HOW TO CHOOSE THE **BEST BANK FOR YOU** p 29

Kiplinger's

PERSONAL FINANCE

Great Places to Retire

Our picks offer a low cost of living, excellent health care and room to spread out.

p 44

AUGUST 2020

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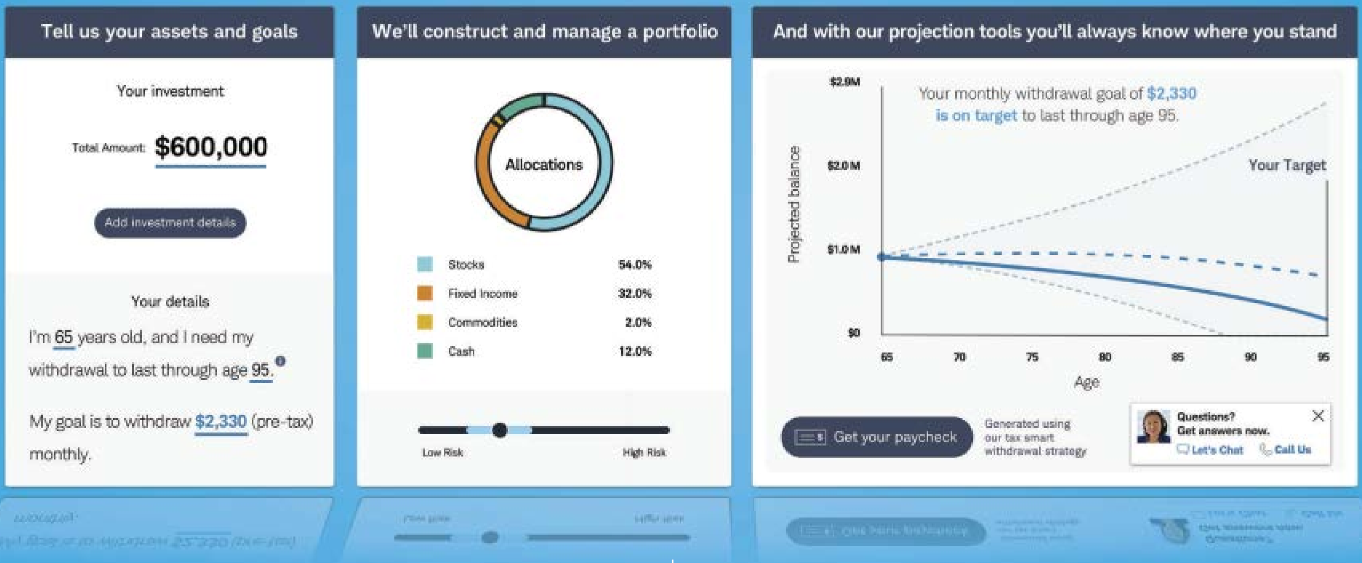

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SARAH RUBINSTEIN

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Adults 55+ are discovering a new **lease** on life.

Retirees are ditching their mortgages to rent instead.

Between 2009 and 2015, the number of 55+ renters rose 28% according to Census data.

And that number is expected to exponentially increase. According to a 2016 analysis by Freddie Mac, more than 5 million baby boomers in the US are expected to rent their next home by 2020.

Many former homeowners that are retired or soon-to-be retired are accrediting "freedom" to their decision to switch.

Without a mortgage and other expected and unexpected expenses involved in owning a home, suddenly, many renters find themselves with supplemental cash.

Without the need for financial investment when renting, many are instead pocketing their capital and using it to invest, travel, and the likes, which they can do without worry thanks to the maintenance free lifestyle of rentals.

Many find that there are very few apartment complexes currently catering to 55+ renters. But, there is one Florida developer who has taken notice.

The Floridian Club of Sarasota is a rental resort on the west coast of Florida that has combined the rental concept with the perks of homeownership that many other rental properties across the US do not offer, such as customization, permanence, and a neighborhood-feel.

The Floridian Club is known for its single-level Villas, "rivaling condo living, without the hassles!"

The property is maintenance-free, inside and out, with resort amenities promoting a coastal lifestyle. Even more interestingly, the single story Villas can be leased long term.

For more information on The Floridian Club of Sarasota, visit FloridianLife.com.

FROM THE EDITOR

Mark Solheim

Test-Driving Retirement

We debated whether we should go ahead with our cover story this month—our annual list of great places to retire—in light of the pandemic. Are new retirees rethinking the list of places they might go? Are retirees even contemplating moving right now? Particularly with a reluctance to fly, at least in the near future, proximity to family and grandkids might be a higher priority. In the end, we decided to go ahead with the article (see page 44), but with a slightly modified list of criteria. We looked for smaller cities with less density but not isolated—excellent broadband coverage was a must. Good health care was high on the list, as were recreational and fitness opportunities. And as always, we chose places with a moderate cost of living that are also tax-friendly or tax-neutral, per our Retiree Tax Map.

Relocating for retirement. Our roundup of retirement places activates a part of me that looks forward to a simpler, less stressful life, free of commuting and meetings and deadlines. A couple of years ago, to accompany one of our retirement places roundups, I wrote about how my wife, Allyson, and I had been exploring retirement in Michigan. We spent a few days in Petosky, Mich., to see how we'd like living there full-time. The conclusion: maybe not so much. Residents we talked to said the town had a different vibe when the summer crowds left and the long, cold winter descended. And it felt far away from family and friends. That trip inspired us to commit to staying in Washington, D.C., for the time being. We hired an architect to design an addition for our house and started to interview builders. Then last summer, while we were vacationing with family in Michigan's Leelanau Peninsula, we decided to look at homes for sale. We fell in love with a house with a view of Lake Michigan, took our renovation money and made a fat down payment on it.

The pandemic hasn't pushed up our retirement time line, but it has presented a serendipitous opportunity to test-drive our retirement lifestyle. When the Kiplinger offices closed in mid March and the staff began to work remotely, we decided to pack up the car and move to our new home for a few months. Yes, we are working as hard as ever, but with commuting time freed up, we are also taking post-workday hikes and long weekend bike rides. When we don't fret about COVID, we realize we are far less stressed because we are surrounded by natural beauty (so what if it takes longer for the flowers to bloom?). We've even made friends with neighbors.

THE PANDEMIC HASN'T PUSHED UP OUR RETIREMENT TIMELINE, BUT IT HAS PRESENTED AN OPPORTUNITY TO TRY OUT OUR RETIREMENT LIFESTYLE.

Allyson and I are both able to do our jobs remotely, and our paychecks are intact. (Thankfully, Leelanau County has had a total of only 12 COVID infections.) We realize how fortunate we are as we acknowledge that a lot of people have been hit hard by the pandemic and the recession. Many near-retirees have had to rethink their retirement plans, and the fallout from the coronavirus has laid bare the imbalance in equity and privilege in America. (See page 64 for a new feature that profiles workers who are grappling with challenges sparked by COVID and the recession.)

Our commitment. The mission of this magazine is to make your financial lives more secure, with advice that is actionable, accurate and accessible. The word *accessible* implies easy to digest and, as much as possible, personal. More broadly, that means we attempt to reflect situations that apply to all of our readers, of all races and backgrounds.

At Kiplinger, we have had discussions about inclusion, some motivated by readers who think the pages of our magazine don't reflect enough diversity. Please know that we are working on it. We are also having discussions about how to promote diversity in hiring companywide. If you have suggestions about how we can improve diversity or would like to volunteer to be featured in one of our personal finance stories, I'd love to hear from you. ■

Mark Solheim

MARK SOLHEIM, EDITOR
MARK_SOLHEIM@KIPLINGER.COM
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POON WATCHARA-AMPHAIWAN

Best Rewards Cards

I think you've made a serious omission: the no-annual-fee Citi Costco Anywhere Visa card ("The Best Rewards Cards for You," June). If you're a Costco member (who isn't?), you get 4% back on Costco gas and at most other gas stations (superstore and supermarket stations are exceptions), 3% back on dining and travel, 2% back on all other Costco purchases, and 1% back on everything else. It's my second-most-used card. The only reason I pay for Costco in-store purchases with my Fidelity card is that I can collect my Costco cash reward only once a year on my anniversary date, but that's a minor drawback.

JOHN McCASLIN
KIRKLAND, WASH.

I've used the Citi Double Cash Mastercard for many years, and you routinely recommend it. But here's a little nuance with it: You get 1% on purchases, and it pays 1% cash back when you pay the bill, as you point out. But last time I checked, if you take the rewards as a statement credit, they don't give you the 1% on that type of "payment." So the lesson is, take the reward as a check or direct deposit, not a statement credit.

BRAD GEORGE
OLATHE, KAN.

Muni bonds. In your recommendations regarding municipal bonds, you state that "interest income is free from federal taxes—and, for bonds issued in your state of residence, free from state and local taxes as well." ("Get Up to 9% on Your Money," June). I cannot speak for other states, but for us in Illinois there is a specific list of municipal bonds that are exempt from state and local taxes. In addition, there are taxable municipal bonds. So not all municipal bonds generate interest income that is exempt from federal, state, and local taxes.

SHELDON KIMEL
GLEN VIEW, ILL.

Did *Kiplinger's* really write that you should ensure that you have one to two years' worth of cash and five to seven years' worth of stable assets *before* investing in stocks? This statement is counter to valuable advice elsewhere in the issue that you should have three to six months' worth of living expenses in a liquid emergency fund and to invest in stocks when you have decades to allow gains to compound. If the advice in that sentence was to be followed, the vast majority of those in their twenties and thirties would not be invested in "volatile, high-risk/high-return asset classes such as stocks"—precisely the opposite of reasoned advice to invest in stocks for the long term.

STEVE THUR
COLUMBIA, MD.

Editor's note: The advice should have been qualified as a caveat for retirees, not for younger savers with years to go before retirement.

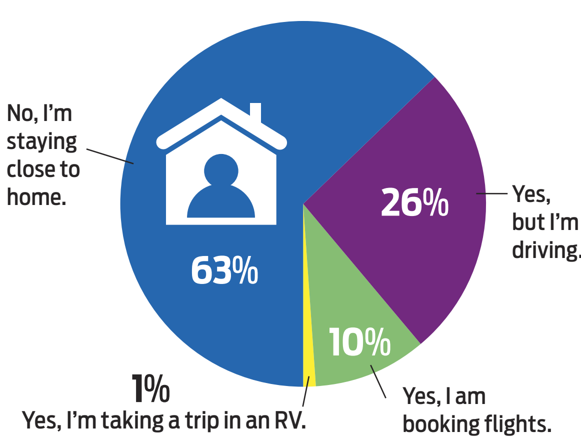
Roths and taxes. In the paragraph about Roth IRAs, you say "you won't pay taxes on withdrawals until you've depleted your contributions." ("Best Ways to Raise Cash," June). My understanding is that a person with a Roth IRA will not pay any taxes on any withdrawal if it is a "qualified distribution." The requirements for this are that it is made after the five-year period beginning with the first taxable year for which a contribution was made to a Roth IRA set up for your benefit. Plus that the payment or distribution is made on or after the date you reach age 59½.

