticism as a lazy use of capital or a drag on future growth. Those, however, are untimely complaints when you need high current income and shelter from what might still end up as a losing year for the S&P 500 and certainly for the Nasdaq. ■

POON WATCHARA-AMPHAIWAN

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

ETF SPOTLIGHT

Should You Prefer Preferreds?

IN A TOPSY-TURVY STOCK AND BOND market, preferred securities may provide extra income and a small dose of stability. These hybrid investments are part bond, part stock. Their dividends get paid ahead of common stock dividends (but not before bond interest) if a company hits hard times.

These days, preferred stocks typically yield 6%—better than the current 1.6% yield of the S&P 500 index and the 3.5% yield of the Bloomberg U.S. Aggregate Bond index. Preferred stock exchange-traded funds have tumbled along with everything else over the past 12 months, but they have suffered half the volatility of the stock market.

GLOBAL X SUPERINCOME PREFERRED ETF invests in 50 of the highest-yielding preferred stocks in the U.S. and Canada. Over the past 12 months, the fund lost 5.9%, which was better than the 8.4% drop in the Agg index. "At current yields, this could be an attractive entry point for investors who can withstand a certain level of volatility and risk," says Rohan Reddy, director of research at Global X.

Among the caveats: Like bonds, these securities are sensitive to interest rate moves (bond prices and rates move in opposite directions). And preferred securities typically sport lower credit-quality ratings than traditional bonds. More than half of the fund is invested in securities with below-investment-grade ratings (double-B or lower). But preferred securities have historically experienced "very" low default rates, notes Reddy. And the lion's share of the securities in the ETF are issued by financial firms, which he says currently have strong balance sheets after shoring up their finances during the pandemic. **NELLIE S. HUANG**

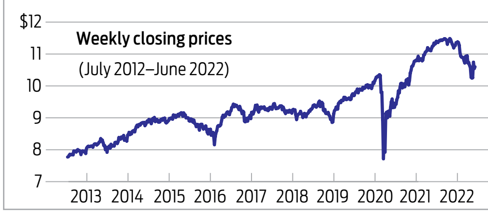
Nellie_Huang@kiplinger.com

Global X SuperIncome Preferred ETF

KEY FACTS

SYMBOL: SPFF
RECENT PRICE: $11
ASSETS: $201 million
START DATE: July 16, 2012
STOCK HOLDINGS: 50
ANNUAL EXPENSE RATIO: 0.58%

PERFORMANCE SINCE INCEPTION



TOP FIVE HOLDINGS

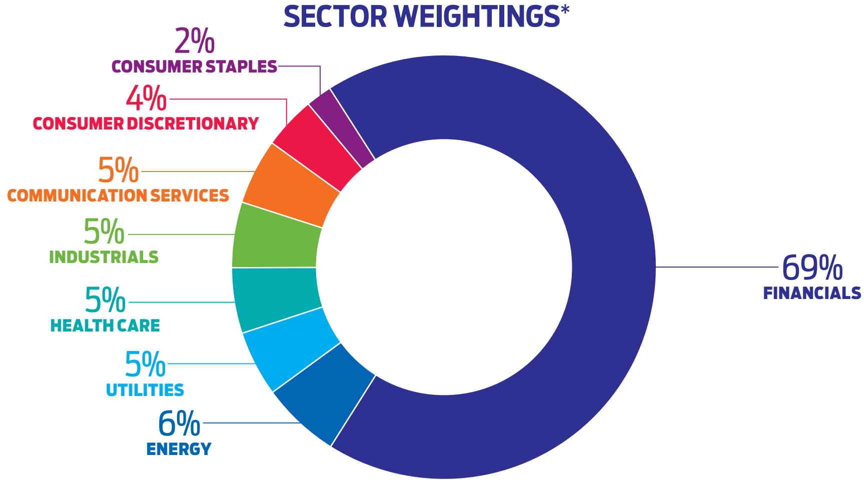
BECTON DICKINSON	5.0%
PNC FINANCIAL GROUP	5.0%
DUKE ENERGY	3.4%
BANK OF AMERICA	3.2%
ATHENE HOLDING	3.0%

6.2%

SEC 30-DAY YIELD

Annualized, based on dividends and interest earned during the most recent 30-day period, after expenses.

SECTOR WEIGHTINGS*



Select Dividend-Focused ETFs
Ranked by three-year returns

Name	Symbol	Price	Expense Ratio	Annualized total return 1-yr.	3-yrs.	Yield
Virtus InfraCap US Preferred Stock ETF	PFFA	$23	1.21%	1.1%	6.5%	9.0%
VanEck Pref Secs ex Fincls ETF	PFXF	19	0.40	–3.0	5.5	5.5
First Trust Instl Pref Secs and Inc ETF	FPEI	19	0.85	–5.2	4.1	4.7
Global X SuperIncome Preferred ETF	SPFF	11	0.58	–5.9	3.4	6.2
First Trust Preferred Sec & Inc ETF	FPE	18	0.85	–6.7	3.4	7.0
ICE EX LISTED PREFERRED & HYBRID SEC INDEX				**–6.6%**	**4.0%**	**5.1%**

As of June 3. *Figures do not add up to 100% due to rounding. SOURCES: Fund sponsor, Morningstar Direct.

THE KIPLINGER 25 UPDATE

A Global Fund Hangs Tough

VALUE-ORIENTED FUNDS are having a moment, even overseas. Foreign-stock fund **JANUS HENDERSON GLOBAL EQUITY INCOME** is above water over the past 12 months, despite a sell-off in nearly every developed-country stock market around the globe. Its 0.5% return over the past year beat the MSCI EAFE index, which dipped 11.1% over the same period.

A focus on dividends has helped, as has maintaining a diversified portfolio. Some sectors that had been weak in recent years are now doing well. "We have seen change in the mix of market leaders," comanager Ben Lofthouse, who runs the fund with Alex Crooke and Job Curtis, said in a recent commentary.

Materials, mining, and oil and gas companies performed well, thanks to a rise in commodities prices. "Many of these companies generated a lot of cash, paid down debt, and in some cases paid special dividends," says Lofthouse. Stock in French multinational energy company TotalEnergies, for instance, climbed 29% over the past 12 months. The firm recently hiked its dividend 5% and raised its share-repurchase program to $3 billion from $2 billion announced at the end of 2021.

Meanwhile, some traditionally defensive sectors shone too, including health care. Shares in U.S. drugmaker Bristol Myers Squibb have risen 23% since the start of the year; Merck stock is up 18%.

The managers look for dividend-paying companies that generate cash, are leaders in their industries and have stocks that trade at sensible valuations. Although 12% of the fund's assets are invested in U.S. stocks, the portfolio holds mostly stocks in foreign developed countries. Its exposure to emerging-markets stocks is limited to South Korea, where 2% of assets are invested, and Taiwan, with 1.6%. That's partly why the impact of the Ukraine invasion on the portfolio has so far been "small," the managers said.

Over longer stretches, the fund's long-term record doesn't disappoint, relative to peers. It has returned 4.2% annualized over the past five years, ahead of the 3.1% average annual return of its peers, funds that invest in value-priced, large foreign companies. **NELLIE S. HUANG**
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KEY DATA FOR OUR MUTUAL FUND PICKS

Kiplinger 25 funds are no-load; you can buy them without sales charges. For more about the funds, visit kiplinger.com/links/kip25.

U.S. Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
DF Dent Midcap Growth	DFDMX	–18.2%	11.6%	13.%	0.0%	0.98%
Dodge & Cox Stock	DODGX	–0.1	12.0	15.1	1.2	0.51
Fidelity Blue Chip Growth	FBGRX	–17.5	16.4	17.7	0.0	0.79
Mairs & Power Growth	MPGFX	–4.6	11.0	13.1	0.6	0.61
Parnassus Mid-Cap	PARMX	–8.6	7.5	11.4	0.0	0.96
T. Rowe Price Dividend Growth	PRDGX	1.4	12.6	14.2	0.9	0.62
T. Rowe Price QM US Sm-Cp Gro	PRDSX	–14.3	8.3	12.7	0.0	0.78
T. Rowe Price Small-Cap Value	PRSVX	–6.7	8.7	11.6	0.4	0.78
Primecap Odyssey Growth	POGRX	–9.8	10.1	14.8	0.1	0.65
Vanguard Equity-Income	VEIPX	6.8	11.2	13.1	2.3	0.28

International Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Baron Emerging Markets	BEXFX	–29.4%	1.5%	5.5%	2.0%	1.33%
Brown Cap Mgmt Intl Sm Co	BCSVX	–22.5	10.2	—	0.0	1.33
Fidelity International Growth	FIGFX	–15.3	6.2	8.8	0.5	0.99
Janus Henderson Glbl Eq Inc	HFQTX	0.5	4.2	7.2	3.0	0.94

Specialized Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Fidelity Select Health Care	FSPHX	–14.2%	10.6%	16.0%	0.0%	0.68%
T. Rowe Price Global Technology	PRGTX	–42.4	7.1	16.8	0.0	0.86
TCW Enhanced Comm Strat N	TGABX	43.8	13.0	2.9	1.7	0.75

Bond Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Fidelity Interm Muni Income	FLTMX	–5.5%	1.7%	2.1%	2.5%	0.32%
Fidelity Strategic Income	FADMX	–6.4	2.6	3.5	4.1	0.66
Met West Total Return Bond M	MWTRX	–9.4	1.1	2.2	2.5	0.67
T. Rowe Price Floating Rate	PRFRX	–0.1	2.8	3.5	3.7	0.76
TIAA-CREF Core Impact Bond	TSBRX	–9.2	0.9	—	2.9	0.61
Vanguard Emerg Mkts Bond	VEMBX	–13.6	4.0	—	6.2	0.55
Vanguard High-Yield Corporate	VWEHX	–5.0	3.1	4.9	5.7	0.23
Vanguard Short-Term Inv-Grade	VFSTX	–5.4	1.3	1.7	3.3	0.20

Indexes	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield
S&P 500 INDEX	**–0.6%**	**13.0%**	**14.6%**	**1.5%**
RUSSELL 2000 INDEX*	**–16.4**	**7.4**	**11.3**	**1.3**
MSCI EAFE INDEX†	**–11.1**	**3.8**	**7.3**	**3.0**
MSCI EMERGING MARKETS INDEX	**–21.5**	**3.3**	**4.2**	**2.7**
BLOOMBERG U.S. AGG BOND INDEX#	**–8.4**	**1.1**	**1.6**	**3.5**

As of June 3. *Small-company U.S. stocks. †Foreign stocks. #High-grade U.S. bonds. —Fund not in existence for the entire period. Yields listed for bond funds are SEC yields, which are net of fees; stock fund yields are the yield for the past 12 months. SOAURCES: Fund companies, FTSE Russell, Morningstar Inc., MSCI, S&P Dow Jones Indices.

MUTUAL FUND SPOTLIGHT

Data Drives This Fund's Success

The managers use an algorithm to find solid stocks at bargain prices.

STAYING THE COURSE CAN BE difficult for many investors when the stock market gets choppy and drifts down, as it has of late. But that's not the case for the three managers at **HENNESSY CORNERSTONE VALUE**.

Over the past 12 months, managers Neil Hennessy, Ryan Kelley and Josh Wein have delivered an astonishing 14.0% return. That trounced the fund's benchmark, the Russell 1000 Value index, by nearly 14 percentage points, and it topped 98% of the fund's peers (funds that focus on value-priced, large-company stocks).

Cornerstone Value's success lies with a stock-picking algorithm that has been in place since the fund launched almost 26 years ago. "Fundamentally, we're a quantitative fund," says Kelley. "We let data drive the investment process."

The computer screen focuses on large, dividend-paying firms that trade on a U.S. stock exchange, including foreign-company shares. They must be above average in terms of market value, the number of shares outstanding and cash flow, and they must have a share price of $5 or higher, among other criteria. The process often spits out undervalued shares.

In the final step, the stocks are ranked by dividend yield. The 50 highest-yielding stocks are purchased in equal proportions. A dividend is "a huge signal from management," says Wein. "It says not only can the company pay a dividend now, but it can continue to pay a dividend because very few companies are going to play fast and loose with their dividend."

The whole screen is rerun and the fund is rebalanced or reconstituted annually, usually in the first three months of the year. After the fund's rescreening in early 2021, the managers snapped up shares in a lot of energy stocks, including Chevron, ExxonMobil, ConocoPhillips and others, just before the sector began to rebound. The energy stocks have been a big driver of the fund's recent success.

Currently, the fund's top three holdings are General Mills, Marathon Petroleum and Intel. Other big, well-known companies, such as AT&T, Kraft Heinz, Coca-Cola and Bristol Myers Squibb, round out the portfolio. The fund charges a 1.23% expense ratio. **RIVAN STINSON**
Rivan_Stinson@kiplinger.com

LARGE-CAP VALUE

Ranked by one-year returns

Rank/Name	Symbol	Annualized Total return 1 yr.	3 yrs.	Max. sales charge	Exp. ratio
1. Buffalo Flexible Income	BUFBX	16.8%	14.0%	none	1.01%
2. Integrity Dividend Harvest A	IDIVX	15.8	13.3	5.00%	0.95
3. Federated Hermes Strat Value Div A	SVAAX	15.6	10.9	5.50	1.06
4. Hennessy Cornerstone Value Inv	HFCVX	14.0	14.8	none	1.23
5. AXS Alternative Value Investor	COGLX	11.4	16.3	none	1.57
6. Archer Dividend Growth	ARDGX	10.6	10.6	none	1.22
7. BNY Mellon Income Stock Inv	MIISX	10.4	15.6	none	1.08
8. Stock Dividend	SDIVX	10.1	14.6	none	0.85
9. Huber Select Large Cap Value Inv	HULIX	9.8	16.6	none	1.39
10. Smead Value Investor	SMVLX	8.6	18.2	none	1.26
S&P 500 INDEX		–0.6%	16.3%		
CATEGORY AVERAGE		1.7	13.0		

20 LARGEST STOCK AND BOND MUTUAL FUNDS

Ranked by size. See returns for top funds in 12 categories at kiplinger.com/kpf/funds.