SAM CARDINALE
MONTEREY, CALIF.

Editor's note: Our reader is correct. We should have elaborated.

READER POLL

Do you have plans to travel this summer?



For our take on what travelers should expect, see page 58.

Decluttering. I was disappointed you didn't mention FreeCycle or ReUseIt for getting rid of stuff without sending it to the garbage stream ("The Complete Guide to Decluttering," June). It likely is dependent on what your local chapter is like, but I have found it a good way to get rid of things. Also, Craigslist is an option. The problem is you might find stuff being given away that you want, defeating the declutter purpose.

E.S.
NEW FAIRFIELD, CONN.

Correction: The free-trial period for the Peloton app is 30 days, not 90 days ("Ahead," June).

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.

Kiplinger's PERSONAL FINANCE

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Dennis

AHEAD

TOPIC A

HOW THE FED'S MOVES AFFECT YOU

It's pumping trillions of dollars into the economy and keeping rates near zero. Savers are sunk, but borrowers get a boost. **BY DAVID PAYNE**

NOT ALL THAT LONG AGO, THE only major decision the Federal Reserve Board had to make was where to set short-term interest rates. But in the past decade, the Fed has become increasingly aggressive in its efforts to pump up the economy—and there's no sign it will slow down anytime soon. Whether you're a borrower,

ILLUSTRATION BY KOTRYNA ZUKAUSKAITE

saver or investor, this matters to you.

Some history: As the economy cratered in 2008, the Fed made the unprecedented move of purchasing large sums of Treasury bonds and mortgage-backed securities, which pumped an extra $1 trillion into the economy. Over the course of the next 10 years, it purchased an additional $2.5 trillion. Then, when the coronavirus crisis hit, the Fed purchased another $3 trillion in bonds and securities, bringing its liabilities so far to a record $7.2 trillion. (The total size of the U.S. economy is currently $21.5 trillion.)

And the Fed isn't done. It now has the authority to support up to $2.6 trillion in new lending, which includes making loans to businesses through its Main Street Lending Facility and lending to city, county and state governments through its Municipal Liquidity Facility. The Fed is also backing loans issued through the Paycheck Protection Program, a federal loan-forgiveness program designed to help small businesses survive the coronavirus pandemic.

As for interest rates, it's likely they will remain low for a very long time in order to encourage borrowing and keep the money flowing. Fed chairman Jerome Powell announced at the June 10 meeting of the Federal Open Market Committee that the coronavirus could continue to have an impact on the economy for the next two years and that the Fed isn't likely to raise interest rates until 2023 at the earliest. If inflation remains contained, rates could stay low for even longer. However, although the European Central Bank has experimented with negative interest rates by allowing commercial banks to borrow at negative 1%, the Fed isn't inclined to go that far.

Good news, bad news. Borrowers will benefit from the low-rate environment. The 30-year fixed mortgage rate is likely to remain below 4% for the foreseeable future (although home prices typically rise faster when rates are low). Auto, home-equity and other consumer loan rates will also likely remain at historic lows.

The news is not good, though, for savers and income investors. Bank deposits, certificates of deposit and short-term U.S. government securities will pay almost nothing. Returns for longer-term government and corporate bonds will also be much lower than historical norms. Annuities and life insurance premiums will cost more, because the insurance companies that back those products are earning less in the fixed-income markets where they invest those proceeds.

The stock market has typically celebrated low interest rates, but low rates are a mixed blessing for investors in general. The stock market is now the only game in town for those looking for decent returns on their retirement savings. But without a bond market that provides a reasonable rate of return, it will be more difficult for investors to protect themselves from market downturns by investing in a mix of stocks and bonds. Investors seeking higher returns may be driven into much riskier investments, such as high-yield junk bonds, commodities and private equity.

Consider investing in high-quality dividend-paying stocks, which may yield more than fixed-income investments while providing some ballast in down markets. You can find an update of our favorite dividend-paying stocks on page 26.

The Fed's Money Machine

Unlike the rest of us, the Fed doesn't have a budget constraint. It can buy assets by writing checks on itself. Because the Fed doesn't ever have to pay off its liabilities, it can never go bankrupt.

So what's to prevent the Fed from creating as much money as it wants? Again, nothing. The only problem with creating money is that it might cause inflation, as more paper and electronic dollars chase a slowly growing supply of goods and services. This is what has caused hyper-inflations in smaller countries in the past.

But so far, that hasn't been a problem. In the past decade, no matter how many securities the Fed has purchased, inflation has remained stubbornly low, breaching 2% only when oil price run-ups occurred. The mechanisms that drove inflation in past decades don't seem to be working the same way anymore, and for that reason it appears that inflation is going to remain low for some time to come.

INTERVIEW

IF YOU'RE USING CASH LESS OFTEN, YOU'RE PART OF A TREND

The pandemic is speeding up the use of digital payments.

Dayna Ford is senior director-analyst for Gartner, a market research firm. She focuses on digital wallets and other forms of electronic payment.

Electronic payments have soared since the pandemic began. Do you expect that trend to continue after the crisis is over? I do, though the trend toward digital payments due to the pandemic has taken different forms: shopping online, paying digitally while doing a physical pickup or using contactless methods of payment, such as digital wallets. All were existing trends that had been steadily climbing over the past couple of years but have accelerated since the pandemic began. After the crisis is over, the rate of digital payments will drop, but not to what it was before.

Apple, Google and other providers offer apps designed to eliminate the physical wallet in favor of a digital one, but they're not widely used. Do you think they'll become more popular now? In places such as Asia, the use of digital wallets is very pervasive. A key reason we don't have more adoption here is consumer inertia. Consumers in the U.S. and Europe are accustomed to using plastic credit and debit cards. But concerns about health and hygiene could get consumers to try digital wallets. Once they try them, some will continue to use them.

What about contactless, peer-to-peer payment systems? We will continue to see the growth of peer-to-peer systems such as Venmo. You also have programs such as Zelle, which caters more to consumers who use traditional banks. The pandemic adds momentum because some consumers don't want to touch cash. Concerns about hygiene will get some people over the inertia that prevented them from trying these systems.

How can consumers protect themselves from identity theft when using these products? In some ways, digital wallets are more secure than credit and debit cards. For example, when you make online purchases using a digital wallet, only the wallet provider sees your credit or debit card information. Consumers should follow best practices for protecting data on their phones—use passwords and biometric authentication, auto-lock the screen—to keep their phones protected. And make sure you choose a reputable digital wallet provider, because you are storing your payment credentials with them.

Other countries, such as Sweden, are essentially cashless. How far is the U.S. from becoming a cashless society? I don't think cash is going away anytime soon. We've seen a number of legislative initiatives to protect cash, such as banning cashless stores in San Francisco, New Jersey and Philadelphia because they're seen as discriminating against consumers who don't have a bank account. Plastic cards may go away before cash. I do think we will see some reduction in the amount of cash in circulation due to the pandemic.

What are the prospects for the Federal Reserve introducing a digital form of the U.S. dollar? The U.S. Federal Reserve, along with central banks in Europe and other regions, has considered developing its own digital currency. Other countries, such as China, are farther along this path. It seems likely that the U.S. will watch to see how these initiatives fare in other regions before it makes a decision.

SANDRA BLOCK

PHOTO BY JARED LEEDS

THE SWEATPANTS BRIGADE

WORKING FROM HOME? DON'T EXPECT A TAX BREAK

The tax overhaul scrapped the home office deduction for remote employees.

AS ANYONE WHOSE ZOOM MEETING HAS been interrupted by an inquisitive child or a barking dog can tell you, working from home has its drawbacks. But in the past, there was a money-saving upside: Employees who were required to work remotely could deduct the cost of their home office.

Unfortunately, that's no longer the case. The new tax law eliminated a provision in the tax code that allowed workers to deduct unreimbursed business expenses, including the cost of a home office, as long as the expenses exceeded 2% of their adjusted gross income.

Even before 2018, it was difficult for employees to claim this deduction because they had to meet the "convenience of the employer" test—which meant that they were required to work remotely. Those who merely had the option of working from home were ineligible. Working from home during the pandemic likely would have met the test because most employees whose offices were closed had no say in the matter, says Nathan Rigney, lead tax research analyst for H&R Block.

Who can claim the deduction. Workers who are self-employed or have a side hustle can still claim the home office deduction, and expenses don't have to exceed 2% of their AGI. Likewise, you're eligible to claim the home office deduction if you're an independent contractor, even if you worked in an office before the pandemic, Rigney says. Keep a record of the day you started working from home, because you're only permitted to claim expenses incurred since that time.

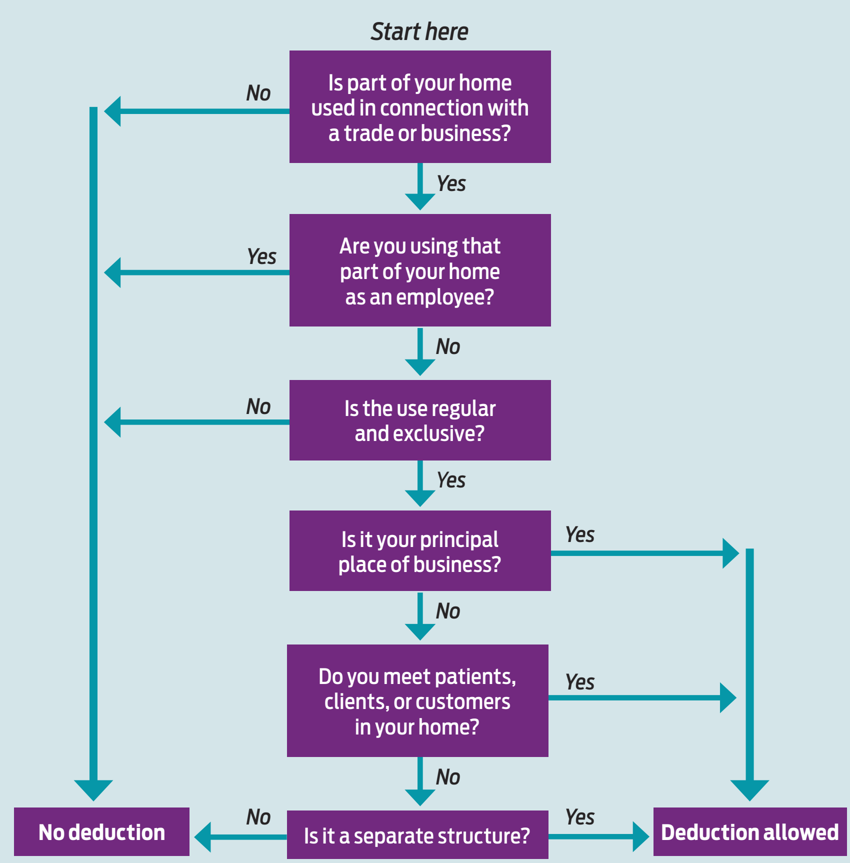
To claim this deduction, you must have a place in your home that's used "exclusively and regularly" for business. It doesn't have to be a separate room, as long as the space you use—a desk in the corner of your bedroom, for example—is used exclusively for business purposes.

Once you've set up your home office, you can claim the deduction using one of two methods. With the actual expense method, you multiply all of your home-related expenses, such as your mortgage or rent, utilities, and homeowners (or renters) insurance, by the percentage of your home dedicated to your home office. For example, if your office takes up 10% of your home, you would deduct 10% of those bills.

The IRS offers a simplified method to calculate this deduction: Measure the square footage and multiply it by \$5, up to a maximum deduction of \$1,500. If your home office takes up 200 square feet, for example, you would deduct \$1,000. Although the first method requires more recordkeeping, you'll probably get a larger deduction by deducting a percentage of your actual costs, Rigney says.

SANDRA BLOCK

Can You Claim a Home Office Deduction?



DIGITAL DO-OVER

AMENDING YOUR TAX RETURN WILL GET EASIER

STARTING THIS SUMMER, FIXING ERRORS ON your tax return will be less of a hassle. For the first time, taxpayers will be able to file Form 1040X, the document used to amend tax returns, electronically.

Taxpayers amend their federal tax returns for all kinds of reasons—for failing to report some income, for example, or because of an overlooked deduction that would have lowered their tax bill. But in the past, you had to submit the form by mail. You could use tax software to fill out the form, but you had to print it out and mail it in.

"E-filing has been one of the great success stories of the IRS, and more than 90% of taxpayers use it routinely," IRS commissioner Chuck Rettig said in a statement. "But the big hurdle that's been remaining for years is to convert amended returns to this electronic process."

Although taxpayers generally have up to three years from the date they filed their original return (or two years from the date they paid any tax due) to amend a return, e-filing will initially be limited to 2019 tax returns, the IRS says. If you want to amend an earlier return on Form 1040X, you'll still have to print it out and mail it in. **SANDRA BLOCK**

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CALENDAR
08/2020

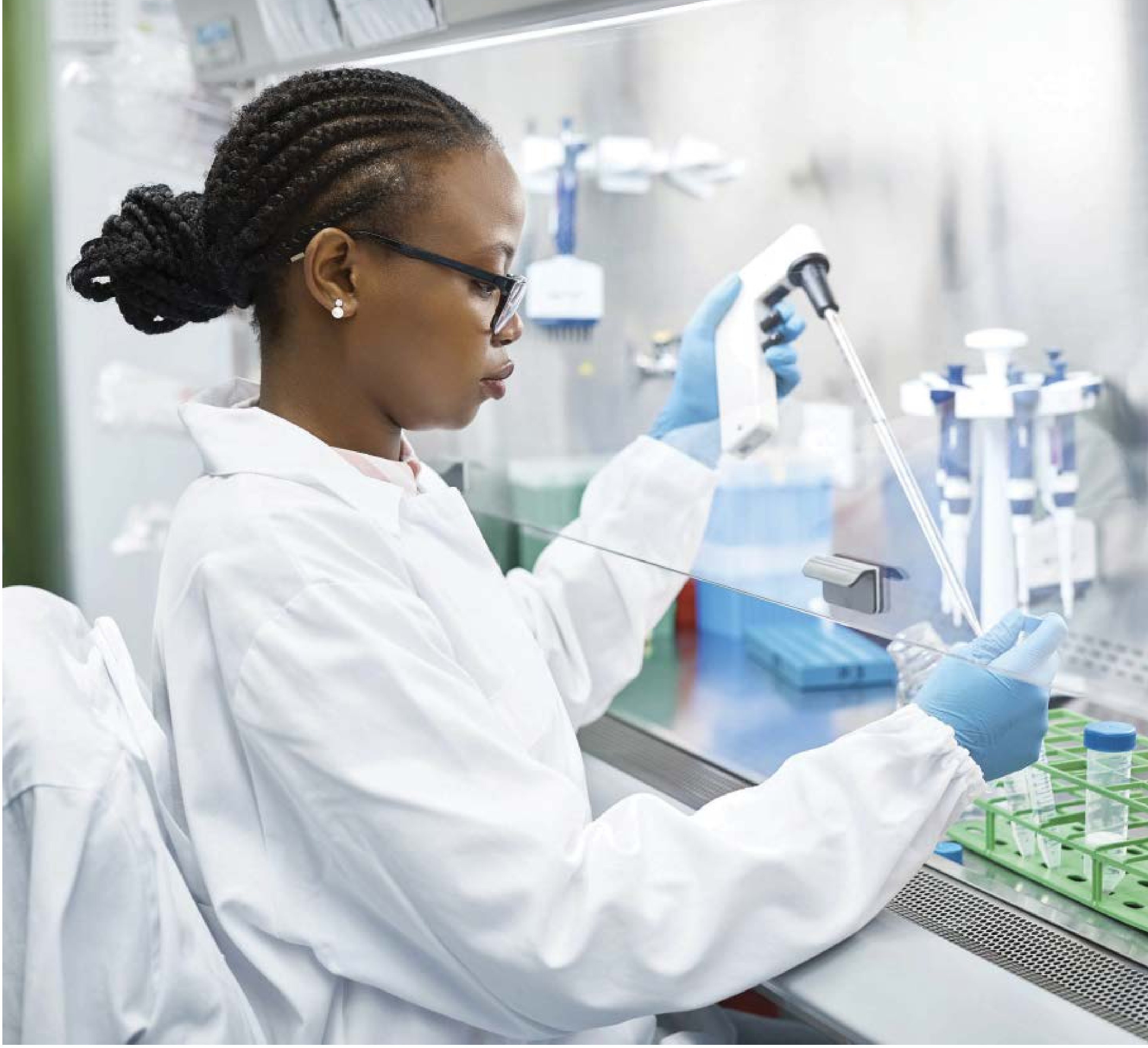
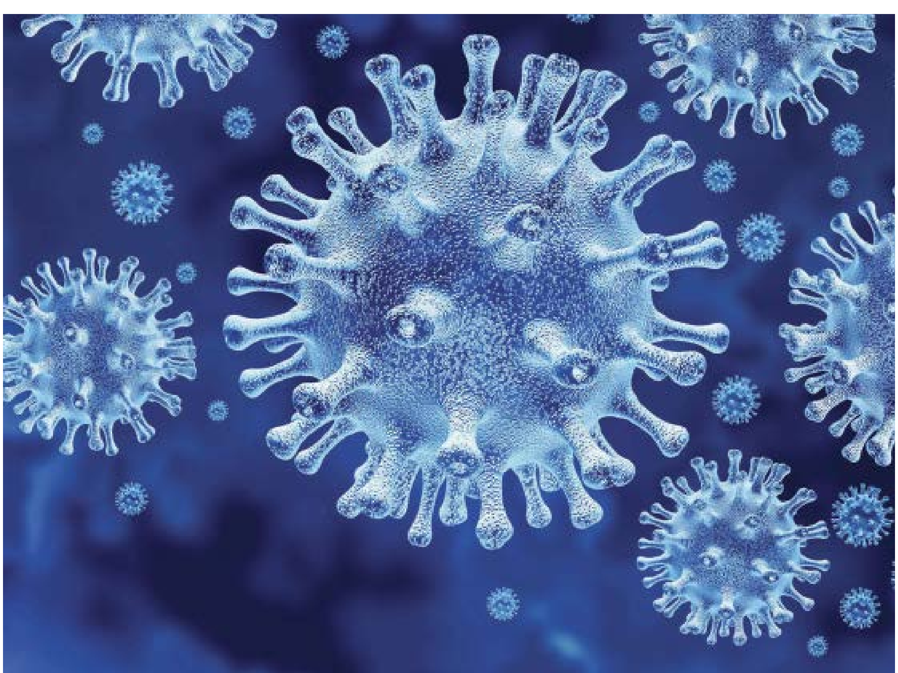
FRIDAY, AUGUST 7
Several states are waiving sales taxes for back-to-school supplies, clothing and other items. States sponsoring sales tax holidays this weekend include Florida, Iowa, Missouri, Ohio, Oklahoma, South Carolina, Texas and Virginia. For a complete rundown on sales tax holidays, go to www.taxadmin.org/2020-sales-tax-holiday.

SUNDAY, AUGUST 9
It's National Book Lovers Day. Even if your library hasn't reopened, you can download e-books to your Kindle or other device. Libby, a smartphone app provided by digital-content distributor Overdrive, gives you access to multiple libraries as long as you have a library card—handy if you have homes in more than one state.

▲ MONDAY, AUGUST 17
August is National Eye Exam Month. If you're starting to reschedule appointments you postponed during your personal pandemic lockdown, don't overlook your eyes. Eye appointments, along with contact lenses and glasses, are covered by health care flexible spending accounts and health savings accounts. Congress recently added some other expenses to the list of eligible costs, including nonprescription drugs. For more on the changes, turn to page 42.

SATURDAY, AUGUST 22
The fall shoulder season for travel is just around the corner. Not sure if you're ready to hit the road yet? For a run-down of what the travel industry is doing to protect and attract travelers, turn to page 58.

DEAL OF THE MONTH
August is a great time to rejuvenate your patio, according to DealNews.com. Home Depot, Amazon.com and Target will knock up to 40% off patio furniture, while stores such as Walmart and eBay will offer many smaller outdoor items for $20 or less.


INVEST IN THE Health Care Revolution

These companies are fighting disease and improving our standard of care. BY NELLIE S. HUANG

THE PANDEMIC HAS PUT THE HEALTH CARE INDUSTRY under a global spotlight. Biotechnology and big pharmaceutical firms are front and center as the world races toward a vaccine for COVID-19. There may be many winners, and there may be a few losers, but the current crisis has reminded the world that we are living in a new age of science. // Cures for chronic infectious diseases, targeted cancer therapies and gene editing are just a few of the breakthroughs made in the past decade. And more discoveries are coming. "The speed of science is increasing," says Joshua Riegelhaupt, assistant manager of Baron Health Care fund. "That's why we think this is the century of biology," he says.

These developments are improving the standard of care, says Julia Angliss, an investment manager with a specialty in health care at investment firm Baillie Gifford. "We understand more what drives diseases, and we're able to develop drugs that are more precise, more efficient and more effective," she says. The investing landscape is changing, too. Many health care stocks that were once considered defensive, nest-egg investments have morphed into growth stocks. Investors can bank on more change. We are in "the early innings of transformative global change due to innovation in health care," says Riegelhaupt.

With that in mind, we set out to find exciting opportunities in health care today. Some stocks are well-known bellwethers, industry leaders with steady revenues and profits that pay nice dividends. Others provide the necessary technology or medical equipment for drug firms to discover new therapies. Then there are the innovators. They are riskier undertakings but will give you a chance to invest in next-era biotechnology that is changing lives for the better.

The stocks in all three groups are poised to drive change and find new approaches in health care that can save costs and improve outcomes. Returns are through June 12.

BELLWETHERS

AMGEN **(SYMBOL AMGN, $218).** The stock price of Amgen, the grandfather of biotech companies, is soaring. Like many firms, Amgen is working on a COVID-19 vaccine, which has in part fueled the stock's rise. It's also testing Otezla, a psoriasis drug it recently acquired, as a potential COVID treatment. But the firm's fortunes have also revived thanks to a major cost-cutting push, expansion in China and Japan, and new products on the market, including Kanjinti, for breast cancer.