STOCK MUTUAL FUNDS

Rank/Name	Symbol	Assets† (billions)	Annualized total return 1 yr.	5 yrs.	Max. sales charge
1. Vanguard Total Stock Market Idx Adm	VTSAX	$942.4	–4.1%	12.3%	none
2. Vanguard 500 Index Adm	VFIAX	505.5	–0.6	13.0	none
3. Fidelity 500 Index@	FXAIX	369.1	–0.6	13.0	none
4. Vanguard Total Intl Stock Idx Adm	VTIAX	319.4	–13.0	4.2	none
5. American Growth Fund of America A	AGTHX	220.7	–14.0	11.6	5.75%
6. American Balanced A	ABALX	206.0	–2.5	7.9	5.75
7. American Washington Mutual A	AWSHX	157.2	3.4	11.9	5.75
8. American EuroPacific Growth A	AEPGX	149.4	–21.1	4.5	5.75
9. American Income Fund of Amer A	AMECX	125.4	1.1	7.4	5.75
10. American New Perspective A	ANWPX	116.0	–13.2	10.7	5.75
S&P 500 INDEX			–0.6%	13.0%	
MSCI EAFE INDEX			–11.1	3.8	

BOND MUTUAL FUNDS

Rank/Name	Symbol	Assets† (billions)	1-year total return	Current yield	Max. sales charge
1. Vanguard Total Bond Market Idx Adm	VBTLX	$205.3	–8.5%	3.1%	none
2. Pimco Income A	PONAX	124.2	–5.6	3.1	3.75%
3. Vanguard Interm-Term Tax-Ex Inv	ABNDX	72.8	–7.8	3.3	3.75
4. Amer Funds Bond Fund of America A	MWTRX	71.4	–9.4	2.5	none
5. Metropolitan West Total Return Bd M	VWITX	71.4	–6.0	2.8	none
6. Vanguard Short-Term Inv-Grade Inv	VFSTX	69.9	–5.4	3.3	none
7. Dodge & Cox Income@	DODIX	63.2	–7.5	2.4	none
8. Pimco Total Return A	PTTAX	62.3	–9.0	2.0	3.75
9. Lord Abbett Short Duration Income A	LALDX	56.8	–3.4	2.3	2.25
10. Fidelity US Bond Index	FXNAX	53.4	–8.5	3.0	none
BLOOMBERG US AGGREGATE BOND INDEX			–8.4%	3.5%	
ICE BOFA AAA US MUNICIPAL SECURITIES INDEX			–6.5	2.6	

As of June 3. @Only share class. Unless otherwise indicated, funds come in multiple share classes; we list the share class that is best suited for individual investors. †For all mutual fund share classes combined. MSCI EAFE tracks stocks in developed foreign markets. SOURCE: Morningstar Direct

THE BEST BANK FOR YOU

We've identified the banks and credit unions that offer the best combination of high interest rates, low fees and a customer-friendly focus. BY LISA GERSTNER

The news has been refreshingly good for bank customers lately. As the Federal Reserve raises short-term interest rates to fight inflation, yields on deposits are on the increase at some institutions—especially internet banks. (Large brick-and-mortar banks tend to raise rates more slowly, and many of them have ample deposits, minimizing their incentive to push up yields.)

What's more, big banks have made a spate of customer-friendly changes to their overdraft policies over the past year. Some, such as Ally Bank and Capital One, eliminated overdraft fees altogether. Others are lowering their fees, increasing the amount by which customers can overdraw their checking accounts without fees or allowing customers more time to get their balance out of the red before hitting them with fees. Chase, for example, has stopped charging an overdraft fee if an account is overdrawn by $50 or less at the end of the business day. And starting sometime this year, Chase customers who overdraw their accounts by more than $50 will have until the end of the next business day to bring their account balance to $50 overdrawn or less to avoid overdraft fees. Several banks are also adding the ability for customers to access direct-deposited funds from their checking accounts up to two days early.

Such changes are part of a broader strategy banks are implementing to keep up with transforming customer expectations, according to research firm J.D. Power. Customers are visiting branches less often, and they're more frequently using digital services such as Zelle and Venmo to exchange money. "The decision to move from a punitive, carrot-and-stick approach suggests that retail banks are recognizing that the role they play in their customers' lives needs to evolve beyond service provider and into more of a hub of financial advice and guidance," J.D. Power concludes in a recent report.

ILLUSTRATIONS BY KOTRYNA ZUKAUSKAITE

If you're searching for a better banking relationship, check out our sixth annual rankings of the best financial institutions among national banks, internet banks and credit unions, as well as the best institutions for three client profiles: high-net-worth clients, retirees and families with kids. We enlisted the help of financial-data provider Curinos, which compiled information on interest rates, fees and other features on the 39 institutions we studied (for more on our methodology, see the box on page 48). To better reflect recent changes in bank policies, we added data on overdraft grace periods (alongside other overdraft data we've been examining for years) and early availability for checking-account funds as criteria in our rankings. And compared with previous years, we've tweaked how student and senior checking accounts are evaluated in the rankings of national banks, credit unions and internet banks, shifting emphasis to whether institutions have dedicated accounts for those groups.

Interest rates listed here are as of early June. Before you commit to a bank, check its current yields. With overall rates on the rise, some yields are likely to adjust after our publishing date.

NATIONAL BANKS

These large, brick-and-mortar institutions have branches in several states (as well as online banking), so they're solid choices if in-person assistance is important to you. They also have broad account offerings and investment and wealth-management services.

GOLD: TD BANK

www.td.com
Why it won: Most of TD's accounts have reasonably low minimum-balance requirements and features to satisfy a variety of customers.
Standout account: Beyond Checking offers several perks and three ways to waive the monthly fee.
Where it is: More than 1,100 branches in 15 eastern states and Washington, D.C. Terms and rates are for Delaware.

TD Bank has appeared among our national-bank finalists all six years that we've compiled our rankings, thanks to an appealing collection of accounts that don't require big balances to avoid monthly fees. And TD is rolling out changes to its overdraft program. You can now overdraw your account by up to $50 without incurring an overdraft fee. Starting late this fall, customers will have 24 hours to rectify an overdraft of more than $50, and they'll no longer pay a fee to transfer funds to checking from a backup account in case of an overdraft.

The basic **CONVENIENCE CHECKING** account waives its $15 monthly fee if you keep a daily balance of just $100 in the account or if you're between the ages of 17 and 23. **BEYOND CHECKING** charges no monthly fee if you have at least $5,000 in monthly direct deposits, a minimum $2,500 daily balance in checking, or at least $25,000 in combined eligible TD deposit accounts, home-equity loans and lines of credit, and mortgages. The account comes with free standard checks, money orders, cashier's checks and incoming wires, and it reverses all fees for rush bill payments, one outgoing wire fee per month and two overdraft fees per year. If you keep a $2,500 balance in checking, TD reimburses fees that ATM operators charge when you use out-of-network machines. Monthly fees on all of TD's savings and money market accounts are waived for Beyond Checking customers.

TD's savings accounts include **SIMPLE SAVINGS**, which yields 0.02% and doesn't charge the $5 monthly fee if you meet one of several requirements, including maintaining a $300 balance. **BEYOND SAVINGS**, which is free if you keep a $20,000 minimum balance or link it to a Beyond Checking or Relationship Checking account, yields as much as 0.05% on balances of $250,000 or more.

TD also offers a well-appointed checking account for those 60 and older—for more on it as well as other savings options from TD, see the "Best for Retirees" winner.

SILVER: PNC BANK

www.pnc.com
Why it won: PNC offers perks on all its Virtual Wallet account packages, which come with digital tools to manage spending and saving, too.
Standout account: Skipping the monthly fee is manageable with the basic Virtual Wallet checking package, and it comes with ATM fee reimbursement.
Where it is: Nearly 2,700 branches in 28 states—spread mostly through the eastern half of the U.S. and the Sun Belt—and Washington, D.C. Terms and rates are for Pittsburgh.

PNC's account offerings center around its Virtual Wallet program, which ties together a Spend checking account for everyday transactions, a Reserve checking account to set aside funds for short-term goals and a Growth savings account for longer-term goals. The basic **VIRTUAL WALLET** package waives its $7 monthly fee if you have a monthly direct deposit of at least $500 into Spend or a combined $500 minimum balance in Spend and Reserve, or if you're 62 or older. Each month, it reimburses the first two PNC fees charged when you use an out-of-network ATM, as well as up to $5 in ATM surcharges from other banks. **VIRTUAL WALLET WITH PERFORMANCE SPEND** and **VIRTUAL WALLET WITH PERFORMANCE SELECT** require higher direct deposits or balances to skip the monthly fee and have more benefits, such as free cashier's checks and greater reimbursement of ATM fees.


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Interest rates on PNC's savings accounts often depend on which account package you have, your balance and whether you meet certain activity requirements. The **PREMIERE MONEY MARKET** account, for example, yields 0.04% on balances of less than $1 million for Performance Select customers who make at least five PNC debit or credit card transactions monthly or have $5,000 or more in monthly direct deposits into their Performance Select checking account. You must link the money market account to a Performance Select account or keep a $5,000 average monthly balance to avoid a $12 monthly fee. PNC offers a basic savings account and certificates of deposit, too.

BRONZE: FIFTH THIRD BANK

www.53.com

Why it won: Both the basic and premium checking accounts are noteworthy.

Standout accounts: Momentum Checking charges no monthly fee, and Preferred Checking packs in a lot of perks.

Where it is: Nearly 1,200 branches in 11 midwestern and southern states. Terms and rates are for Cincinnati.

Fifth Third offers a range of checking accounts, and two of them stand out most. **MOMENTUM CHECKING** charges no monthly fee, without strings attached—a rarity among accounts from larger banks—and you can access your direct-deposited paycheck up to two days earlier than the scheduled payment date. With **PREFERRED CHECKING**, bypass the $25 monthly fee by having at least $100,000 combined in Fifth Third deposit and investment accounts one time per month. Freebies include standard checks, notary services, money orders, cashier's checks, identity-protection services and a small safe-deposit box. Up to 10 out-of-network ATM surcharges are reimbursed monthly.

A savings account, a money market account and certificates of deposit are among the savings options. Recently, interest rates mostly hung at 0.01%, although a 12-month promotional CD yielded 0.05% ($5,000 minimum deposit).

Notably, in 2020 the Consumer Financial Protection Bureau filed suit against Fifth Third, alleging that in previous years the bank opened unauthorized deposit and credit card accounts in consumers' names, among other claims. Fifth Third says that it has addressed the issues that sparked the lawsuit, which is working its way through court.

BEST FOR **HIGH-NET-WORTH CLIENTS**

Those who can meet high minimum-balance requirements at these banks get abundant account freebies and extras ranging from financial advice to event access.

BEST: CITIBANK

www.citi.com

Why it won: Clients who maintain big balances enjoy prime treatment and can visit branches around the nation and world.

Standout account: The Citigold account package provides a load of complimentary services and unique benefits.

Where it is: More than 650 branches in nine states—with many in California and New York—plus Washington, D.C. Terms and rates are for New York City.

The **CITIGOLD** account package is available to those who keep at least $200,000 in eligible Citi deposit, retirement and investment accounts. Citigold customers have a relationship manager as a point person and a wealth adviser who provides financial planning and investing guidance. You get a free checking account and savings account (0.12% yield), as well as complimentary standard checks, stop payments, overdraft transfers, wire transfers and money orders. Plus, all out-of-network ATM surcharges are reimbursed. Up to $200 annually is refunded for subscriptions, including Amazon Prime, Costco membership fees, Hulu, TSA Precheck and Spotify Premium. Travelers benefit from waived foreign-transaction fees on debit card transactions; free next-day delivery of foreign currencies to your home, office or nearby bank branch; concierge services; and access to more than 100 Citigold lounges globally (attached to Citi properties), which provide refreshments and Wi-Fi. Other perks include complimentary or discounted admission to select cultural institutions and access to special events, such as private dinners with top chefs and reserved seating at sporting events.

Customers who keep at least $1 million in deposit, retirement and investment account balances are eligible for **CITIGOLD PRIVATE CLIENT**, which comes with additional benefits, such as heightened ATM withdrawal and purchase limits with your debit card and advanced wealth planning.

RUNNER-UP: CHASE

www.chase.com

Why it won: Chase's premium accounts are attractive, and the bank has an extensive branch presence.

Standout account: Sapphire Banking comes with reduced fees and other benefits for customers who keep a $75,000 balance.

Where it is: More than 4,900 branches in all of the lower 48 states and Washington, D.C.