All told, analysts expect a 9% jump in earnings in 2021 over 2020 levels, and 6% average annual growth over the next five years. That's considerable, given Amgen's hefty $128 billion market value. More important, the firm wins an "A++" for financial strength from Value Line. The stock yields 2.9%. At current prices, shares are a bargain relative to peers, at roughly 14 times estimated earnings for the year ahead. Though earnings are in flux across many industries because of the pandemic and the recession, Value Line gives Amgen a top score, 100, for earnings predictability.

ANTHEM **(ANTM, $266).** If you know Blue Cross Blue Shield, then you know Anthem. It is the largest Blue Cross medical benefits provider, with more than 40 million Americans on its rolls through employer-sponsored plans, Medicare and individual plans. Its diverse client roster gives Anthem "recession-favorable characteristics that have been largely ignored," says UBS analyst Whit Mayo.

Anthem is a steady business. Over the past 10 years, revenue has increased 6% annualized; earnings, 12%. The firm has strategic initiatives in play to improve results and drive costs down, including its newly launched IngenioRX, a drug benefit management platform, and LiveHealth Online, a telehealth platform. Anthem hopes these moves and others will boost growth in revenue by up to 12% and earnings by up to 15% over the next three years, annualized. Pandemic-related job losses may curb these goals, if the number of insured members on Anthem's employer-sponsored rolls falls, but Morningstar analyst Julie Utterback still expects low-double-digit annual-

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Vital Statistics

A SHOT FOR YOUR PORTFOLIO

Each of these companies is poised to drive change and discover new approaches in health care that can save costs and improve outcomes.

Stock	Symbol	Recent price	Market cap (millions)#	Price-earnings ratio*	Yield
Acceleron Pharma	XLRN	$95	$5,133	NM	—
Amgen	AMGN	218	128,179	14	2.9%
Anthem	ANTM	266	66,997	12	1.4
Bristol-Myers Squibb	BMY	56	127,095	12	3.2
Guardant Health	GH	77	7,624	NM	—
Iovance Biotherapeutics	IOVA	30	4,318	NM	—
Iqvia Holdings	IQV	139	26,510	26	—
Medtronic	MDT	93	124,917	27	2.5
Veeva Systems	VEEV	217	32,534	119	—
West Pharmaceutical Services	WST	201	14,774	56	0.3

As of June 12. #Daily. *Based on estimated earnings for the next four quarters. NM Not meaningful. —Not applicable; company doesn't pay a dividend. SOURCES: Morningstar, Zacks Investment Research.

ized earnings growth through 2024.

The shares are a bargain. They currently trade at 12 times projected earnings for the year ahead; peers trade at 18. “The company’s earnings are going to do just fine through this crisis,” says Artisan Select Equity manager Dan O’Keefe. The stock yields 1.4%.

BRISTOL-MYERS SQUIBB (BMY, $56). The drug giant’s 2019 acquisition of biotech firm Celgene added $18 billion in debt to its balance sheet, and some investors frowned on the deal. But Celgene has catapulted Bristol’s revenue and earnings to double-digit growth, following static results in recent years. The first three months of 2020, the first measure of the combined company, saw sales jump 82%, thanks mostly to Celgene drugs.

The deal also beefed up Bristol’s pipeline of new drugs and its cancer-treatment portfolio. Morgan Stanley analyst David Risinger says the combined firm has trials underway for treatments for seven cancer types, including lung, bladder and liver cancer, with key results expected in 2020 or 2021. The drugs could bring in $12 billion in annual U.S. sales over the next three to five years.

The stock trades at 12 times estimated earnings—close to historic lows and a discount to the average forward price-earnings ratio of 23 for large drug firms. Plus, the stock yields 3.2%.

SUPPORTING PLAYERS

IQVIA HOLDINGS (IQV, $139). Iqvia (pronounced *i-Q-via*) is a play on biotech advances and technology. Its research-and-development business helps biotech and drug firms as they develop therapies, from clinical-trial design to post-launch monitoring. The tech side offers drug companies ways to measure, analyze and improve efficacy and outcomes, using its cloud-based software.

COVID-19 has disrupted many clinical trials. But CFRA analyst Sel Hardy says Iqvia is one of the “best-positioned clinical research organizations, thanks to its global diversity and leadership position in health care information and technology services.”

One worry: The company has $11 billion in long-term debt. But Hardy expects the firm to deploy its free cash flow—more than $800 million in 2019—to pay that down. And earnings are on the rise. Analysts expect a jump in annual earnings of 20% in 2021 and 11% in 2022. The stock currently trades at 26 times expected earnings, a bit above its average historical forward P/E.

MEDTRONIC (MDT, $93). Medtronic is a big kahuna in medical devices. Its broad offerings include products that address cardiac, vascular and neurological disorders, among other ailments. It also makes surgical and surgery products, such as stapling devices and mesh implants.

Competition is stiff, and COVID-19 has delayed nonessential procedures, slowing demand for some Medtronic products. But Medtronic dominates many of its markets, and the pace of elective surgeries is picking up.

Medtronic shares trade at 27 times estimated earnings; the typical medical-products stock trades at a P/E of 36. BofA Securities analyst Bob Hopkins expects Medtronic revenue to jump after 2021, with the launch of a new version of its leadless pacemaker, which will be suitable for a higher number of cardio patients, and the debut of the firm’s long-anticipated robotic-assisted surgery system.

VEEVA SYSTEMS (VEEV, $217). Veeva offers cloud-computing services, among other tech offerings, to health care companies including Eli Lilly, Gilead Sciences and Merck. The stock has soared recently because of high pandemic-related demand for Veeva’s services. Consider buying on a dip.

The firm’s flagship content management system, Vault eTMF, used during clinical trials, is a top choice among drug companies of all sizes, says William Blair analyst Bhavan Suri. It organizes essential documents so that they are always regulator-ready, allowing all participants in the study—drug firms and outside contractors, for instance—to communicate in real time. The system is a launching platform that allows Veeva to cross-sell related data management services. Suri expects earnings to climb by 11% for the fiscal year ending in January 2021, and by 21% for fiscal 2022. Meanwhile, the company is financially strong, with little debt and just over $1 billion in cash and securities.

WEST PHARMACEUTICAL SERVICES (WST, $201). West makes the thumb-size vials that hold injectable drugs. “These are not commodity products,” says Baron Health Care manager Neal Kaufman, meaning they’re not mass-produced. They have specialty coatings to prevent drug contamination. West dominates many of the markets in which it sells products.

West’s product lineup also includes items for drug delivery and research, including syringes that can be prefilled, auto-injection syringes, and devices used to reconstitute, mix and transfer drugs. Many will be used by various companies to develop a COVID-19 vaccine. With West, you “benefit from the potential for a vaccine without having to place a bet on the winner,” says Kaufman.

The COVID factor has boosted West's stock, and shares are expensive relative to other medical-products stocks. But Kaufman says the shares could significantly exceed expectations. "This company will generate strong revenue growth for many years to come."

INNOVATORS

ACCELERON PHARMA (XLRN, $95). This biotech firm has one drug already on the market in partnership with Bristol-Myers Squibb. The treatment, for two blood disorders, is a potential blockbuster. Another drug in late-stage trials could be a big seller, too. It treats pulmonary arterial hypertension, a rare, progressive type of high blood pressure that weakens arteries in the lungs and heart. "Most PAH patients die within five to seven years," says Baron's Riegelhaupt. Acceleron's PAH drug, unlike others that treat only the symptoms, has indicated it can slow the disease by "telling the arterial muscles to relax," he says.

The risks are high. If clinical trials fail, the shares will suffer. Plus, the company has little in the way of revenue and no earnings. But the firm has low debt and $414 million in cash on the balance sheet. And royalty checks from Bristol-Myers Squibb for the joint-venture drug will help buoy the business, says T. Rowe Price Health Care manager Ziad Bakri.

GUARDANT HEALTH (GH, $77). One day soon, a routine Guardant Health blood test may be able to detect cancer before symptoms appear. "That's the biggest and most exciting part of the business," says Kaufman, and it could open a billion-dollar market for the company.

Although that test is still in clinical trials, revenue from Guardant's other business, precision oncology testing, has doubled every year since 2016. The tests rely on a patient's blood or urine to help doctors match patients with personalized therapies based on the molecular profile of their tumors.

The company logged $214 million in revenue in 2019, but profits aren't expected until at least 2022. Even so, Canaccord Genuity analyst Max Masucci says Guardant Health has good long-term growth prospects. In the meantime, the company has no debt and $520 million in cash on its books.

IOVANCE BIOTHERAPEUTICS (IOVA, $30). The science behind Iovance's drugs is "next-wave technology," says William Blair analyst Madhu Kumar. The company's treatments spur your immune system to fight cancer cells.

In the treatment, tumor-infiltrating lymphocytes, which can recognize and kill cancer cells, are removed from a patient's tumor, grown in a lab, then returned to the patient to help fight cancers. Mid-stage tests of the firm's treatment for melanoma show that in 30% of cases, the therapy can shrink cancers, "head and shoulders above the 10% standard efficacy rate of other drugs," says Kumar. The treatment still needs FDA approval, but Kumar says he has "high conviction for success."

Iovance is a risky bet until the FDA approves the firm's TIL treatment. But the firm has little debt, and it raised another $604 million in a public offering in June, adding to an existing $245 million cash balance on its books. ■

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Funds

Baskets of Health Care Stocks

A fund is a good option for investors who want a lower-risk path to investing in health care stocks. Here are our favorites. Returns are through June 12.

At **BARON HEALTH CARE** (SYMBOL BHCFX, EXPENSE RATIO 1.10%), manager Neal Kaufman and assistant manager Joshua Riegelhaupt look for fast-growing companies with "open-ended opportunities in large markets and competitive advantages over peers," says Kaufman. This fund has only a two-year history, but it has returned 16.1% annualized since its launch, which beats the S&P 500 Health Care index. UnitedHealth Group, Abbott Laboratories and AstraZeneca are top holdings.

FIDELITY SELECT HEALTH CARE (FSPHX, 0.70%) is a member of the Kiplinger 25, our favorite no-load funds. Since Eddie Yoon took over in 2008, the fund has returned 16.5% annualized, beating the 13.2% average gain for health funds. Yoon invests big slugs in established firms, such as Roche Holdings and UnitedHealth, and boosts returns with light bets (less than 1% of assets each) in burgeoning biotech and medical-equipment stocks.

Ziad Bakri, a former physician, has run **T. ROWE PRICE HEALTH SCIENCES** (PRHSX, 0.76%) since 2016. He focuses on firms that are transforming and improving care, "making leaps in advances in human health," he says. More than one-third of the fund's assets are invested in biotech firms. Top holdings include UnitedHealth Group, Vertex Pharmaceuticals and Thermo Fisher Scientific. Over the past three years, Health Sciences has returned 13.9% annualized, ahead of 80% of its peers.

Our favorite exchange-traded fund in this sector is **INVESCO S&P 500 EQUAL WEIGHT HEALTH CARE** (RYH, PRICE $215, EXPENSE RATIO 0.40%), a Kiplinger ETF 20 member. The fund rebalances quarterly; each stock gets an equal portion of assets. Over the past three years, the ETF has returned 9.1% annualized. ETFs offer investors a way to dive deep into a sector. **ISHARES US MEDICAL DEVICES** (IHI, $256, 0.43%) and **SPDR S&P BIOTECH** (XHE, $84, 0.35%) are worth a look. The Medical Devices ETF has a three-year, 16.7% annualized return, which beats 91% of its peers. Top holdings include Abbott Labs and Thermo Fisher. The S&P Biotech ETF has gained 12.8% annualized over the same period, and it counts among its top holdings Quidel, which makes rapid diagnostic tests (including one for COVID-19) and DexCom, a maker of high-tech glucose-monitoring systems for diabetes patients.

STOCKS

New Bull? Or Same Old Bear?

The rally since March has been historic, but it still needs to prove itself.

STOCKS HAVE RALLIED SO sharply in the past few months that it prompts a question: Are we in a new bull market? With the S&P 500 index up 36% since its March 23 low through mid June, the answer seems an obvious yes. And yet, plenty of veteran Wall Streeters say the bull isn't official yet, and we've seen some cracks in the rally.

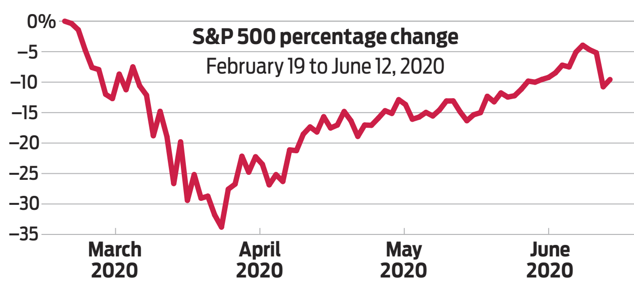
Conventional wisdom says stocks are in a bull market once they're up at least 20% from the market's low. (A bear market is typically thought of as a 20% drop from the high.) But given that bear markets are often punctuated by powerful rallies that ultimately fade, it's important to add a time element to a bull-market assessment. Sam Stovall, the chief investment strategist at investment research firm CFRA, defines a bull market as a gain of at least 20% plus a span of six months without the market undercutting its prior low.

Official or not, however, Stovall is a bull. CFRA's 12-month target for the S&P 500 is 3435, 13% higher than its June 12 close. "I think the March 23 low will eventually be regarded as the start of the new bull market," says Stovall. "The reason for my optimism is the massive amount of stimulus" injected into the market and the economy by the Federal Reserve and Congress. CFRA is most bullish on the communication services, health care and information technology sectors.

Volatile Returns

A TRAMPOLINE MARKET

Since its peak in February, the S&P 500 stock index has made 30%-plus moves in both directions.



As of June 12. SOURCE: Ycharts

Doug Ramsey, chief investment officer and portfolio manager at the Leuthold Group, remains dubious. "The current rally is either the first up-leg of a new bull market or the second-largest bear-market rally in the past 125 years," he says. On the one hand, you've got unprecedented monetary and fiscal stimulus. On the other hand, says Ramsey, price-earnings multiples at the market's March low remained much higher than in other post-WWII market troughs, making it the priciest bear-market low in history—if it stands. "I still think there's a chance we could break below those lows," he says. "I'm trying to look at the glass as half-full, but how can we embark on a multiyear bull market when we're at valuations that are so much higher than what they were at the same stage of the last bull market?"

A close above the 3386 level for the S&P 500, eclipsing its February high, would settle the question of bull-market status. But investors who wait for that will have missed out on a 50% gain. Conversely, "even if you're very confident that a new bull market has begun, that doesn't mean you can't lose serious money from here," Ramsey says.

Stay in the game. The debate makes clear that trying to time your investments to coincide with market tops and bottoms is rarely the best strategy. Keeping your portfolio aligned with your age and stage in life, with more-frequent rebalancing in volatile markets, is a better way to reap more-consistent rewards.

It's also important to remember that even young bulls need an occasional breather. It took only 50 trading days for the S&P 500 to climb nearly 40% from its March low—the biggest 50-day surge since the 1950s, eclipsing the lightning-fast start of the 1982 bull market. That's a good sign, says senior market strategist Ryan Detrick at investment firm LPL Financial. He says stock prices could be higher this time next year. More immediately, the market looks a little frothy. "We have near-term worries given this historic run," he says.

Don't be surprised by more volatility—a hallmark of both the bull and bear aspects of this market. As Detrick reminds us: "There are no roller coasters that can replicate what stocks have done so far in 2020." ■

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STREET SMART | James K. Glassman

I'm Still Bullish on China

China has faced daunting challenges this year. Hong Kong erupted in political protests, COVID-19 got its start in Wuhan, relations with the U.S. deteriorated sharply, and the economy shrank 6.8% in the first quarter, nearly two points worse than the rate of decline in America. In fact, for Chinese stocks, it has been a rough five years, with the MSCI China index returning just 2.5% annualized, compared with 8.6% for MSCI's USA index. (Prices, returns and other data are as of June 12.)

Still, I like China as a long-term investment for a lot of reasons. The most obvious is that, despite threats from the U.S., China is too big for America to do without. China has four times the population of the U.S. and two-thirds of the gross domestic product, with the economic gap closing rapidly. Even with COVID, Chinese GDP is expected to grow by 1% this year, easily the best performance among major countries, according to projections by the Economist Intelligence Unit, a division of the Economist Group media company. The estimate for Europe is a decline of 8.0%; Kiplinger currently projects U.S. GDP to shrink by 5.7%.

China's markets have also matured, and volatility has dramatically declined. The Shanghai Stock Exchange 50, an index composed of the "A" shares (that is, shares that can be traded only by Chinese citizens and large foreign institutions) of 50 large and representative Chinese companies, dropped just 16% from the start of 2020 through its low on March 23. That compares with a loss of 35% over the same period for the Dow Jones industrial average, its U.S. analogue.

Best of all, Chinese stocks are relatively cheap. At this unusual time of business disruption and high unemployment, traditional valuation measures are distorted. Still, the differences are so wide, they can't be ignored. The price-earnings ratio of the MSCI China index, which captures 85% of the value of the country's markets, was 12.5 at the end of May. That contrasts with a P/E of 22.0 for the MSCI USA index.

CHINA MOBILE (SYMBOL CHL, $35), the giant Chinese telecom company, carries a P/E of just 9, based on estimated earnings for the year ahead; by contrast, U.S. wireless behemoth Verizon Communications has a P/E of 12. The P/E of **ALIBABA** (BABA, $218), the Hangzhou-based online retail platform, is about one-quarter that of Amazon.com. Well-capitalized **CHINA CONSTRUCTION BANK** (CICHY, $16), with 15,000 branches, has a P/E of 5, compared with JPMorgan Chase at 15. (Stocks I like are in bold.)

POLITICAL THREATS TO CHINA'S ECONOMY ARE REAL. BUT THEY ARE ALSO WELL KNOWN AND ALREADY REFLECTED IN STOCK PRICES.

Growing tensions. U.S.–China relations are at a low ebb, in part because of China's behavior in the early stages of the pandemic. The U.S. Senate in May passed a bill aimed at Chinese firms listed on Nasdaq and the New York Stock Exchange. It would require greater accounting disclosure, and companies would be delisted if they are "owned or controlled by a foreign government," as many Chinese firms are. U.S. shareholders would still be able to trade Chinese stocks in the U.S. over-the-counter market (in "pink sheet" listings) or on foreign exchanges.

Although the delisting bill is unlikely to have much effect on Chinese stocks, political threats to China's economy are real. But they are also well known and already reflected in stock prices. Rather than being distracted by the crisis du jour, investors should simply focus on buying good companies at good prices.

Two of those companies are **TAL EDUCATION GROUP** (TAL, $64) and **NEW ORIENTAL EDUCATION AND**

POON WATCHARA-AMPHAIWAN

TECHNOLOGY GROUP (EDU, $128). Both are huge players in a white-hot sector in a country whose families are obsessed with getting their children a good education. TAL, with a market value of $38 billion, offers tutoring to K-12 students through more than 1,000 centers in 50 Chinese cities. New Oriental, with a market cap of $20 billion, focuses on test preparation and language training.

Both are on a tear. TAL's revenues have tripled in the past three years, and New Oriental's have doubled. TAL shares are up nearly 75% in the past 12 months, but the growth potential is enormous. New Oriental was on my list of 10 stocks for the year ahead back in 2010, when it was trading at $18 a share, but I still recommend it.

A riskier choice with strong potential is **TRIP.COM GROUP** (TCOM, $27), which provides tours, reservations and other travel services within China and internationally. Trip.com was hammered by COVID, and shares dropped from $39 to $22. They have since rebounded a bit, but the stock appears to be a bargain. **MEITUAN DIANPING** (MPNGY, $43), an e-commerce platform with a large food ordering and delivery service, may have benefited from the epidemic, as millions of Chinese stayed put. The stock has doubled since mid March, but it is still attractive. Meituan's revenues have tripled in just two years.

WITH ALL THE TRADE TURMOIL, I PREFER STOCKS THAT PRIMARILY SELL TO CHINESE CUSTOMERS.

Bet on the home market. With all the trade turmoil, I prefer stocks that primarily sell to domestic customers. Another example is **PING AN INSURANCE** (PNGAY, $21), which sells life, health, property and casualty protection and also offers banking services and credit cards. It's a huge company that has moved aggressively into fintech (the buzzword for financial technology). Ping An has a market cap of $226 billion and a very non-techie P/E of 10. With a yield of 3.5%, it's a good bet on the long-term Chinese economy.

Among exchange-traded funds, consider **ISHARES MSCI CHINA** (MCHI, $64), which tracks the index and owns a broad swath of large- and mid-cap stocks. Still, it's top-heavy, with Alibaba and Tencent Holdings, the multinational social-media conglomerate, together representing about one-third of assets. You can get a more balanced portfolio with **ISHARES CHINA LARGE-CAP** (FXI, $40), which follows the FTSE 50 China index. Its expense ratio is 0.74%, compared with 0.59% for the ETF based on the MSCI index.

Among mutual funds, I have long been a fan of the stock pickers at Matthews Asia. Their **MATTHEWS CHINA** (MCHFX) fund has justified its 1.09% expense ratio by beating the MSCI index by an annual average of 3.5 percentage points over the past five years. Managers Winnie Chwang and Andrew Mattlock are making heavy bets on technology, investing in not only Alibaba and Tencent but also **JD.COM** (JD, $58), a fast-growing e-commerce company. **FIDELITY CHINA REGION** (FHKCX), which also owns a few outliers from Taiwan, South Korea and the U.S., has an index-beating record, too. With a relatively modest expense ratio for a managed China fund of 0.95%, its portfolio includes **PINDUODUO** (PDD, $73), yet another booming e-commerce play.