With **SAPPHIRE BANKING**, those who hold at least $75,000 in eligible Chase deposit and investment accounts skip the $25 monthly fee. The checking account reimburses all out-of-network ATM fees worldwide and charges no fees for stop payments, wire transfers, money orders, cashier's checks, standard checks, foreign transactions, the first four overdraft fees in a 12-month span, and a small safe-deposit box. Those with $150,000 or more in deposits and investments qualify for **CHASE PRIVATE CLIENT**, which offers the same perks as Sapphire and more, including dedicated banking and investment advisers.

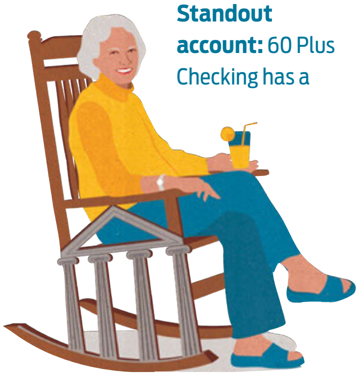
BEST FOR **RETIREES**

With these institutions, retirees avoid pesky fees on checks and paper statements and have access to an array of additional wealth and investment services.

BEST: TD BANK

www.td.com

Why it won: TD offers a dedicated checking account with perks well suited to retirees, who get to skip fees on some savings accounts, too. For in-person services, TD has branches that stretch along the East Coast.



Standout account: 60 Plus Checking has a low, $250 minimum daily balance requirement to waive the $10 monthly fee.

Where it is: More than 1,100 branches in 15 eastern states and Washington, D.C. Terms and rates are for Delaware.

The **60 PLUS CHECKING** account targets those 60 or older with free standard checks, cashier's checks, money orders and paper statements. Plus, the **SIMPLE SAVINGS** account is free if you're 62 or older (for more, see the "Best National Banks" gold medalist), and so is the **GROWTH MONEY MARKET** account, which offers a rate as high as 0.03% on a balance of $25,000 or more if you have a recurring transfer of at least $50 into the account each month (otherwise, it yields from 0.01% to 0.02%, depending on the balance).

TD also offers investment and wealth management, including a robo-adviser platform ($5,000 minimum, or $25,000 minimum for some assistance from human advisers) and full-fledged advisory services. Those with at least $750,000 in investable assets are eligible for TD's Private Client Wealth Group.

RUNNER-UP: FIDELITY INVESTMENTS

www.fidelity.com

Why it won: Retirees who are willing to do their banking online will find a lot to like about Fidelity's checking-account equivalent.

Standout account: Fidelity Cash Management is free, earns interest and provides extra deposit insurance.

Fidelity Investments doesn't have a full-service bank, but its **CASH MANAGEMENT** account offers all the components of a low-cost checking account. It requires no monthly fee or minimum balance, and it yields a decent 0.25%. Standard checks, cashier's checks and paper statements are free, and the account reimburses all domestic out-of-network ATM fees. Although Cash Management is technically a brokerage account, funds have Federal Deposit Insurance Corp. coverage, and you're insured for up to $1.25 million against bank failure—rather than the standard $250,000 per depositor per institution—thanks to a cash-sweep program that holds funds at various institutions.

You don't have to open any other Fidelity account to use Cash Management, but plenty of options are available if you want investment services, from robo adviser Fidelity Go to in-depth financial-planning and investment advice ($250,000 asset minimum for Fidelity Wealth Services).

INTERNET BANKS

These institutions operate fully online, which decreases their overhead costs and allows them to offer lower fees and higher rates than many other banks.

GOLD: AXOS BANK

www.axosbank.com

Why it won: Axos offers a well-rounded group of free checking accounts that suit just about any need.

Standout accounts: Rewards Checking yields as much as 1.25% if you meet various monthly requirements. Earn 0.61% on up to $25,000 with the High Yield Savings account.

Whether you're looking for a checking account with a high yield, features tailored to students or seniors, or a no-frills option, Axos Bank has it. **REWARDS CHECKING** offers interest in chunks. To start, you must have monthly direct deposits totaling at least $1,500 to earn 0.4%. If you do that, you're eligible to earn an additional 0.3% if you use your debit card for at least 10 transactions monthly or use Axos's Personal Finance Manager budgeting tool; an additional 0.2% if you have at least $2,500 in an Axos Invest Managed Portfolios Account; 0.2% extra if you have at least $2,500 in an Axos Invest Self Directed Trading Account; and another 0.15% if you use Rewards Checking to make Axos consumer loan payments. The basic **ESSENTIAL CHECKING** offers the ability to access your direct-deposited paycheck up to two days early, and **CASHBACK CHECKING** provides 1% cash back (up to $2,000 earned per month) on signature-based debit card purchases if you keep at least $1,500 in the account (0.5% back if your balance is lower). All three checking accounts reimburse unlimited domestic out-of-network ATM surcharges.

For teens ages 13 to 17, **FIRST CHECKING** provides a 0.1% rate and up to $12 monthly in domestic ATM fee reimbursement, and daily debit transactions are limited to $100 in cash withdrawals and $500 in purchases. **GOLDEN CHECKING**, for those 55 and older, has a 0.1% yield, free personal checks and $8 monthly in domestic ATM surcharge refunds. For clients who keep large balances, Axos also offers premium accounts, such as **WORLD CHECKING** and **PREMIER PRIVATE CLIENT BANKING**, with additional perks.

Among savings options, **HIGH YIELD SAVINGS** provides a healthy 0.61% rate on balances of up to $25,000, and the account comes with an ATM card upon request. For larger balances, consider the **HIGH YIELD MONEY MARKET** account, which yields 0.25% on all amounts and offers check-writing.

SILVER: TIAA BANK

www.tiaabank.com
Why it won: The bank's free Yield Pledge accounts promise competitive interest rates, and the basic accounts are solid, too.
Standout accounts: The Yield Pledge Money Market account yields 0.7%, Basic Savings offers a 0.8% rate, and Basic CD rates include 1.3% for a one-year maturity and 2.55% for a five-year maturity ($1,000 minimum).

TIAA Bank, owned by investment and advisory firm TIAA, guarantees that rates on its **YIELD PLEDGE CHECKING** and **YIELD PLEDGE MONEY MARKET** accounts are in the top 5% among competitive accounts from the 10 largest banks and thrifts in the 10 largest U.S. banking markets. Yield Pledge Checking recently had a 0.1% rate, and it offers unlimited reimbursement of ATM surcharges if you maintain a balance of at least $5,000 (up to $15 in monthly refunds if your balance is lower). The **BASIC CHECKING** account provides the same ATM and purchase benefits. And as noted above, the free **BASIC SAVINGS** account and **BASIC CDs** offer high rates, too.

BRONZE: ALLY BANK

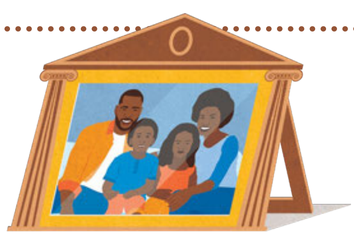
www.ally.com
Why it won: Ally's deposit accounts have no minimums, have low fees and offer decent yields.
Standout accounts: Interest Checking yields up to 0.25%. The Money Market and Online Savings accounts both recently had a rate of 0.75%.

Ally Bank's **INTEREST CHECKING** has long been a standout. It yields 0.25% on balances of $15,000 or more and 0.1% on lower balances, and it reimburses up to $10 monthly in out-of-network ATM fees. Last year, Ally removed all overdraft fees, and with the CoverDraft Service, the account provides as much as $250 in coverage if you overdraw it (you must have recurring direct deposits of at least $250 to maintain $250 in coverage). If you don't make your balance positive within 14 days, Ally may restrict withdrawals. You can also transfer funds from a linked Ally savings or money market account to cover overdrafts. Standard checks, cashier's checks, incoming wire transfers and expedited electronic fund transfers are free.

Along with the money market and savings accounts, Ally's **HIGH YIELD CDs** are worth a look, too. They require no minimum deposit and recently had rates of 1.4% for a one-year CD and 2.25% for five years. Early-withdrawal penalties are relatively modest, topping out at 150 days of interest for terms of four years or more. But if you'd rather avoid the penalty, consider the **NO PENALTY CD**, which has a 0.85% rate and an 11-month term.

BEST FOR **FAMILIES WITH KIDS**

Parents and children alike benefit from low fees and minimums on these accounts.



BEST: CAPITAL ONE

www.capitalone.com
Why it won: A dedicated checking account for teens and a suite of strong accounts for parents make Capital One a great choice for the whole family.
Standout accounts: Parents and kids can manage the free MONEY Teen Checking account together. The no-fee 360 Performance Savings account recently yielded 0.7%.
Where it is: Accounts are internet-based. But for in-person services, Capital One has more than 300 branches in several eastern and southern states and Washington, D.C.

Capital One's **MONEY TEEN CHECKING** account (0.1% yield) has no monthly fee or minimum-balance requirement and is available to children 8 years old and older with a parent or guardian as a joint holder. For those younger than 18, total debit card purchases and withdrawals are limited to $500 per day, and account holders can't use the card at certain establishments, such as car-rental companies, bars and liquor stores. (Check-writing is not available.)

Adults have a nice set of account choices from Capital One, too. The free **360 CHECKING** account yields 0.1% and offers access to your paycheck up to two days early. Last year, Capital One eliminated all overdraft and insufficient funds fees.

360 PERFORMANCE SAVINGS offers a high, 0.7% yield, and **KIDS SAVINGS** has a 0.3% rate. **CDs** require no minimum balance, and yields recently included 1.3% for a one-year term and 2.5% for five years.

RUNNER-UP: DISCOVER BANK

www.discover.com
Why it won: Discover keeps fees to a minimum—a valuable feature for young account owners.
Standout accounts: The Cashback Debit account offers cash back on debit card purchases. The Online Savings Account yields 0.7%.

The **CASHBACK DEBIT** checking account from Discover's online bank is unavailable to those younger than 18, but it makes a lot of sense for college students or other young people getting a start with banking—and it's a great account for adults of other ages, too. You earn 1% cash back on up to $3,000 in debit card purchases monthly, and standard checks, cashier's checks and overdraft transfers are free; the only fee the account charges is $30 for outgoing wire transfers. Direct deposits are available up to two days early.

Discover's free **SAVINGS ACCOUNT** yields 0.7%, and the **MONEY MARKET ACCOUNT** yields 0.6% on balances of less than $100,000 and 0.65% on the entire balance of $100,000 or more. **CDs** ($2,500 minimum deposit) recently offered 1.5% on a 12-month term and 2.75% on a five-year term. Parents can open custodial savings, money market and non-IRA CD accounts for their kids.

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CREDIT UNIONS

Credit unions are not-for-profit institutions owned by their members. Those listed here are open to anyone in the U.S.; if you are not eligible based on geographic or employer affiliations, use the method listed in the "How to join" section to become a member.

GOLD: ALLIANT CREDIT UNION

www.alliantcreditunion.org
Why it won: Alliant offers a straightforward, strong set of accounts.
Standout accounts: High-Rate Checking yields 0.25% if you meet two simple requirements. High-Rate Savings boasts a 0.75% yield.
Where it is: Alliant operates fully online.
How to join: Become a member of the Foster Care to Success charity (Alliant pays the $5 membership fee on your behalf). You must also open a savings account; Alliant makes a complimentary $5 deposit for you.

Alliant's free **HIGH-RATE CHECKING** account provides a 0.25% yield if you receive electronic statements and have one monthly electronic deposit (including direct deposits, ATM deposits, mobile deposits and transfers from other institutions) into the account. You're reimbursed up to $20 per month in out-of-network ATM fees, and the first box of checks is free. Teens ages 13 to 17 can use a similar checking account.

The **HIGH-RATE SAVINGS** account offers a 0.75% rate if you keep a balance of at least $100, and it's free if you get electronic statements ($1 monthly for paper statements). Children 12 and younger can use a version of the account called the **KIDS SAVINGS ACCOUNT**. **CDs** require a $1,000 minimum, and yields recently ranged from 1.5% on a CD with a maturity of 12 to 17 months to 2.8% for a five-year CD.

SILVER: CONNEXUS CREDIT UNION

www.connexuscu.org
Why it won: Connexus has an appealing grouping of free checking accounts, and its certificate of deposit yields were recently among the best in the country.
Standout accounts: Xtraordinary Checking yields 1.75% if you meet monthly activity requirements. Rates on CDs ($5,000 minimum) recently ranged from 2.26% for a one-year maturity to 3.21% for a five-year term.
Where it is: Several branches in Minnesota and Wisconsin.
How to join: Make a one-time, $5 donation to charity Connexus Association and deposit $5 or more into a savings account.

Connexus offers a free basic checking account as well as **XTRAORDINARY CHECKING**, which yields 1.75% on up to $25,000 and reimburses up to $25 monthly in out-of-network ATM fees if each month you receive electronic statements and either spend $400 on your debit card or make 15 purchases with it. **TEEN CHECKING** yields 2% on balances of up to $1,000.

Connexus's **SAVINGS ACCOUNT** yields 0.25% if you have a balance of at least $100. Rates for the **MONEY MARKET ACCOUNT** depend on the balance and recently went as high as 1.1%.