For a riskier approach, turn to **MATTHEWS CHINA SMALL COMPANIES** (MCSMX). It charges hefty expenses of 1.38% but has a spectacular track record: a five-year annual average return of 15.0%. Most of the fund's stocks don't trade on U.S. exchanges; you have probably never heard of such holdings as Silergy, which makes high-tech devices that cut commercial energy use, or Sichuan Teway Food Group, a maker of seasonings and other condiments. But that's why you buy a fund like this one.

Chinese government influence over business decisions in such sectors as banking and telecom is a problem for investors, and it's not hard to conjure up disastrous scenarios for the Chinese economy: military confrontation, an uncontrollable rebellion in Hong Kong, much higher energy prices, severe new trade barriers or even another epidemic. But investors would be foolish to ignore a country with a population so large, talented, entrepreneurial and eager to succeed. ■

■ ECONOMISTS EXPECT CHINA TO POST POSITIVE GROWTH THIS YEAR.

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JAMES K. GLASSMAN CHAIRS GLASSMAN ADVISORY, A PUBLIC-AFFAIRS CONSULTING FIRM. HE DOES NOT WRITE ABOUT HIS CLIENTS. HE OWNS NONE OF THE STOCKS MENTIONED. HIS MOST RECENT BOOK IS *SAFETY NET: THE STRATEGY FOR DE-RISKING YOUR INVESTMENTS IN A TIME OF TURBULENCE*. YOU CAN REACH HIM AT JAMES_GLASSMAN@KIPLINGER.COM.

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REAL ESTATE

5 Great REITs to Buy Now

In an awful year for many real estate investment trusts, our picks should thrive. BY RYAN ERMEY

IT HASN'T BEEN A GOOD YEAR for landlords. Publicly traded real estate investment trusts—which own income-producing real estate—have been clobbered in 2020, with the category overall losing 13.6%, compared with a 5.0% loss for the S&P 500 index. When the COVID-19 pandemic struck, whole sectors of the economy shuttered practically overnight, and millions of Americans lost their jobs. For REITs that owned apartment buildings, shopping malls, hotels or office buildings, collecting rent became a tall task, and investors took notice.

But the sell-off presents an opportunity for investors who buy REITs that stand to prosper in a post-pandemic world and avoid the ones that might falter. REITs with properties that require little human contact have bright long-term prospects, says Fidelity Real Estate fund manager Steve Buller. Trusts that own data centers, industrial warehouses for online retailers or cell-phone towers will benefit in a world that is shifting increasingly online, he says. Some of this optimism is priced into the stocks—tech-oriented REITs in the S&P 500 have returned 11% in 2020, on average. But that shouldn't scare off long-term investors.

Buller sees value in select housing and office REITs that will regain steam as the economy reopens, but he says investors will face an uphill climb investing in trusts that own restaurants, child care facilities, gyms and senior living facilities. REITs that own retail properties, he says, may be permanently scarred, as buying preferences shift toward e-commerce.

The REITs below are poised to thrive. All yield less than the 4.6% average for REITs overall but sport impressive profit-growth prospects, healthy balance sheets and a history of raising payouts. Note that instead of using traditional corporate earnings yardsticks to measure profitability, REITs use funds from operations, or FFO, which adjusts for depreciation and property sales. REIT distributions are taxed as ordinary income, which can sting high-net-worth investors who hold them in taxable accounts (prices and other data are as of June 12).

1. Alexandria Real Estate Equities (symbol ARE, price $159, yield 2.7%). Alexandria owns, develops and operates life sciences office and laboratory space. The company rents to pharmaceutical and biotech firms such as Novartis, Eli Lilly and Biogen, as well as to research firms and the U.S. government. Dozens of Alexandria's tenants are focused on COVID testing, treatment and prevention programs.

The firm's property portfolio, with 30.9 million square feet of space, is 95% occupied. As landlords in other parts of the market saw large amounts of rent go unpaid, Alexandria collected 98.4% of its April rent. Leases among the trust's top 20 tenants last for 11.4 years, on average.

Analysts at BofA Securities recommend the REIT, citing its strong demand and healthy balance sheet. The firm has hiked its payout by an average of 11% per year over the past decade.

2. American Tower **(AMT, $258, 1.7%).** American Tower operates some 180,000 cellphone and broadcast towers worldwide, with more than half of the firm's revenues coming from 41,000 towers in the U.S. Wireless providers rent space on the towers to install the equipment that powers their networks, and they sign long leases (typically five to 10 years) that include annual rent hikes of 3% to 5% per year.

Growth in mobile data usage and the number of internet-connected devices should bolster revenues as wireless carriers upgrade their equipment and lease more tower space to keep up with demand. Analyst Matthew Dolgin at investment firm Morningstar says the upgrade to 5G network service should help American Tower boost tenant billings by 7% per year over the next five years.

At 1.7%, the shares yield less than the S&P 500's 1.9%. But the firm's payout has grown consistently, with hikes of 23% annualized since 2012. With the stock not far off its all-time high, investors may want to wait for a pullback.

NETWORK UPGRADES ARE GOOD NEWS FOR AMERICAN TOWER.

COURTESY AMERICAN TOWER

3. Equinix **(EQIX, $677, 1.6%).** Equinix operates data centers, which provide cooling, storage and security for equipment that companies pay to house at Equinix sites. Through fiber-optic cables, the firm connects more than 9,700 tenants to their customers, to each other, and to cloud service providers and telecom networks. Equinix allows businesses to access more cloud providers than any competing data-center business, says Dolgin. With more people working from home and businesses shifting to a model that includes a combination of their own hardware and multiple cloud services, Equinix's prospects look bright, he says.

The stock has returned 36% over the past 12 months and isn't cheap. But this post-pandemic beneficiary should pay off for long-term investors, says Baron Real Estate fund manager Jeff Kolitch, who expects the firm to boost FFO by an annualized 10% through 2022.

4. Invitation Homes **(INVH, $28, 2.2%).** Shares of Invitation Homes, which owns some 80,000 single-family rental homes, plunged 51% between late February and late March as investors feared that tenants would skip rent payments. But collections amid the pandemic hovered around Invitation's historical average. Less than 2% of tenants deferred a portion of April's rent.

The stock has bounced back accordingly. But it's still 15% below its February high, despite looking poised to capitalize on long-term trends, such as a preference among millennial renters for spacious suburban homes as they begin to start families, says Kolitch. Invitation should see strong demand due to the relative affordability of rentals (renting is cheaper than buying in 13 of the firm's 15 markets) and the dearth of housing supply. Wall Street analysts expect the firm to increase FFO by 3% in 2020, followed by a 10% boost in 2021. Invitation hiked its payout 15% in February.

5. Prologis **(PLD, $94, 2.5%).** COVID-induced stay-at-home orders likely accelerated the shift toward internet shopping, says Kyle Sanders, a stock analyst at investment firm Edward Jones. That bodes well for Prologis, which owns and develops high-tech distribution facilities needed to store, track and ship the items you buy online at retailers such as Amazon.com, Home Depot and Walmart.

In February, Prologis acquired rival logistics landlord Liberty Property Trust for $13 billion, boosting the Prologis portfolio to 965 million square feet spread across 4,660 buildings. Strong demand among retailers for well-located warehouses has contributed to the firm's high occupancy rates (96%) and ability to consistently raise rents, says analyst Chris Kuiper at investment research firm CFRA. The REIT hiked its dividend 9.4% in March. ■

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Hot Properties

REITs WITH ROOM TO RUN

These real estate investment trusts stand out in a troubled crowd.

REIT (Symbol)	Price	Property type	1-year return	Yield
Alexandria Real Estate (ARE)	$159	Life science	7.5%	2.7%
American Tower Corp (AMT)	258	Wireless tower	23.9	1.7
Equinix Inc (EQIX)	677	Data center	36.4	1.6
Invitation Homes Inc (INVH)	28	Single-family home	4.7	2.2
Prologis Inc (PLD)	94	Industrial	21.9	2.5
S&P 500 INDEX			**7.8%**	**1.9%**

As of June 12. SOURCE: Morningstar Direct

ETF SPOTLIGHT

In the Game

Cash in on the video gaming craze with this fund.

VIDEO GAMES AREN'T JUST GAMES. THEY are also TV content, judging by the millions of people who watched some 1.75 billion hours of streamed video-gaming programming on Twitch, the live-stream platform for gamers, just in May alone. They're live events, too, with thousands of people showing up to watch top-level gamers face off in e-sports arenas. That makes video games big, big business. Consultant Research and Markets forecasts that the global video-game market will increase revenues at a 6.4% annualized rate between 2019 and 2024, when it will hit $179.1 billion in sales.

GLOBAL X VIDEO GAMES & ESPORTS ETF is one of a handful of funds that allow investors to cash in on that growth. HERO sports a tight portfolio of 40 firms involved in developing, publishing, distributing or streaming video games, producing related hardware, or operating e-sports leagues or teams. The fund weights holdings by market value, so the larger the stock, the more HERO invests in it. Gaming is global, and so is HERO; it has 71% of assets invested outside of the U.S.

The ETF will only invest in companies that derive at least 50% of their revenues from video game–related businesses. That means you won't see tech conglomerates such as Sony and Microsoft in the fund. You will see graphics chipmaker Nvidia, whose products power high-end gaming rigs; Chinese internet and video gaming company NetEase; and familiar Japanese powerhouse Nintendo. "If it's a leading company in the theme, we want to own that company," says Pedro Palandrani, research analyst at Global X ETFs. **KYLE WOODLEY**

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Global X Video Games & Esports ETF

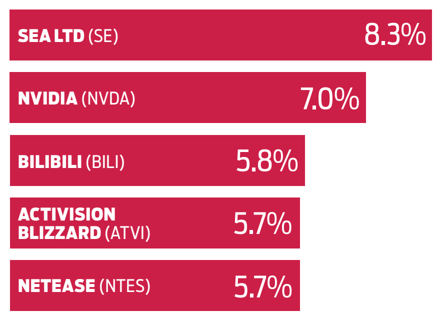
KEY FACTS

SYMBOL: HERO
RECENT PRICE: $21
ASSETS: $92.3 million
START DATE: October 25, 2019
STOCK HOLDINGS: 40
AVG. PRICE-EARNINGS RATIO: 23
AVG. MARKET VALUE: $13.5 billion

PERFORMANCE SINCE INCEPTION

TOP FIVE HOLDINGS

Represent 32.5% of assets

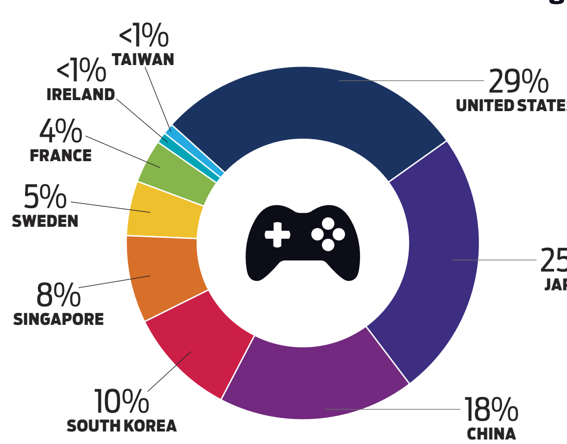


50%

REVENUES DERIVED FROM VIDEO GAMES AND RELATED OPERATIONS

The minimum required for inclusion in HERO.