BRONZE: BELLCO CREDIT UNION

www.bellco.org
Why it won: Most anyone can find an agreeable option among Bellco's checking accounts.
Standout accounts: Boost Interest Checking yields 2.25% on up to $25,000 if you meet activity requirements. The Premier Money Market Account has a 0.5% rate on balances of $50,000 or more.
Where it is: More than two dozen Colorado branches, mostly in the Denver area.
How to join: If you live outside of Colorado, join the Bellco Foundation with a donation of at least $10. You must also pay a one-time, $5 membership fee and deposit $25 into a savings account.

Bellco's **BOOST INTEREST CHECKING** account yields an enticing 2.25% on up to $25,000 for those who meet monthly requirements of making 15 debit card purchases, having at least one direct deposit, and logging in to online or mobile banking. **PLATINUM CHECKING** comes with several perks—including free personal checks, cashier's checks, money orders, wire transfers and overdraft transfers—and waives the $12 monthly fee if you have a combined balance of at least $15,000 in deposits and loans with Bellco.

Among savings options, the **YOUTH SAVINGS ACCOUNT** has a 2% rate on balances of up to $500. The **PREMIER MONEY MARKET ACCOUNT** has a rate as high as 0.5%, but you have to keep a balance of at least $10,000 to avoid a $10 monthly fee. ■

YOU CAN CONTACT THE AUTHOR AT LISA_GERSTNER@KIPLINGER.COM.

HOW WE CHOSE THE TOP FINANCIAL INSTITUTIONS

With data from Curinos, a financial-data provider, as well as from financial institutions and other sources, we evaluated 13 national and large regional banks, 13 internet banks (including online accounts from brokerage firms) and 13 credit unions. We reviewed checking accounts, savings accounts, money market deposit accounts and certificates of deposit from each institution. We looked at interest rates; minimum deposit and balance requirements; monthly maintenance fees and the ease of waiving those fees; ATM benefits, such as waived or reimbursed fees for out-of-network withdrawals; free or discounted benefits, such as personal checks, cashier's checks, paper statements and overdraft-protection transfers; overdraft fees and concessions, such as cushions and grace periods; and online and mobile banking features, such as the availability of peer-to-peer payment services.

SOURCE: Curinos. Data is obtained from public sources; accuracy and completeness is not guaranteed. Curinos is not liable for reliance on the data.

BANKING

SIGN-UP BONUSES, WITH A CATCH

CREDIT CARD ISSUERS AREN'T the only companies offering sign-up bonuses to win your business. Banks and brokerages are offering bonuses of their own to attract new customers—and with the new website Bankbonus.com, it's easier to find them.

The site is simple to navigate: Choose your state from the drop-down menu to see which financial institutions are offering bonuses in your area. You can select personal or business accounts and the type of account you're looking for—savings, checking, credit card or brokerage. After you choose an offer, the site lists the requirements to snag the bonus and the link to access it.

For example, TD Bank is offering a $300 bonus for opening a new Beyond Checking account. To get the bonus, you must open the account and direct deposit a total of $2,500 within 60 days. The bonus will appear in your account no later than 140 days after opening it. The offer ends October 31 and is available in a "healthy list of states," according to Bankbonus.

However, opening a new account solely for the bonus isn't all it's cracked up to be. Typically, these accounts have high deposit and daily-balance requirements, along with high monthly maintenance fees. And if you don't meet the requirements, the bank could deny you the bonus or claw it back. In the TD offer above, the direct deposit must be a recurring deposit of a paycheck, pension or government benefits. Plus, you'll pay a monthly fee unless you have at least $5,000 in monthly direct deposits, a minimum $2,500 daily balance in checking or at least $25,000 in combined TD deposit accounts, home-equity loans and lines of credit, and mortgages. The bank can take back the bonus if the account is closed within six months.

Keep in mind that these bonuses are subject to taxes, says Ken Tumin, founder of DepositAccounts.com, a deposit account comparison website. The bank reports them to the IRS as interest payments.

However, if you plan to open a new account, a sign-on bonus could sweeten the deal. If you're shopping for a new checking or savings account, see our bank and credit union rankings on page 40. **RIVAN STINSON**

Rivan_Stinson@kiplinger.com

RATE UPDATES

For the latest savings yields and loan rates, visit **kiplinger.com/links/rates**. For top rewards cards, go to **kiplinger.com/kpf/rewardscards.**

TOP-YIELDING SAVINGS

Taxable Money Market Mutual Funds	30-day yield as of May 31	Minimum investment	Website (www.)
T. Rowe Price Cash Resrvs (TSCXX)*	0.53%	$2,500	troweprice.com
USAA MMF (USAXX)	0.50	1,000	usaa.com
Gabelli US Treasury MMF (GABXX)	0.49	10,000	gabelli.com
Fidelity MMF (SPRXX)*	0.45	1	fidelity.com

Tax-Free Money Market Mutual Funds	30-day yield as of May 30	Tax eq. yield 24%/35% bracket	Minimum investment	Website (www.)
BNY Mellon Ntl Muni (MOMXX)	0.45%	0.59%/0.69%	$10,000	im.bnymellon.com
Fidelity Muni MMF (FTEXX)*	0.34	0.45/0.52	1	fidelity.com
Amer Cent T-F MMF (BNTXX)	0.27	0.36/0.42	2,500	americancentury.com
Fidelity Tax-Exempt (FMOXX)*	0.26	0.34/0.4	1	fidelity.com

Savings and Money Market Deposit Accounts	Annual yield as of June 3	Minimum amount	Website (www.)
TAB Bank (Texas)	1.26%	none	tabbank.com
Bask Bank (Texas)†	1.25	none	baskbank.com
CFG Bank (Md.)#	1.17	$1,000	thecfgbank.com
Bread Financial (Utah)†	1.15	100	savings.breadfinancial.com

Certificates of Deposit 1-Year	Annual yield as of June 3	Minimum amount	Website (www.)
Connexus Credit Union (Wis.)&	2.26%	$5,000	connexuscu.org
State Bank of Texas (Texas)	2.10	25,000	statebnk.com
Bread Financial (Utah)†	2.00	1,500	savings.breadfinancial.com
Crescent Bank (La.)	2.00	1,000	cbtno.com

Certificates of Deposit 5-Year	Annual yield as of June 3	Minimum amount	Website (www.)
Connexus Credit Union (Wis.)&	3.21%	$5,000	connexuscu.org
Quontic Bank (N.Y.)	2.86	500	quontic.com
Bread Financial (Utah)†	2.85	1,500	savings.breadfinancial.com
Crescent Bank (La.)‡	2.85	1,000	cbtno.com

*Fund is waiving all or a portion of its expenses. #Money market deposit account. †Internet only. &Must be a member; to become a member, see website or call. ‡Pentagon FCU offers a similar yield. SOURCES: Bankrate, DepositAccounts, Money Fund Report (iMoneyNet).

TOP CHECKING ACCOUNTS

Must meet activity requirements*

High-Yield Checking	Annual yield as of June 3	Balance range†	Website (www.)
La Capitol FCU (La.)&	4.25%	$0–$3,000	lacapfcu.org
Consumers Credit Union (Ill.)&	4.09‡	0–10,000	myconsumers.org
Genisys Credit Union (Mich.)&	4.07	0–7,500	genisyscu.org
Elements Financial (Ind.)&μ	4.00	0–20,000	elements.org

*To earn the maximum rate, you must meet requirements such as using your debit card several times monthly and receiving electronic statements. †Portion of the balance higher than the listed range earns a lower rate or no interest. &Must be a member; to become a member, see website. ‡Requires spending $1,000 or more monthly in CCU Visa credit card purchases. μOnly for new accountholders for the first 12 months. SOURCE: DepositAccounts.

YIELD BENCHMARKS	Yield	Month-ago	Year-ago
U.S. Series EE savings bonds	0.10%	0.10%	0.10%
U.S. Series I savings bonds	9.62	9.62	3.54
Six-month Treasury bills	1.68	1.45	0.04
Five-year Treasury notes	2.95	3.01	0.84
Ten-year Treasury notes	2.96	2.97	1.63

As of June 3, 2022.

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

DEALING WITH DEBT

How to Manage Your Student Loans

Proposals to forgive some student loan debt will still leave many borrowers owing money to Uncle Sam. BY RIVAN STINSON

As *Kiplinger's* went to press, the Biden administration was considering a plan to forgive up to $10,000 in federal student loans for borrowers who meet certain income thresholds. But even if Biden moves ahead with his plan, millions of borrowers will still have federal and private student loans they'll need to repay. A moratorium on federal student loan payments implemented in 2020 is scheduled to expire August 31, and it's unclear whether it will be extended. (For the latest developments on student loans, see Kiplinger.com.)

Borrowers who have had their loans on pause since 2020 should be prepared to start making payments in September. This is also a good time to review your options if you think you'll have a tough time resuming payments on your loans.

Current reforms. While student loan forgiveness may be up in the air, the Biden administration has taken steps to reform debt-relief programs already in place. The Department of Education revamped both the Public Service Loan Forgiveness (PSLF) program—started under the Bush administration in 2007—and the Income Driven Repayment (IDR) program.

Under PSLF, borrowers employed as teachers, nurses, firefighters, nonprofit workers and other public service workers can have the balance of their loans forgiven after they've made 120 qualifying monthly payments. However, borrowers who went into public service discovered numerous administrative hiccups when they sought forgiveness. They reported receiving incorrect information from loan servicers on forgiveness eligibility, as well as processing delays. Some borrowers were mistakenly put into forbearance, which allows them to temporarily suspend payments but doesn't count toward loan forgiveness.

To resolve these issues, the DOE announced last October that it is offering a limited waiver that allows eligible borrowers to have payments that were previously excluded count toward loan forgiveness. The waiver ends October 31. Applicants who were denied forgiveness under PSLF will automatically have their applications reviewed.

Military service members also got help last year. The DOE allowed service members to count months spent on active duty toward loan forgiveness, even if their loans were in deferment or forbearance. Previously, months spent on active duty didn't count toward PSLF payments.

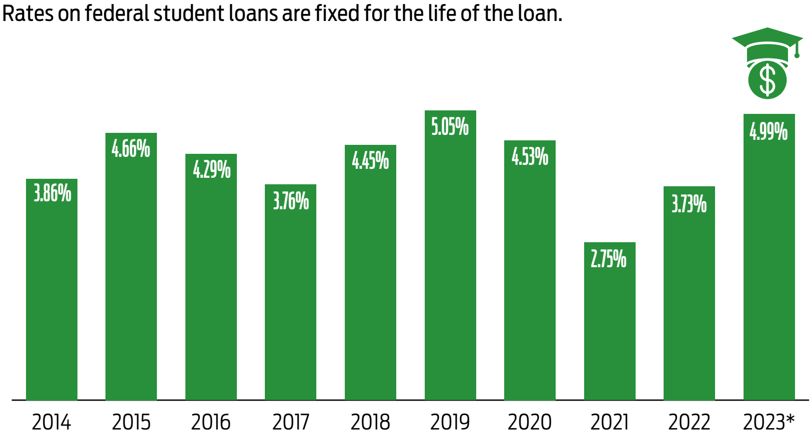
In an effort to reform the IDR program, the department took steps to end the practice of "forbearance steering." That occurs when loan service providers direct borrowers into forbearance instead of an IDR plan, which could cause some low-income borrowers to lose the opportunity to reduce payments to as low as zero while remaining in good standing.

The DOE will also provide borrowers with a one-time account adjustment

RISING RATES

Timing Is Everything

The interest rate on undergraduate federal student loans issued between July 1, 2022, and June 30, 2023, rose to 4.99% on July 1, the highest rate since the 2018–2019 academic year. Rates on federal student loans are fixed for the life of the loan.



SOURCE: StudentAid.gov

SIPA USA/ALAMY LIVE NEWS

that will count certain long-term forbearances toward IDR and public service loan forgiveness. The department also pledged to increase oversight of servicers' use of forbearance and improve tracking of borrowers' progress in IDR. Plus, starting next year, the DOE will begin displaying IDR payments on StudentAid.gov so that borrowers can review their status when they log in to their accounts.

Plan for payments to resume. To prepare for the possibility that you'll have to start making payments in September, contact your loan servicer to make sure it has your updated information, especially if you're looking to put your loan into the Public Service Loan Forgiveness program, says Leslie Tayne, a New York attorney who specializes in debt relief and debt settlement. If you can afford it, start saving to make a lump-sum payment once payments officially resume, she recommends.

Currently, federal loans on pause aren't accruing interest. If you make a lump-sum payment, you'll lower your principal loan balance, which will reduce the amount of interest you'll pay going forward. Alternatively, you could start making payments before the moratorium expires. Payments will apply to principal after you've paid interest accrued prior to March 13, 2020. To start payments before August 31, you'll probably have to contact your loan servicer by phone or by logging in to your account.

If you have loans that are in default, the moratorium has halted collection calls and bills and stopped tax-refund and wage garnishment. Interest accrual was paused as well. The Biden administration has also taken steps to help borrowers return federal loans that were in default to good standing. This will make it easier for borrowers to apply for PSLF or sign up for IDR programs, and it will boost borrowers' credit scores, too.

If your loan balance is close to Biden's $10,000 forgiveness proposal, making payments before the moratorium ends may not be in your best interest because you could be paying a debt you won't have to repay, says Michael Kitchen of Student Loan Hero, which helps borrowers manage student debt.