COUNTRY BREAKDOWN: Worldwide Gaming



Video Game ETFs Ranked by year-to-date return

Rank/Fund	Symbol	Assets (millions)	Annualized total return* YTD	1 yr.	3 yrs.	Dividend yield	Expense ratio
1. Global X Video Games & Esports	HERO	$92	29.9%	—	—	—	0.50%
2. VanEck Vectors Video Gaming and eSports	ESPO	248	28.0	50.1%	—	0.18%	0.55
3. Wedbush ETFMG Video Game Tech	GAMR	91	19.5	26.8	10.5%	1.27	0.75
4. Roundhill BITKRAFT Esports & Digital Ent	NERD	18	17.3	21.8	—	—	0.25
S&P 500 INDEX			–5.0%	7.8%	10.0%		

All data as of June 12. *Assumes reinvestment of dividends and capital gains; three-year returns are annualized. —Not applicable; fund not in existence for the entire period and/or does not pay a dividend. Expense ratio is the percentage of assets claimed annually for operating a fund. SOURCES: Morningstar, Yahoo Finance, YCharts.

THE KIPLINGER DIVIDEND 15 UPDATE

Running Out of Gas

NONE OF THE MEMBERS OF THE KIPLINGER Dividend 15—the list of our favorite dividend-paying stocks—has cut or suspended its dividend this year. In most years, that wouldn't be news. But in response to the pandemic, more than 60 firms in the S&P 500 index have battened down the financial hatches by slashing or eliminating their payout. The Dividend 15 yield 3.4%, on average, well above the 1.9% yield of the S&P 500 and the paltry 0.7% from 10-year Treasury notes. (Prices, returns, yields and other data are as of June 12.)

Stocks on our list, like the broad market, tumbled in February, then rallied mostly back. In 2020, our picks have lost 6.5%, on average, compared with a 5.0% loss in the S&P 500. But amid plummeting fuel demand and sagging oil prices, energy stocks in the S&P 500 have surrendered an average of 32% in 2020. Among our energy picks, Enterprise Products Partners lost 29.7% and ExxonMobil, 30.1%.

Enterprise Products Partners charges other energy firms to transport and store oil, natural gas and other petrochemicals using its network of pipelines and oil facilities. Slowdowns in exploration and production have dinged profits. But Enterprise enjoys a diverse array of high-quality clients and produces ample cash to fund its payout. The firm pays 66% of excess cash as a distribution, well below the 90% threshold that would be concerning for a master limited partnership, says Brian Bollinger, president of research firm Simply Safe Dividends. It stays on our list.

But Exxon comes off. Oil prices have come up from their April lows, but the recent per-barrel price of $36 is still a losing proposition for ExxonMobil, and Wall Street analysts expect it to lose more than a dollar per share in 2020. If oil prices stay low, Exxon will have to borrow money and sell assets to maintain its payout, which CEO Darren Woods says the firm is committed to doing. Exxon held its dividend steady in April—the month when the firm has historically hiked its payout. Whether Exxon continues its 37-year streak of raising the dividend or merely holds it steady, we're concerned that a prolonged period of low oil prices could damage the firm's balance sheet and diminish future spending on growth projects. Investors who hold the shares strictly for income need not sell, and we acknowledge Exxon's juicy 7.4% yield. But the shares are no longer among our favorites given the uncertainty about energy prices.

Added to our lineup: **McDONALD'S (PRICE $189, YIELD 2.6%)**. The pandemic was hard on food-service firms, and the fast-food icon is likely to see steep declines in sales and earnings this year. But the firm looks positioned to outperform peers as the economy reopens, given the strength of its balance sheet and its ability to maintain customer demand during recessions because of its affordable meal offerings. Investors have long been able to rely on the Golden Arches for steadily increasing income, with McDonald's having raised its payout every year since 1976. **RYAN ERMEY**

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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)	$155	3.8%	$5.88	61	7.5%	–4.9%
Air Products & Chemicals (APD)	235	2.3	5.36	39	12.3	9.2
Emerson Electric (EMR)	61	3.3	2.00	63	1.3	0.9
Johnson & Johnson (JNJ)	142	2.8	4.04	58	6.1	3.2
McDonald's (MCD)	189	2.6	5.00	21	8.0	–5.4
Procter & Gamble (PG)	116	2.7	3.16	64	3.6	8.1
Walmart (WMT)	118	1.8	2.16	46	2.0	10.2
DIVIDEND GROWTH Companies in this category should continue a history of robust dividend increases.						
AbbVie (ABBV)	$92	5.1%	$4.72	7	18.3%	24.6%
Home Depot (HD)	242	2.5	6.00	11	20.5	25.0
Lockheed Martin (LMT)	384	2.5	9.60	17	9.9	13.3
Texas Instruments (TXN)	124	2.9	3.60	16	21.5	15.7
HIGH YIELD Companies in this category have a five-year average yield of 4% or more.						
Blackstone Group (BX)	$56	2.8%	$1.56	1	–15.2%	34.5%
Enterprise Product Ptnrs (EPD)	19	9.4	1.78	22	3.5	–29.5
Realty Income (O)	60	4.4	2.68	25	4.2	–13.9
Verizon Communications (VZ)	57	4.4	2.46	13	2.3	12.4
INDEX						
S&P 500 INDEX		**1.9%**	**$78.60‡**	**12**	**5.8%**	**7.8%**

As of June 12. *Annualized based on the most recent dividend. †Annualized. ‡The weighted sum of dividends paid by companies in the index. SOURCES: Company websites, Morningstar, S&P Dow Jones Indices, Yahoo Finance.

THE KIPLINGER 25 UPDATE

A Mid-Cap Fund With Big Gains

THE MANAGERS OF DF DENT MIDCAP GROWTH are back in the office after months of remote work. But the quarantine did not hold them back. Midcap Growth returned 13.2% over the past year—far better than the 1.6% loss in the Russell Mid Cap index. Some of the fund's best performers over the past year were software firms, including BlackLine (up 45%) and Ansys (up 37%). Shares in financial-services firm Moody's rose 41%.

A few holdings that lost ground were COVID casualties, in part. Insurance company Markel (down 12% over the past 12 months) suffered from its exposure to business-interruption claims filed because of the shutdown. The travel slowdown has hurt digital-commerce software provider Pros Holdings (down 32%); the airline industry is a key customer. Despite the declines, comanager Bruce Kennedy says he has "strong confidence" in these businesses.

Kennedy and his co-managers, Matthew Dent, Gary Mitchell and Thomas O'Neil, work to find 30 to 40 growing midsize businesses that generate large amounts of cash, dominate a niche in their industry, and have talented and ethical executives. They wait for a stock to trade at the right price relative to its expected risk-adjusted return before buying. "We're picky, and we do deep research," Kennedy says.

At the end of 2019, the fund's cash position rose to 5% of assets because there were "more names we wanted to sell than to buy," Kennedy says. When stock prices collapsed, the managers deployed that cash, as well as more cash raised by trimming stakes in a few top performers, into four new stocks: Heico, a seller of aftermarket aircraft parts; veterinary diagnostics company Idexx Laboratories; and software firms Atlassian and Coupa Software. Cash is now just 1% of assets.

In recent years, the fund has expanded its research bench and hired five analysts. "They've been instrumental in reducing the number of mistakes we make," says Kennedy. The fund has been on a torrid run of late. Over the past three years, Midcap Growth has returned 19.0% annualized, beating the 5.3% average annual return of the Russell Mid Cap index. **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	13.2%	13.9%	—	0.5%	0.98%
Dodge & Cox Stock	DODGX	–4.3	5.6	11.0%	3.8	0.52
Mairs & Power Growth	MPGFX	5.4	8.3	11.9	2.5	0.65
Parnassus Mid-Cap	PARMX	–4.6	7.1	11.2	1.7	0.99
T. Rowe Price Blue Chip Growth	TRBCX	17.6	15.0	17.0	0.6	0.69
T. Rowe Price Dividend Growth	PRDGX	3.2	9.8	12.7	2.5	0.62
T. Rowe Price QM US Sm-Cp Gro	PRDSX	1.6	7.6	13.7	0.9	0.79
T. Rowe Price Small-Cap Value	PRSVX	–10.3	4.6	9.0	2.3	0.83
Primecap Odyssey Growth	POGRX	3.7	9.3	13.2	1.7	0.65
Vanguard Equity-Income	VEIPX	–4.0	6.7	11.4	4.2	0.27
Wasatch Small Cap Value	WMCVX	–12.3	3.6	10.0	3.2	1.20

International Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
AMG TimesSquare Intl Sm-Cap	TCMPX	–0.3%	3.9%	—	2.6%	1.23%
Baron Emerging Markets	BEXFX	–1.3	2.2	—	2.1	1.35
Fidelity International Growth	FIGFX	8.5	6.0	9.2%	1.8	0.99
Oakmark International	OAKIX	–12.9	–2.0	4.7	6.0	0.98

Specialized/ Go-Anywhere Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Fidelity Select Health Care	FSPHX	25.6%	8.7%	18.4%	0.9%	0.70%
Vanguard Wellington‡	VWELX	5.6	7.3	9.5	3.1	0.25

Bond Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
DoubleLine Total Return Bond	DLTNX	3.8%	3.1%	5.0%	3.1%	0.73%
Fidelity Strategic Income	FADMX	3.1	—	—	3.7	0.68
Fidelity Interm Muni Income	FLTMX	3.4	3.2	3.4	1.6	0.35
Fidelity New Markets Income	FNMIX	–2.0	3.9	5.4	6.2	0.82
Met West Total Return Bond	MWTRX	9.6	4.1	4.7	1.6	0.67
TIAA-CREF Core Impact Bond	TSBRX	7.0	3.9	—	1.6	0.65
Vanguard High-Yield Corporate	VWEHX	2.8	4.6	6.6	5.1	0.23
Vanguard Sht-Trm Inv-Grade	VFSTX	4.9	2.9	2.7	1.6	0.20

Indexes	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield
S&P 500 INDEX	7.8%	10.0%	13.1%	1.8%
RUSSELL 2000 INDEX*	–7.3	3.3	9.4	1.6
MSCI EAFE INDEX†	–4.0	1.4	5.5	2.9
MSCI EMERGING MARKETS INDEX	–1.4	2.6	3.2	2.8
BLOOMBERG BARCLAYS AGG BND IDX#	9.4	4.3	3.9	1.3

As of June 12. ‡Open to new investors if purchased directly through the fund company. *Small-company U.S. stocks. †Foreign stocks. #High-grade U.S. bonds. —Fund not in existence for the entire period. SOURCES: Fund companies, FTSE Russell, Morningstar Inc., MSCI, S&P Dow Jones Indices. Yields listed are SEC yields for bond funds; weighted average portfolio yields for stock funds.