Depending on the interest rate on your federal student loans (see the chart on the previous page), you may be able to lower your rate by refinancing to a private loan—but don't refinance until after the moratorium ends. Otherwise, you'll lose out on the suspension of interest charges on federal loans that are on pause. Once the moratorium ends, do a side-by-side comparison of the benefits of your federal loan versus those of a private loan. Once you refinance, you lose the benefits provided to federal student loan borrowers, such as the ability to enter an income driven repayment program or apply for a hardship deferment. ■

YOU CAN CONTACT THE AUTHOR AT RIVAN_STINSON@KIPLINGER.COM.

RETIREMENT

■ DOWNTOWN VISALIA, CALIF., FEATURES FARM-TO-TABLE SIDEWALK CAFÉS AND A TWICE-WEEKLY FARMERS MARKET.

7 STANDOUT PLACES TO RETIRE

We picked cities across the U.S. that are affordable and offer the amenities retirees value most. Plus, one of them is bound to be close to family.

The number-one rule in real estate is location, location, location, but that means different things to different people. For young families, the most desirable location is typically a neighborhood that's near good schools and kid-friendly parks and (ideally) isn't far from work. Retirees have different criteria. Their perfect destination is more likely to offer good health care facilities, be close to family and friends, and have a reasonable cost of living—particularly when it comes to home prices.

That last item is a tall order these days, with home prices up nearly 16% in the first quarter of 2022 compared with a year ago. While rising mortgage rates have slowed sales somewhat, a paltry inventory of homes for sale is likely to keep prices elevated for the foreseeable future.

But again, it's all about location. In some parts of the country, home prices are well below the national median of $368,200—a nice bonus for seniors who are downsizing from a high-cost part of the country. And moving to a lower-cost area doesn't mean giving up a great quality of life. Our seven cities offer access to high-quality health care, abundant outdoor activities and lively downtowns. Three are college towns, which means that when you're not exploring local hiking and biking trails (or skiing, because not everyone hates winter), you'll have plenty of opportunities to keep your mind sharp, too.

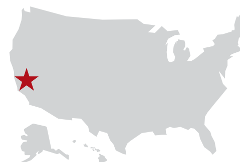
Surveys have shown that the primary reason retirees move is to be closer to family, so we cast a wide net and looked for a city in seven out of the nine U.S. Census divisions. Finding affordable destinations on both coasts was a challenge, but we've located attractive cities for retirees who have family in California or New England.

Although our destinations are small or medium-size cities, most provide easy day trips to major metropolitan areas. For example, from Scranton, Pa., where you can find a spacious home for about $150,000, you can get to New York City in less than three hours.

In the past, we've tried to limit our selections to cities in states that are rated as tax-friendly or neutral by Kiplinger's State-by-State Guide to Taxes on Retirees. This year, we included some cities in states with above-average taxes, because taxes are just one factor retirees consider when selecting a place to live. For example, you may be willing to shoulder a higher state tax bill to live closer to adult children and grandchildren. In addition, states across the U.S.—both red and blue—are lowering taxes in response to post-pandemic budget surpluses (see "Ahead," July).

★ VISALIA, CA ★

Population: 133,100
Cost of living: 100.7
Median home price: $380,000
Hospitals within 25 miles: Five
What $400,000 will buy: Ranch-style home with three bedrooms, three baths and an expansive backyard



Visalia lies in the heart of California's Central Valley and sits at the base of the Sequoia and Kings Canyon national parks. Visalia is also at the center of the nation's most productive agricultural region, which harvests more than 250 different crops.

Downtown Visalia has a number of charms, from farm-to-table sidewalk cafés to the farmers market, which offers locally grown produce and artisan goods every Saturday and Wednesday. Locals also love Visalia's annual Taste the Arts Festival, which takes place downtown every October and celebrates the artistic culture and agricultural vitality of the community. Traditional festivities include the annual Waiter's Race, culinary tastings and music by the Sequoia Symphony Orchestra.

Visalia is an ideal spot to explore the natural beauty of California's Central Valley. You can snowshoe in the winter, fish on Lake Success in the summer and make your way through Crystal Cave in the fall. For $20, you can book a round-trip on the Sequoia Shuttle from Visalia to Sequoia National Park. Visalia is also home to many hiking trails, backcountry horseback riding, and numerous golf courses and tennis courts in and around the region.

Visalia is a manageable drive from many of California's most populous (and more expensive) cities. It's 240 miles from San Francisco and 190 miles from Los Angeles.

Home prices are a bargain compared with California's coastal cities. For about $380,000, you can buy a newly built Mediterranean-style home with three bedrooms, two baths and a two-car garage.

Five hospitals are located within 25 miles of Visalia. Kaweah Health Medical, the largest hospital in Tulare County, has about 580 beds and offers specialties in cardiac care, neurosciences and orthopedics, among others.

California excludes Social Security benefits from state income taxes, but other forms of retirement income are taxable. However, although the Golden State has the highest income tax rate in the country for high earners, tax rates for middle- and lower-income folks are much lower, which reduces the tax hit on your retirement savings. Sales taxes are relatively high, but the median property tax rate is below average for the U.S. **EMMA PATCH**

VISALIA IS IN THE HEART OF THE NATION'S MOST PRODUCTIVE AGRICULTURAL REGION.

CENTER: ALAMY. OTHERS COURTESY VISIT VISALIA. OPENING SPREAD: GETTY IMAGES

GRAND JUNCTION IS SURROUNDED BY NATURAL BEAUTY AND IS NEAR THE HUB OF COLORADO'S WINE COUNTRY.

COURTESY VISIT GRAND JUNCTION (3)

★ GRAND JUNCTION, CO ★

Population: 66,964
Cost of living: 99
Median home price: $392,300
Hospitals within 25 miles: Three
What $400,000 will buy: Three-bedroom, two-bath home located 10 minutes from downtown and blocks away from the Riverfront Trail on the Colorado River

Named for the confluence of the Colorado and Gunnison rivers, Grand Junction is a paradise for lovers of the outdoors. The small city in western Colorado is just six miles from the Colorado National Monument—20,000 acres of stunning natural beauty with six canyons, red sandstone cliffs and 14 hiking trails. Grand Mesa, the world's largest flat-top mountain, is 45 minutes away and includes 500 square miles of national forest and 300 lakes, where you can fish for rainbow trout, camp, hike or just sit and enjoy the scenery.

From downtown Grand Junction you can walk or bike on 24 miles of paved trails along the Colorado River, including an Audubon trail that is home to 200 species of birds. The James M. Robb Colorado River State Park provides easy river access for kayaking and whitewater rafting. Skiing on Colorado's less-crowded Western Slope is less than an hour away and you can mingle with jet-setters at Aspen and Telluride, about two hours away.

Golfing is almost a year-round activity in sunny Grand Junction, with four public golf courses, including the Golf Club at Redlands Mesa, named the best public golf course in Colorado. The area is also known for its fruit orchards and as the hub of Colorado wine country.

Historic downtown Grand Junction's pedestrian-friendly Main Street is filled with local farm-to-table restaurants, boutiques, art galleries (open late the first Friday of every month) and one of the nation's largest outdoor sculpture collections, with more than 100 pieces of art lining the sidewalks. The Avalon Theater, which was built in 1923 and restored in 2014, hosts national and local performances, including the Grand Junction Symphony. The Museum of the West, the Western Colorado Botanical Gardens and Colorado Mesa University offer additional activities.

Grand Junction, just under four hours from Denver (via Interstate 70) and just over four hours to Salt Lake City, is served by Amtrak and the Grand Junction Regional Airport.

Homes in Grand Junction are priced slightly above the U.S. median, but they're affordable compared with homes in larger Colorado cities, such as Denver (with a median of $662,000) and Boulder ($859,000). There are townhouses and condos available for about $320,000 or less, according to real estate website Zillow.

The city has three hospitals, including the 460-bed St. Mary's Medical Center, the largest medical center between Denver and Salt Lake City.

Colorado offers generous tax breaks for retirees. Taxpayers age 65 and older can exclude up to $24,000 of income from private, government and military retirement plans, including IRAs ($20,000 for taxpayers 55 to 64 years old). Most Social Security benefits are also excluded from state income taxes. **KIMBERLY LANKFORD**

■ DOWNTOWN TULSA IS HOME TO THE PHILBROOK MUSEUM OF ART AND THE NEW BOB DYLAN CENTER.

★ TULSA, OK ★

Population: 413,066
Cost of living: 93
Median home price: $229,200
Hospitals within 25 miles: 16
What $400,000 will buy: Four-bedroom, four-bath home with a spacious backyard and attached garage

If hearing the word *Oklahoma* conjures up images of covered wagons, you need to update your frame of reference because Tulsa is a retiree's overlooked gem on the plains. Those looking to enjoy the outdoors can hike or bike around the Turkey Mountain Urban Wilderness Area, which is less than a 15-minute drive from downtown. The 300-acre area is covered in woods and thick treetops and has two ponds. Turkey Mountain itself provides a scenic view of the Arkansas River, as well as a view of Tulsa from its 300-foot summit.

For those looking to stay cool (or indoors), the Philbrook Museum of Art, a historic home turned into a museum in 1939, has earned the moniker "the most beautiful place in Oklahoma." Music lovers can stop in Cain's Ballroom or Tulsa Theater for live shows of country, rap and rock groups or visit the recently opened Bob Dylan Center. History buffs can visit the Greenwood Cultural Center, whose mission is to tell the legacy of Tulsa's Black Wall Street and the Greenwood district's revival. And historic Route 66 runs through it.

Housing on the plains is affordable. On the higher-priced end of the market, you can find a four-bedroom, four-bathroom, 3,349-square-foot home that comes with a spacious backyard and attached garage for $379,000, according to Zillow. If you have a lower housing budget, you can find plenty of homes for less than $300,000.

If you're considering working part-time in retirement, you could try applying for Tulsa Remote, a program launched in 2018 to recruit remote workers to the city. To qualify, you must be self-employed or work remotely full-time outside of Oklahoma and able to move to Tulsa within 12 months of approval. Applicants who are accepted receive $10,000 to cover moving and housing expenses over the course of a year, plus a dedicated coworking space in downtown Tulsa. For more information, go to www.tulsaremote.com.

The Tulsa area has 16 hospitals. Hillcrest Hospital South, with 180 beds, offers a wide range of inpatient and outpatient services, including specialties in cardiac care, orthopedics, stroke and women's health care.

Oklahoma is a mixed bag for taxes in retirement. The Sooner State doesn't tax Social Security benefits, and residents can exclude up to $10,000 per person ($20,000 per couple) of other types of retirement income. But Oklahoma has one of the highest combined state and local sales tax rates in the nation, at an average of 8.97%. Property tax rates are about average for the U.S. **RIVAN STINSON**

LEFT: GETTY IMAGES. RIGHT (2): ALAMY

★ FORT WAYNE, IN ★

Population: 268,378
Cost of living: 86.3
Median home price: $197,300
Hospitals within 25 miles: 14
What $400,000 will buy: Three-bedroom, three-bath home with a great room and a recently remodeled kitchen

Fort Wayne and Allen County have a lot to offer, including 100 miles of biking, hiking and kayaking trails, meandering rivers, and peaceful forests. Art aficionados can explore Fort Wayne's Public Art Trail, which ties together more than 150 pieces of art in and around its downtown. Farmers markets, breweries and a recently revitalized downtown also add to Fort Wayne's draw.

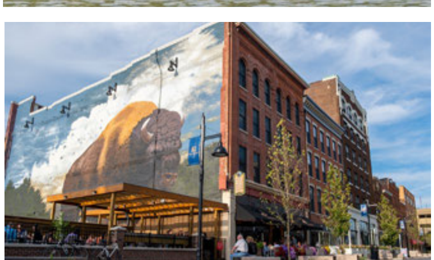
Only a stone's throw from a handful of major cities, Fort Wayne boasts a prime midwestern location. Chicago and Detroit are about 160 miles away, and the city is 125 miles from Indianapolis. Indiana Dunes National Park, about 115 miles away, hugs 15 miles of the southern shore of Lake Michigan and includes 50 miles of trails.

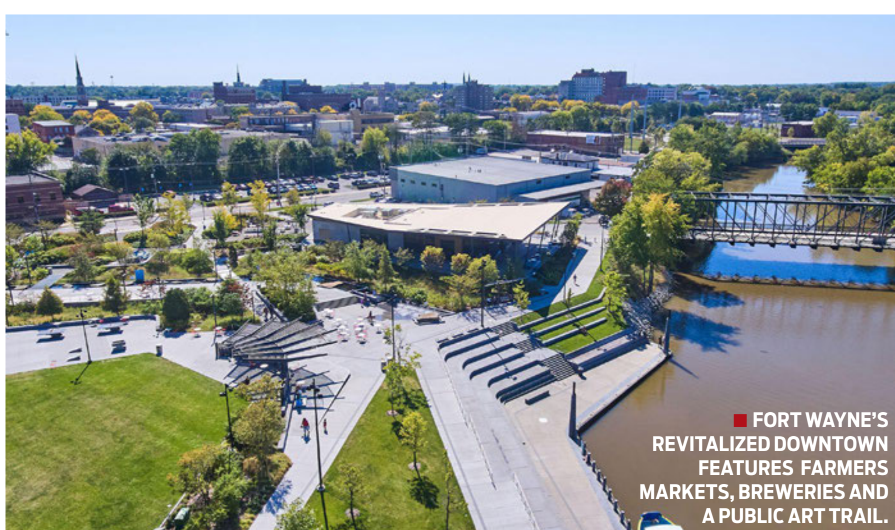
If you're 60 or older, you can audit classes at the Fort Wayne campus of Purdue University for free through its Senior Scholars program.

Home prices in Fort Wayne make it an attractive locale as well. Thanks to a median price that's well below the national average, retirees can buy a spacious home and have plenty left over for other retirement expenses.

Health care facilities are abundant in the Fort Wayne region: There are 14 hospitals within a 25-mile radius. And construction is under way on a new Indiana University Health Medical complex in southwest Fort Wayne; it's scheduled to be open later this year.

Indiana exempts Social Security benefits from taxes and offers a limited exemption for federal civil-service pensions, but income from IRAs, 401(k) plans and private pensions is fully taxable. Indiana has a flat income tax rate of 3.23%, which will drop to 3.15% for 2023 and 2024. Allen County levies additional income tax at a rate of 1.48%. The state's sales and property taxes are middle-of-the-road when compared with taxes in other states. **E.P.**

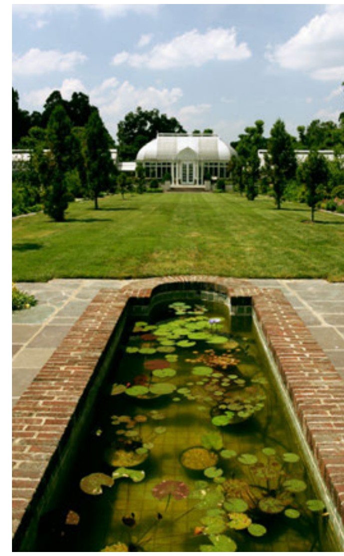




■ FORT WAYNE'S REVITALIZED DOWNTOWN FEATURES FARMERS MARKETS, BREWERIES AND A PUBLIC ART TRAIL.

TOP AND RIGHT: ALAMY. LEFT (2): COURTESY GREATER FORT WAYNE INC.

BAILEY PARK IN DOWNTOWN WINSTON-SALEM OFFERS MOVIES AND CONCERTS AT AN OUTDOOR AMPHITHEATER.



LEFT: TIM HUTCHINS. RIGHT: GETTY IMAGES

★ WINSTON-SALEM, NC ★

Population: 250,320
Cost of living: 95.6
Median home price: $261,200
Hospitals within 25 miles: Seven
What $400,000 will buy: Three-bedroom, two-bath, recently renovated 1925 house

Winston-Salem is a hub of arts and culture. The medium-size city is home to six colleges, including Wake Forest University, which is consistently ranked among the top 30 colleges in the U.S. and brings many vibrant resources to the area. About 10 years ago, university and city leaders worked together to create the 330-acre Innovation Quarter in downtown Winston-Salem, renovating historic industrial buildings, attracting new businesses and revitalizing the area to be a center for arts, innovation and entertainment.

In the center of Innovation Quarter is Bailey Park, a 1.6-acre public green space, which offers movies and concerts at the outdoor amphitheater and yoga and relaxation on the large grassy lawn that's surrounded by restaurants, shops and galleries. Nearby is the 1.6-mile Long Branch Trail, which is part of the city's 25 miles of greenways.

Also downtown is the Stevens Center, a restored 1929 grand theater that hosts performances for the University of North Carolina School of the Arts, the Winston-Salem Symphony, the Piedmont Opera and others. An old mill building downtown was renovated and expanded in 2010 to become the Milton Rhodes Center for the Arts, which has several theaters and performance venues.

Retirees can enjoy exhibits or take classes at the Sawtooth School for Visual Art, a nonprofit community arts school, or take adult music lessons at Salem College's Community Music School. The colleges in the area host popular music and speaker programs and bring many arts and education opportunities to the community.

Adjacent to the Wake Forest campus is the Reynolda house and gardens, a 134-acre horticultural center that includes a wooded area with walking trails, a native meadow, wetlands and a waterfall. The historic house, formerly owned by tobacco magnate R.J. Reynolds and his family, is now the Reynolda House Museum of American Art, with art and history exhibits.

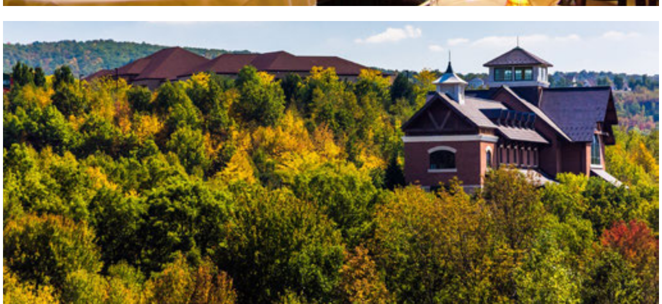
Seven city parks are within five miles of downtown, including Salem Lake, which has a seven-mile walking and biking loop and is a great spot for fishing and kayaking. Slightly farther away is the 1,100-acre Tanglewood Park, which offers mountain biking, horse stables, two lakes (stocked for fishing), camping and a golf course.

Sports fans can cheer for the Wake Forest Demon Deacons, who play in the competitive NCAA Atlantic Coast Conference (note that prime tickets for basketball and football games may be hard to come by). Charlotte, N.C., is less than 90 minutes away and home to the NFL's Panthers, the NBA's Hornets and other professional sports teams.

Seven hospitals are in the area, including the 885-bed Atrium Health Wake Forest Baptist Medical Center, the academic medical center for the well-regarded Wake Forest School of Medicine and the 921-bed Novant Health Forsyth Medical Center.

North Carolina doesn't tax Social Security benefits, but it does tax most other kinds of retirement income (there are exemptions for some government pensions). Property taxes are low, with breaks for homeowners age 65 and older. **K.L.**

SCRANTON CELEBRATES ITS HISTORY AS ONE OF THE FIRST CITIES IN THE U.S. TO BECOME ELECTRIFIED.



★ SCRANTON, PA ★

Population: 76,328
Cost of living: 95.5
Median home price: $150,000
Hospitals within 25 miles: 10
What $400,000 will buy: Five-bedroom, five-bath home with a fireplace and two-car garage

If a certain television theme song doesn't pop into your head at the mention of Scranton, you've watched less TV than most. And while you won't see Michael Scott and other cast members of *The Office* hanging around, Scranton is a very real place with affordable housing, top-quality health care, easy access to major East Coast cities, and plenty of history and culture to explore.

Scranton was one of the first cities in the U.S. to become electrified, earning it the nickname "Electric City." In 1886, it became the home of the first electric-only streetcars in the U.S. Retirees can see history up close at the Steamtown National Historic Site, roughly 40 acres of the former Scranton Railroad that features steam locomotives and freight and passenger cars. Those who are more into pop culture—and sitcoms—can tour the Houdini Museum, which features magic shows and other entertainment, or take a walking tour of set locations from *The Office*.

If you want to take in a Broadway show or just immerse yourself in the Big Apple, New York City is less than a three-hour drive. For Eagles and Phillies fans, Philadelphia is about two and a half hours away. The Pocono Mountains, which offer golf courses, skiing and other outdoor activities, are less than an hour away.

The cost of living in Scranton is less than the U.S. average, and retirees can buy a lot of space to host the grandkids for the summer. With a $400,000 housing budget, you could buy a five-bedroom, five-bathroom, 3,279-square-foot home, according to Zillow. A five-bedroom, three-bathroom, 2,300-square-foot home was recently on the market for $249,900.

Scranton has 10 hospitals within a 25-mile radius. Geisinger Wyoming Valley Medical Center offers specialties in cancer, cardiac care, orthopedics, women's health and more.

Pennsylvania doesn't tax Social Security benefits or other types of retirement income. Property taxes in the Keystone State are on the high end, though homeowners and renters 65 or older and widow(er)s 50 or older may be eligible for property tax or rent rebates. A maximum standard rebate of $650 is generally available, but supplemental rebates can boost the amount to $975 for homeowners with particularly high tax burdens. **R.S.**

TOP: COURTESY LAKAWANNA COUNTY VISITORS BUREAU. SECOND AND BOTTOM: GETTY IMAGES. THIRD: ALAMY

MIDDLETOWN, ON THE CONNECTICUT RIVER, IS HOME TO WESLEYAN UNIVERSITY, WHICH OFFERS LOW-COST CLASSES FOR RETIREES.

★ MIDDLETOWN, CT ★

Population: 47,108
Cost of living: 113.6
Median home price: $291,000
Hospitals within 25 miles: Five
What $400,000 will buy: Two-bedroom, two-bath stand-alone condo in the 55+ Founders Ridge development.

Yes, the name is Middletown, but this city on the banks of the Connecticut River is, well, a city—but a small one. And just as New Haven, to the south, has a university at its heart (Yale), so, too, is Middletown enlivened—and educated—by an institution of higher learning: Wesleyan University.

What's that got to do with choosing Middletown as a retirement destination? Let's start with the Wesleyan Institute for Lifelong Learning, which offers low-cost classes taught by retired and current faculty and other experts. Participants can study topics such as the 19th-century whaling industry, which was a big part of Connecticut's economic history. Or, more lightly, the history of humor.

Retirees who'd like to stretch their legs can find a number of walking trails, including a wide range inside the 285-acre Wadsworth Falls State Park, located about three miles from downtown. Yes, there is an actual (modestly sized) waterfall in the park, as well as a classical revival-style estate house that belonged to town benefactor Clarence S. Wadsworth. You can tour it on Wednesdays—or book it for your child's wedding.

A short jaunt to neighboring Meriden will put you on Amtrak's Hartford Line, which ties into New Haven to the south and Springfield, Mass., to the north. Hartford, the state capitol, is 17 miles away, and another 15 miles past that is Bradley International Airport. Hartford is home to the Yard Goats, an AA minor league baseball team (the name is a railroad reference).

The median home price in the metro area that includes Middleton is below the national average, but if you buy in town, you'll pay more. Retirees might have a look at Founders Ridge, a community for residents 55 and older that consists of ranch- and cape-style homes and is currently being built out. For a more traditional option, consider looking across the Connecticut River to neighboring Portland, where you can get a four-bedroom, three-bath contemporary with a roof covered in solar panels for $399,000.

Property taxes are fairly steep, although the state offers property tax credits to homeowners who are at least 65 years old and meet income restrictions. As for other taxes, Connecticut takes a pretty big bite, though the state is gradually eliminating taxes on pensions and annuities for taxpayers with less than $75,000 of federal adjusted gross income (less than $100,000 for joint filers). In addition, starting in 2023, the state will start phasing out taxes on distributions from traditional IRAs for many retirees.

DAVID MUHLBAUM

SOURCES: Figures for living costs are based on the Council for Community and Economic Research's Cost of Living Index. The average for all participating places is 100. Population data comes from the U.S. Census Bureau. Median home sale prices are from the National Association of Realtors' first quarter report for single-family homes in metropolitan areas or from www.realtor.com. Hospital information is from www.medicare.gov/care-compare.

LEFT AND TOP RIGHT: ALAMY. BOTTOM RIGHT: GETTY IMAGES

LIVING IN RETIREMENT | Janet Bodnar

Don't Wait to Start Downsizing

While I was working on a column about eldercare (see "Living in Retirement," May), one thing that struck me is that for many families, the caretaking role comes as a surprise. And so, apparently, does the role of clearing out the clutter from your parents' home—or yours.

"By far the majority of people fail to plan, not just for wills and advance directives but even downsizing," says Julie Hall, owner of The Estate Lady, in Charlotte, N.C., and director of the American Society of Estate Liquidators. "They underestimate the amount of time, energy and resources it takes."

Even if you're not planning an immediate move, it makes sense to start now to make it easier on yourself, your parents and your adult children when the time comes. The task of whittling down a lifetime of possessions can be paralyzing, but the key is to tackle it one drawer or closet at a time.

"Start with as little as 10 minutes a day," says Debbie Sokobin, owner of Next Chapter Concierge, a senior move manager in Rockville, Md. "Try on those old pants. If they don't fit or are out of style, give them away." Ask the kids or grandkids what they want, but be forewarned: "Our children don't want our stuff," says Sokobin.

What people really want to save are the memories rather than the possessions, says Jennifer Pickett, associate executive director of the National Association of Senior Move Managers (www.nasmm.org). "Take photos of Mom's teapot collection and make them into a poster," says Pickett. "Or take a photo of that bowl you bought in South America and write about it." (See www.artifcts.com for help creating stories you can share.)

And if Mom really wants you to have something, be gracious. "Even if you don't need the china, take it. You can sell it later on Replacements.com," says Pickett. "Don't get into an argument over a set of Lenox."

Making the move. When a move is imminent, it can be even more stressful. "If people have made the decision to move on their own, it's a different experience than if they don't really want to move or feel they are being pushed," says Paul Regan, of Paul the Organizer, a senior move manager in Aspinwall, Pa. "I listen to clients to find out how they want to make the transition."

THE KEY IS TO TACKLE THIS DAUNTING TASK ONE DRAWER OR CLOSET AT A TIME.

Regan, who has worked with clients between the ages of 70 and 102, starts with a floor plan of the new residence and prioritizes filling that space before beginning to empty out the old place. "My first concern is safety," he says. "Is there carpeting on which they might trip? If they're using a walker, is there enough room between the bed and the dresser?"

At this stage, adult kids are likely to be on the scene. "Often when kids are involved, things go well, but you have to be careful to respect the person who is moving," he says.

A senior move manager can help relieve stress and be a buffer between generations. On average, managers charge between $40 and $80 an hour and can complete a downsizing in 25 to 40 hours, says Pickett. They can also refer you to other sources of help, such as photo organizers, free paper-shredding events, estate sales and appraisers.

"When in doubt, don't throw it out," advises Hall. "If something is broken, cracked or unusable, let it go. But if you think it has value, have it appraised." Hall once rescued three vases from the trash bin that were sold at auction for $78,000. Nobody wants silverplate, she says, but a solid sterling tea service can go for $2,000 to $3,000. As for Hummel figurines and Franklin Mint collectibles, "they're worth nothing," says Hall.

And if family members are bickering over an expensive item that can't be divided, Hall's advice is to sell it and divide the proceeds or take the whole family on a cruise.

Even better, she says, "Give things away while you're alive so they can bring joy to you and the recipient and minimize future feuding." ■

POON WATCHARA-AMPHAIWAN

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PRACTICAL PORTFOLIO | Anne Kates Smith

Dust Off Your Bear-Market Playbook

Here's how to make the most of today's dicey market.

IN THE WOODS, MOST OF THE TIME (thankfully), bears are elusive. In the stock market, too, investors often aren't quite sure if they just saw one, and if they did, whether it's gone or still lurking nearby. A spring swoon brought seven straight weeks of declines for stocks—a losing streak that has only occurred four times since 1928. In May, the S&P 500 touched bear-market territory in intraday trading but closed above the 20%-down level considered an official bear marker. As of June 3, the date for returns and other data in this story, the S&P 500 is down 14% from its record high set on January 3.

But after the index neared the 3800 level, the market bounced higher, which didn't surprise Stephen Suttmeier, technical research strategist at BofA Securities. "It's a big level in our work, roughly 20% from the high and around the average drawdown in a midterm-election year. It's a reasonable level to think about where the market could bounce," he says. Continued gains could push the index to 4300, up nearly 13% from the late-May low, "but it could be a rally in a bear market," Suttmeier says. Bear-market rallies are fairly common, with 17 of 26 bear markets since 1929 recording upswings with gains of 10% or more, according to BofA. But if the S&P 500 breaks below 3800 in the coming days or weeks, the next stop down should be roughly 3500, Suttmeier says, a drop of 27% from the record high. "Midterm-election years are very challenging, with big rallies and big declines," he says.

Reading the market's signals. A key question is whether the market's recent malaise is forecasting a recession or not, says Sam Stovall, chief investment strategist at research firm CFRA. Nine of the 12 bear markets since 1948 have been triggered by impending recessions, he says. Those ended up being deeper, on average, than the three not associated with recessions—an average 35% decline versus a 28% drop, respectively. And they lasted longer—15 months, on average, compared with six months. For now, Kiplinger is in the camp that says the economy will skirt a recession—with the caveat that a few unexpected shocks could tip the scales.

Strategists at investment firm Nuveen believe the economy is headed for either a soft landing (averting a recession) or a mild recession. In the first case, the Federal Reserve keeps to the moderately aggressive rate-hike schedule that is already priced into financial markets. Inflation moderates, economic growth stays positive, and the job market weakens slightly but remains robust. That scenario favors stocks of companies with businesses that can grow even in an economy that's

GETTY IMAGES

slowing—the so-called growth stocks that have struggled lately. In a mild recession, the Fed will have succeeded in fighting inflation, but at the expense of economic growth, which turns negative. Then, Nuveen would favor a blend of stocks that are value-oriented and those with growing dividends.

When the mood turns dark on Wall Street, a contrarian view can pay off. A compilation of sentiment surveys shows that optimism about the market across both Main Street and Wall Street was recently lower than about 94% of the time since 1960, notes Jim Paulsen, chief investment strategist at the Leuthold Group. "I get it. We had a virus with an ongoing death count that stuck all of us in our basements and made our major downtowns ghost towns. Add the weirdest monetary and fiscal policies ever, then throw in runaway inflation, shortages of everything and, for good measure, a war."

Many of those conditions are changing for the better, says Paulsen, setting up a promising, counterintuitive strategy. "Historically, when confidence was this low, the bear was close to expiring, and, looking ahead the next 12 months, it typically signifies a uniquely positive occasion for stock investors," he says. Indeed, corporate insiders are betting on better days, according to Leuthold research, having stepped up buying lately.

Strong fundamentals. Many stocks have been battered more than their profit outlook warrants, according to an analysis from investment firm Credit Suisse. Stocks whose prices have collapsed even as the outlook for their earnings has improved—drastically lowering their price-earnings ratio—include semiconductor producer Advance Micro Devices (symbol AMD, $106), pharmaceutical research firm Charles River Labs International (CRL, $243), industrial company Generac (GNRC, $269) and luxury goods purveyor Tapestry (TPR, $35). Stock sectors where P/Es have contracted the most include communications services, consumer discretionary and tech.

HISTORY LESSON

STOCK MARKETS IN RETREAT

Bear markets last about a year on average and take almost two more years to get back to even. All but three bear markets since 1948 have been associated with recessions.

Start date	Number of months	% decline	Months to recoup loss from bottom
June 15, 1948	12	−20.6%	7
August 2, 1956	15	−21.6	11
December 12, 1961	7	−28.0	14*
February 9, 1966	8	−22.2	7*
November 29, 1968	18	−36.1	21
January 11, 1973	21	−48.2	69
November 28, 1980	21	−27.1	3
August 25, 1987	3	−33.5	20*
July 16, 1990	3	−19.9	4
March 24, 2000	31	−49.1	56
October 9, 2007	17	−56.8	49
February 19, 2020	1	−33.9	5
AVERAGE	**13**	**−33.1%**	**22**

*Shaded bear markets not associated with recession. SOURCE: CFRA Research

Bargain hunting is a big part of a bear-market playbook. It's a good idea to keep a list of stocks you'd like to own at the right price so you're prepared to pounce when the market delivers a bargain. (To see which stocks columnist Jim Glassman is eyeing, see "Street Smart," on page 33.)

Don't abandon strategies that have served you well in good times. Dollar-cost averaging, for example—the practice of investing a set amount at regular intervals—works even better in volatile markets, allowing you to buy more shares when prices are low and thereby lowering your average cost per share over time. It also helps take emotion out of the decision to buy. You're already dollar-cost averaging if you're a 401(k) investor and your contributions are on autopilot. Now is not the time to turn that off—in fact, it might be a good time for those with a long-term horizon to increase the amount of their regular contributions.

Diversification is another tenet to hold tight to—a challenge lately, considering that both stocks and bonds have been sinking at the same time for much of the year. But especially if we're headed for a recession, diversification can cushion the blow to your portfolio. Wells Fargo Investment Institute found that a portfolio with a wide mix of investments outperformed the S&P 500 (representing a stock-only portfolio) by an average of seven percentage points over the past several recessions.

For investors with taxable accounts, bear markets provide the lemons for lemonade you can make at tax time. Stock losses realized now can be offset against gains to reduce your capital gains tax bill. Or you might consider converting your traditional IRA to a Roth IRA while the value of your portfolio is down, lowering the taxes you'll pay now in exchange for tax-free withdrawals in retirement. (For more on Roth conversions, see "Ahead," on page 9.) ■

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MILLENNIAL MONEY | Emma Patch

Get a Handle on Your Credit Card Debt

Revolving credit, which includes credit cards, surged by 21.4% in March, according to the Federal Reserve. But at the same time that credit card debts are growing, rising interest rates have made carrying a balance more expensive.

After two years of pandemic-related restrictions, I understand the urge to spend more on experiences and make up for lost time. I pay my credit card in full every month and have never carried a balance. However, I know that's not the case for many millennials. If you're carrying credit card debt, consider these strategies to eliminate or reduce what you owe—before it's too late.

Take stock of your debt. If you have balances on multiple credit cards, make a list that shows how much you owe on each card, the interest rate, and the minimum monthly payment for each. A spreadsheet provides a handy way to update your progress, but pen and paper work just as well.

If you have a good credit score, a balance transfer could help you get out from under your debt. Many banks offer balance-transfer cards for new customers that come with an introductory 0% annual percentage rate for a limited amount of time—anywhere from 12 to 21 months, depending on the card. To avoid interest, pay off the balance before the introductory rate expires. Note that if you cancel your old card and the balance-transfer card has a lower credit limit, it could affect your credit-utilization ratio—the amount of your outstanding card balances reflected as a percentage of your card limits—which could lower your credit score, says Gerri Detweiler, author of *The Ultimate Credit Handbook*.

This strategy only works if you resist the temptation to use the balance-transfer card to make new purchases, says Beverly Harzog, credit expert and author of *Confessions of a Credit Junkie*. You want to use the card to get out of debt, not add to it, she says.

If your credit score isn't high enough to meet the criteria for a 0% introductory rate on a balance-transfer card, you may qualify for a card with an introductory APR that's lower than your current card's rate, Harzog says. Another option is a debt-consolidation loan from a bank or credit union with a rate that's lower than the rate you're paying on your high-interest credit cards.

AS INTEREST RATES RISE, IT WILL BECOME EVEN MORE DIFFICULT TO PAY OFF A BALANCE.

Payoff strategies. When you have balances on multiple credit cards, there are three approaches you can use to tackle the debt. The first is the "avalanche" approach. Begin with your cards that have the highest interest rates and the highest balances. Make the minimum payments on the lower-interest cards while devoting the rest of available funds to the high-interest cards.

While the avalanche approach makes the most sense from a mathematical point of view, some people choose the "snowball" approach, paying off the low-balance debts first. Paying off your low-balance cards may give you the motivation you need to pay off all of your debts, even if it costs you more in interest.

Finally, there's the "blizzard" approach, in which you start with the snowball and move to the avalanche. Begin by paying off one low-balance card so you have one success under your belt, then move on to those with higher rates.

Paying off your balances will make it difficult to save. But try to put aside enough in an emergency fund to cover three months' worth of expenses. When you've paid off your debts, you can ramp up your savings so you'll be prepared for unexpected expenses, which will reduce the risk of falling back into debt. ■

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REWARDS

MAKE EVERY ROOM IN YOUR HOME SMARTER

Innovations ranging from voice-activated faucets to robotic lawn mowers can easily boost your home's IQ—and create more free time for you. BY DANIEL BORTZ

When *The Jetsons* aired in 1962, a wisecracking robotic maid named Rosey seemed like something out of a science fiction novel. Fast-forward 60 years, and a robotic vacuum—with less sass—is just one of many smart-technology devices people have in their homes.

"Virtually everything in your home has the potential to become smarter," says Ibrahim Mawri, a smart-technology expert and the founder of Electric Ride Lab, an education platform focused on green energy. "From your thermostat to your lights, everything around you could benefit from an upgrade to the latest technologies."

Brian Harrington's house is a prime example. Harrington, a product marketing manager for a bitcoin company, outfitted his home in Menifee, Calif., with an array of smart devices, including smart locks, cameras, a Roomba, an automatic pet feeder and a smart thermostat. He's among a growing horde of smart home enthusiasts. More than half of U.S. consumers purchased at least one smart device for their home during the pandemic, a Xiaomi survey found.

ILLUSTRATION BY GIORDANO POLONI

Fortunately for budget-conscious consumers, smart home technology is becoming more affordable. "When I started covering smart tech in 2015, most smart home devices were luxury goods," says David Priest, a smart-technology review editor at CNET.com. "Now the average consumer can purchase smart lighting for under $10 and even video doorbells for under $100."

Smart tech can increase a home's value, and some smart home products help trim utility bills. Seven out of 10 home buyers say they're looking for a smart home, and 78% say they're willing to pay more for a house with smart devices already installed, according to a recent Security.org survey.

Ready to make your house smarter? We have ideas for each room in your home. For smart ways to control your devices, see the box on page 71.

THROUGHOUT THE HOUSE

LIGHTING. A smart light bulb is a great product for smart home newbies, says Nicholas Millette, a smart home expert at The Home Depot, and the bulbs are cheap and easy to set up. A typical smart bulb lets you adjust a bulb's brightness from your phone and program the light to turn on or off at certain times of the day. Brian Davis, a Philadelphia real estate investor and founder of SparkRental, a landlord-support software company, uses a **TECKIN SMART BULB** (starts at $11.50) to set the mood for intimate dinners at home. "When I cook a nice meal for my wife, I switch it to a low brightness, warm white setting," he says.

THERMOSTAT. A smart thermostat gives you the ability to regulate your home's heating and cooling and set temperature schedules using a mobile app, enabling you to maximize energy efficiency. It can also shave money off your home's heating and cooling bills. Larry Snider, the vice president of operations at Casago Vacation Rentals, installed a **GOOGLE NEST LEARNING THERMOSTAT** ($249) in his Scottsdale, Ariz., home last year. "It's been a game changer," he says. "It optimizes the temperature in my home by regulating the AC and heat in the most effective way possible so that I'm not wasting electricity." Snider says the device, which is compatible with Amazon Alexa and Google Assistant, saves him about $17 to $19 a month on energy costs.

PLUGS. Wi-Fi-enabled smart plugs and outlets let you turn power on and off remotely. That means no more fiddling with switches when you're ready to turn off your Christmas tree lights before you go to sleep, Millette says.

A CAMERA IN THE SAMSUNG FRIDGE LETS YOU CHECK YOUR SHOPPING LIST REMOTELY.

COURTESY SAMSUNG

Get started with the **WYZE PLUG** ($20 for a two-pack), which not only works with the Wyze mobile app but also responds to voice commands through Google Assistant and Amazon Alexa.

ROBOTIC VACUUM. Less expensive than many competitors, the **ROBOROCK S7** ($650) is Priest's pick for a robotic vacuum. Like a Roomba, it roams your home on its own, with no assistance needed. It scrubs floors up to 3,000 times per minute to remove stubborn dirt, such as wine stains and muddy paw prints. It also cleans carpets without making them damp. The machine lasts up to three hours on a single charge, and it responds to voice commands via Siri, Alexa and Google Assistant. Alex Smith, a homeowner in Fremont, Calif., swears by his Roborock, which, he says "has been a major help going around picking up all the dust, dirt, debris and pet hair that make a mess at my place."

KITCHEN

REFRIGERATOR. The **SAMSUNG FAMILY HUB 26.5-CUBIC-FOOT FRENCH DOOR REFRIGERATOR** ($2,800) has a lot of bells and whistles. With Amazon's Alexa built in, this Wi-Fi-connected model features a touchscreen display that allows you to stream music and TV shows. It also has a camera that lets you see the inside of your fridge, so you can check its contents via a mobile app while you're grocery shopping. It even recommends recipes based on the ingredients that you have.

DISHWASHER. Equipped with special jets that clean hard-to-reach interiors of water bottles, vases and more, the **24-INCH GE PROFILE DISHWASHER** ($1,449) connects to a mobile app, which lets you monitor the cycle status, check rinse-aid levels and reorder detergent.

FAUCET. If you don't mind a bit of a splurge, replace your ordinary kitchen faucet with the **MOEN 7864EVBL SLEEK SMART TOUCHLESS KITCHEN FAUCET** ($519), and you'll be able to turn on your faucet in four ways: by voice, by motion sensor, through an app or manually. It even follows voice commands for temperature and measurements—by saying, for instance, "Alexa, ask Moen to dispense one cup of hot water."

COUNTERTOP OVEN. The **BREVILLE SMART OVEN AIR CONVECTION BOV900BSSUSC** ($400) is a tricked-out smart oven with more than a dozen cooking functions, including an air-frying mode, a dehydrate option and a super-convection setting that reduces cooking time by up to 30%. Its Element iQ System uses algorithms to steer power to where and when it's

needed, delivering precise cooking temperatures in the right places.

FAMILY ROOM

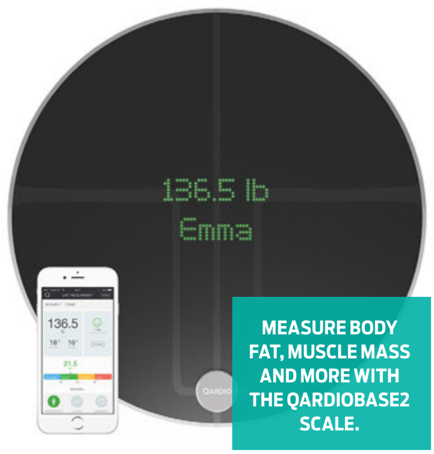
TV. There's certainly no shortage of smart TVs on the market. CNET's Priest suggests giving the **55-INCH TCL 6-SERIES ROKU SMART TV** ($750) a close look. He says this model boasts "a bunch of high-end features for the price," including 4K resolution, voice control and a game mode with great image quality.

BEDROOM

MATTRESS. A smart bed utilizes innovative features and functionality to provide a better night's sleep. Some smart mattresses, though, cost $10,000 or more. The **SAATVA SOLAIRE** ($2,895 for a queen size) is an affordable option that ticks a lot of boxes. The mattress is topped with layers of latex and gel-infused foam that provide pressure-relieving support. It has 50 firmness settings and allows each partner to conveniently adjust the firmness of their half of the bed. The company provides a 365-night home trial.

PILLOW. A smart pillow such as the **EMOOR** ($270) can also help you sleep better. Its built-in sensors monitor your heart and respiratory rates, sleeping hours, and toss-and-turn behaviors. That data feeds into the Sleepace app, which scores your rest and provides tips to get more *zzz*'s.

HEADPHONES. SLEEPPHONES ($100) are headphones in a soft headband that play audio via Bluetooth, allowing you to wind down while listening to your favorite tunes, soothing meditation sounds or an audiobook without disturbing your partner. This cord-free



MEASURE BODY FAT, MUSCLE MASS AND MORE WITH THE QARDIOBASE2 SCALE.

wearable, designed to be worn while you sleep, reduces ambient noise, including sound from traffic, conversations and snoring.

BATHROOM

SHOWERHEAD. Liven up your shower routine with the **KOHLER MOXIE SHOWERHEAD** ($129). The showerhead has a wireless, waterproof speaker that lets you listen to music, hear the news and more while you shower. Its Amazon Alexa–enabled showerhead removes easily for charging.

SCALE. Smart scales measure a whole lot more than just your weight. CNET's top-rated model is the **QARDIOBASE2** ($123). Each measurement gets sent to a mobile app that lets you view your weight, body fat percentage, muscle mass, water weight and bone-density percentage. The app also lets you set goals, and it calculates weekly targets to keep you motivated.

TOILET. The **WOODBRIDGE B0990S SMART TOILET** ($1,522) has a built-in bidet. It has other nifty features, too, such as a motion-activated open-and-close lid, automatic flushing, a heated seat and a night light. It comes with a remote that can be wall mounted.

LAUNDRY ROOM

WASHER AND DRYER. With the **SAMSUNG WF45R6300AW** and **DVE45R6300W** ($1,099 each), you get a stackable washer and dryer with the latest smart technology at a reasonable price, says Kimberly Holland, who tested the product for *The Spruce*. The Wi-Fi-enabled washer allows you to use your phone to control wash cycles and get end-of-cycle alerts. The dryer offers the same options for drying cycles, and it has multi-steam technology that smooths away wrinkles.

BASEMENT

MOLD DETECTOR. Mold can cause a variety of health problems, such as stuffy

COURTESY QARDIO

PROTECT YOUR SMART HOME FROM HACKERS

Smart technology can make your home more efficient, convenient and fun to live in, but smart devices can also be compromised. Worse yet, "hackers are constantly looking for new vulnerabilities," says David Priest, a smart home expert at CNET.com. But there are steps you can take to make your smart home more secure.

Create unique and strong passwords. For smart devices that require an account, create passwords that use a combination of capital and lowercase letters, symbols, and numbers. Passwords that include those elements are harder for fraudsters to crack, says Alina Bradford, SafeWise's safety and security expert. And create a unique password for each device, not the same password for different accounts—a mistake more than half of Americans have made, according to a SecureAuth survey.

Use two-factor authentication. This adds an extra layer of security when you log into an account. Once it's enabled, you'll begin receiving a code via text message or e-mail when you try to log on; you'll need to enter the code to prove it's you who's attempting to sign in. "It's a bit of a pain but worth it," says Bradford.

Make sure your Wi-Fi network is secure. Change your router's password from its default setting, Bradford says.

Buy products from reliable brands. Priest says big companies tend to have more consistent long-term support and do a good job of providing updates to address vulnerabilities.

Keep apps and software updated. Enroll in automatic updates when possible.

nose, wheezing and red skin—and sometimes more severe reactions. But not all mold infestations are easy to detect, because some mold has no odor. The **AIRTHINGS WAVE MINI** ($80) can help spot warning signs of mold by monitoring a room's humidity and air quality. It's best placed on an external wall, near the floor.

WATER-LEAK SENSOR. This smart device can help prevent water damage by alerting you the moment that water is detected. The **PROTEUS AQUO** ($99) sends alerts by e-mail or text message. It's easy to install—you simply plug the sensor into a wall outlet and connect it to your home's Wi-Fi network.

OUTDOORS

ROBOTIC LAWN MOWER. Hate the hassle of mowing your lawn? A robotic mower will do the work for you, but those smart mowers don't come cheap. If you have a small lawn (up to 2,700 square feet), the **GARDENA ROBOTIC MOWER SILENO CITY** ($597) might fit the

THE GARDENA MOWS WHILE YOU RELAX.

bill. A boundary wire you bury or install with stakes (included) indicates which area of the garden should be mowed. Although this mower lacks GPS and Wi-Fi capabilities, it cuts grass evenly, and the company says that it can mow "small and complex lawns." It uses collision sensors to ensure it operates safely, without causing damage to your garden or flower bed.

GRILL. Up your barbecue game with an outdoor smart grill, such as the **WEBER GENESIS EX-325S** ($1,179). This three-burner natural gas grill has integrated

WEBER'S GENESIS PINGS YOUR PHONE WHEN IT'S TIME TO FLIP THE BURGERS.

smart technology that sends notifications to your phone when it's time to flip burgers, steaks and other grub according to your desired doneness.

SECURITY CAMERA. Homeowners like Todd Saunders have discovered the inexpensive way to increase security. The CEO of FlooringStores, a site that matches consumers with flooring companies, uses a **RING SECURITY CAMERA** ($200) to see when packages are delivered to his home in Port Chester, N.Y. "I've definitely cut down on instances of porch piracy," he says.

DOOR LOCK. The first thing Ashton Robertson and her husband did after buying a house in Corvallis, Ore., in March was install a smart lock on the front door that she could lock and unlock using her phone. She purchased the **AUGUST SMART LOCK** ($199), a product that SafeWise.com's safety and security expert Alina Bradford owns. "It works with the deadbolt you already have, so it has foolproof installation," Bradford says. The August keypad costs an additional $60.

SPRINKLER CONTROLLER. Keep your lawn lush with a smart sprinkler controller, a gadget that lets you control your watering schedule. Consider the **RACHIO 3** ($130 for a four-zone unit), an easy-to-use sprinkler controller that adjusts watering based on weather forecasts. Its internal software can also create tailored watering schedules based on your lawn's specific needs, factoring in your soil, plants and sun exposure. ■

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KIPTIP

SET UP MISSION CONTROL

If you have multiple smart devices, you may want to purchase a smart hub. A smart hub is like a mission control center for your home's smart devices. It ties everything together using one system, enabling you to command all your gadgets from one central interface, such as a touchscreen device or a mobile app.

Some voice assistants double as smart hubs. For example, the **AMAZON ECHO** (4th generation)—the top choice of Tom's Guide—costs $100, while the **GOOGLE NEST HUB** ($60 for the second-generation model) is CNET's top pick. Other smart hubs, such as the **AEOTEC SMART HOME HUB** ($135), allow you to use voice commands with compatible voice assistants.

Some hubs have interactive features, such as touchscreen controls, while others are no frills. Bells and whistles such as built-in speakers and USB ports can also vary. And some hubs have a limit on how many devices they can support.

Most hubs are compatible with iOS and Android operating systems, but double-check before purchasing a hub to make sure it works with your smartphone and smart gadgets. Read customer reviews to gauge how easily a hub can be set up.

THE GOOGLE NEST HUB CONTROLS ALL YOUR DEVICES.

COURTESY GARDENA, COURTESY WEBER, COURTESY GOOGLE

MAKING IT WORK

Economic Pain at a Food Pantry

The manager of this Boston-area nonprofit has had to scramble to find affordable food.

PHOTO BY WEBB CHAPPELL

PROFILE

WHO: Carissa Phillips, 40

WHAT: Executive Director of Hebron Food Pantry

WHERE: Attleboro, Mass.

Who uses your pantry? The clients we serve are seniors and families. We're open three times a week and have a specific shopping day for the seniors in an effort to cut down waiting times, and then we have two open pantries for individuals and families of all ages. We don't serve meals; we are a shop-by-choice pantry. So people are able to come in and grab what they need. For access, the only requirement is that you live within one of the seven cities and towns that we serve.

Have you seen a change in demand for food since before the pandemic? Yes. Before the pandemic, my understanding is that we were serving about 200 to maybe 250 households. That has increased to a steady 300 households that come through, and we're growing every week. This week I've had 30 new people. I'm not sure if it's the end of the school year, if food stamp benefits or the COVID benefits for food stamps are starting to taper off a little bit, or if people are trying to prepare for summer.

How have supply-chain issues and inflation affected your operation? We were getting about 8,500 pounds of food each week from the Greater Boston Food Bank, but they have cut us back by 1,500 pounds a week because they are having staffing shortages in the operation that makes the pallets of food. And then they cut our frozen foods, which means all of our meats. That is challenging, too. We're trying to work around those things and reach out to other wholesalers that offer produce or frozen meats for us to order. We've been able to get produce, but we have to spend more money on it. Frozen meat is a little harder to find.

How have you dealt with these challenges? We placed limits on our clients on how much they can take. But those limits went from maybe three cans of tuna to one can of tuna. Or instead of two containers of juice, now you can only have one. They're normally able to take what they need for the week, even with the limits.

How is your operation funded? It's mostly donations and grants. Some are through other local organizations, some are memorials, and then there are random acts of kindness. We also have donations from local food drives from churches, day cares and schools. We have about 50 volunteers. I don't have all 50 every day. It depends on the day and everybody's schedule.

How did you end up at Hebron? I kind of fell into this position. I don't have much of a background in the food industry or even the community. I worked at the YMCA for about six years, and then COVID hit and I was out of a job for a while. I happened to be coming here as a client, and they knew me from the YMCA, so they asked if I would want to be the assistant director, and I accepted. The executive director got sick, and I was asked to take her place. There have been lots of different twists and turns, but I'm doing the best I can. **EMMA PATCH**