MUTUAL FUND SPOTLIGHT

Keeping the Lights On

This fund bets big on utilities with good growth prospects.

UTILITIES STOCKS CAN BE EASY to overlook. The sector accounts for just 3% of the S&P 500, and the stocks, even in hot markets, are lauded mostly for being Steady Eddies. "People buy utilities for defense and income," says Douglas Simmons, manager of **FIDELITY SELECT UTILITIES**. Historically, they've delivered. During the 2007–09 bear market, for instance, utilities in the S&P 500 lost an annualized 32.8%, compared with a 43% slide in the broad index. And over the past half-decade, utilities in the S&P 500 index sport an average yield of 3.4%—a percentage point higher than the five-year average for the broad-market benchmark. (Returns and other data are as of June 12.)

UTILITIES STOCK FUNDS

Ranked by one-year returns

Rank/Name	Symbol	Annualized total return 1 yr.	5 yrs.	Max. sales charge	Exp. ratio
1. Wells Fargo Util and Telecomms A	EVUAX	2.5%	9.6%	5.75%	1.14%
2. PGIM Jennison Utility A	PRUAX	1.8	6.8	5.50	0.84
3. Fidelity Telecom and Utilities	FIUIX	0.2	7.1	none	0.75
4. MFS Utilities A	MMUFX	–1.0	4.4	5.75	1.01
5. Franklin Utilities A	FKUQX	–2.4	—	3.75	0.83
6. Fidelity Select Utilities@	FSUTX	–3.1	8.5	none	0.75
7. ICON Utilities A	ICTVX	–5.2	8.5	5.75	1.47
8. American Century Utilities Inv	BULIX	–5.6	5.6	none	0.67
9. Rydex Utilities Inv	RYUIX	–6.7	7.6	none	1.47
10. Gabelli Utilities AAA	GABUX	–8.7	4.1	2.00r	1.37
CATEGORY AVERAGE		–2.7%	6.8%		

The defense hasn't been quite as stout this year. Amid COVID-19 market panic, the sell-off in utilities was slightly steeper than in the S&P 500, driven by investor fears of prolonged declines in commercial and industrial demand. Despite strong trends on the residential side of the business, utilities were slower to recover as the market rebounded. The S&P 500 Utilities index has lost 8.4% so far this year; the broader index is off 5.0%.

But utilities are well situated to get back on track as the world emerges from the pandemic, says Simmons. He favors firms that can increase earnings and dividends at a 7% to 8.5% annual rate, compared with the 5% long-term industry average. The fastest-growing utilities are expanding and updating their infrastructure to produce renewable energy, says Simmons. This requires favorable regulation from state and local commissions that oversee utilities' operations.

The portfolio holds a mix of best-in-class alternative energy players—such as NextEra Energy, based in Florida—and heretofore slow-growing firms whose regulatory landscape is poised to improve. Simmons says he added to positions in California utilities, such as San Diego–based Sempra Energy, in 2019, after the state passed ambitious updates to its renewable-energy goals.

The top 10 holdings in the 27-stock portfolio account for 72% of assets. Over time, big bets on favored names have paid off. The fund has beaten its average peer in eight of the past 10 calendar years and outpaced 83% of peers over the past decade.

RYAN ERMEY
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20 LARGEST STOCK AND BOND MUTUAL FUNDS

Ranked by size. See returns for thousands of funds at kiplinger.com/tools/fundfinder.

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	$715.1	6.5%	9.2%	none
2. Vanguard 500 Index Adm	VFIAX	379.2	7.7	9.9	none
3. Vanguard Total Intl Stock Idx Adm	VTIAX	376.1	–2.7	1.8	none
4. Fidelity 500 Index@	FXAIX	224.2	7.7	10.0	none
5. American Growth Fund of America A	AGTHX	199.6	15.8	11.7	5.75%
6. American Balanced A	ABALX	158.8	7.0	7.4	5.75
7. American EuroPacific Growth A	AEPGX	151.4	3.4	3.8	5.75
8. Fidelity Contrafund	FCNTX	117.9	16.0	13.0	none
9. American Washington Mutual A	AWSHX	117.1	1.2	8.3	5.75
10. American Income Fund of America A	AMECX	104.5	–0.2	4.8	5.75
S&P 500 INDEX			7.8%	10.0%	
MSCI EAFE INDEX			–4.0%	1.4%	

BOND MUTUAL FUNDS

Rank/Name	Symbol	Assets† (billions)	1-year total return	Current yield	Max. sales charge
1. Vanguard Total Bond Market Index Adm	VBTLX	$216.8	9.6%	1.4%	none
2. Vanguard Total Intl Bd Idx Adm	VTABX	116.9	4.7	0.5	none
3. Pimco Income A	PONAX	116.9	0.5	2.7	3.75%
4. Metropolitan West Total Return Bd M	MWTRX	84.3	9.6	1.6	none
5. Vanguard Interm-Term Tax-Ex Inv	VWITX	73.2	4.3	1.4	none
6. Pimco Total Return A	PTTAX	68.0	8.4	1.6	3.75
7. Dodge & Cox Income@	DODIX	63.2	8.9	2.9	none
8. Vanguard Short-Term Inv-Grade Inv	VFSTX	59.5	4.1	1.6	none
9. American Bond Fund of America A	ABNDX	57.7	10.6	1.2	3.75
10. PGIM Total Return Bond A	PDBAX	56.3	7.1	2.9	3.25
BLOOMBERG BARCLAYS US AGGREGATE BOND INDEX			9.4%	1.3%	
B OF A MERRILL LYNCH MUNICIPAL MASTER INDEX			4.3%	1.8%	

As of June 12. @Only share class. Unless otherwise indicated, funds come in multiple share classes; we list the share class that is best suited for individual investors. rMaximum redemption fee. †For all share classes combined. MSCI EAFE tracks stocks in developed foreign markets. SOURCES: Bank of America Merrill Lynch, Morningstar Inc., Vanguard.

The Best Bank for You

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

By Lisa Gerstner

TYPOGRAPHY BY THE LUMINOR SIGN CO.

If you're in the market for a new bank, your priorities may be shifting as the U.S. faces a recession and grapples with the continuing effects of the coronavirus pandemic. The interest paid on bank accounts has declined sharply since the Federal Reserve slashed short-term rates earlier this year. At the same time, the personal savings rate among consumers hit a record 33% in April, according to the U.S. Bureau of Economic Analysis, and bank deposits are on the rise.

Another change: Going to a branch is less than desirable when social distancing is the norm. Branch visits in many areas were down by 30% to 40% this spring, according to research firm Novantas, and many banks closed their lobbies or reduced hours to minimize the spread of COVID-19. Only 45% of customers expect to go back to their regular branch activities after social distancing ends, according to a Novantas survey. As Americans began receiving government stimulus checks in April, new registrations for bank mobile apps increased by about 200%, and bank app usage more than doubled at one point, according to financial-technology company FIS.

Whether you're on the hunt for a higher yield on your checking or savings account, aiming to do more of your banking online, or looking for a bank with branches nearby, you'll likely find an institution to suit your needs among our list of the best banks and credit unions, which we evaluated with the help of Informa Financial Intelligence, a financial research service. All of them offer mobile apps that allow you to deposit checks, review account balances and perform other banking activities on the go, and you can often open accounts online or over the phone.

To help you narrow the choices, we've divided our winners into several categories. We've awarded gold, silver and bronze medals to national banks, internet banks and credit unions. We've also named winners and runners-up among institutions best suited for high-net-worth families, retirees, and parents and kids. (For more on how we selected the top institutions, see the box on page 34.)

As you evaluate your options, keep in mind that account interest rates fluctuate regularly, so it's wise to check an institution's current yields before you commit. Rates listed here are as of mid June.

BEST NATIONAL BANKS

These big institutions have branches that stretch into various regions of the country, and they offer plenty of online and mobile tools, too. They also provide wealth-management and advisory services.

TD Bank

GOLD

Why it won: Whether you're looking for a basic, low-minimum account or one to suit students, seniors or travelers, TD Bank has you covered.
Standout account: BEYOND CHECKING comes with an alluring collection of perks, and it offers three ways to avoid the monthly fee.
Where it is: More than 1,200 branches in 15 states (and Washington, D.C.), stretching down the east side of the country from Maine to Florida. (Terms and rates listed here are for customers in Cherry Hill, N.J.)

▶ Year after year, TD Bank tops our list of the best national banks. Along with a strong selection of deposit accounts, TD offers extra touches that make the banking experience more inviting. Normally, most branches are open on Saturdays and Sundays and into the evening on weekdays, although hours have been reduced because of COVID-19 recently. The free lollipops and pens typically offered in the lobby may not appeal during a pandemic, but branches are putting out hand sanitizer and accommodating social distancing by offering virtual check-ins (allowing customers to wait in their cars until a bank representative is available) and installing plexiglass screens at teller stands and desks.

With TD's basic Convenience Checking account, you need to have a minimum balance of $100—a low threshold compared with those of many other major banks—to avoid a $15 monthly fee. For those age 17 to 23, the Convenience account is free, and so is the Simple Savings account.

If you can keep a checking balance of at least $2,500, you have monthly direct deposits of at least $5,000 or you maintain a $25,000 minimum balance for all your TD deposit accounts and loans (excluding credit cards), scale up to the Beyond Checking account. Perks include free standard checks, cashier's checks, money orders, stop payments, paper statements and transfers from a linked savings account to cover overdrafts. If you elect to have the bank pay overdrafts for you, you'll be reimbursed two overdraft fees ($35 each) per year, and you'll be refunded all fees for rush bill payments ($2 each) and one fee

Best for **HIGH-NET-WORTH FAMILIES**

These banks cut fees and load on benefits for customers who keep sizable amounts in deposit and investment accounts. Plus, they offer wealth-management services and access to branches for in-person service.

BEST: **CITIBANK**

Why it won: Citi caters to customers who can maintain hefty balances with a compelling premium checking account.
Standout account: For those who have at least $200,000 in linked deposit, retirement and investment accounts, the **CITIGOLD** package tucks in plenty of benefits.
Where it is: Almost 700 branches in 10 states, with core markets of Chicago, Los Angeles, New York City, Miami, San Francisco and Washington, D.C. Plus, Citi has more than 1,800 branches overseas. (Terms and rates are for New York City.)

▶ The Citigold premium checking package keeps shining, giving Citi a boost to the top of our high-net-worth-families ranking for four years running. Citigold customers get a bountiful assortment of freebies and discounts, including waived fees for standard checks, money orders, incoming wire transfers, stop payments, overdraft transfers and foreign transactions with your debit card. You are reimbursed for all out-of-network ATM fees worldwide and get preferred rates on deposit accounts and loans. (Citigold customers earn a 0.03% rate on checking and up to 0.15% on a savings account, depending on the balance. Citi's top CD rates include 0.45% on a three- or six-month term with a $500 minimum deposit.) If you have a Citi investment account, you'll pay no annual fee, and online or mobile equity trades are a discounted $2.95 each. Citigold members who use the Citi Prestige premium credit card ($495 annual fee) get a $145 statement credit each year. Citigold also comes with a dedicated banking team, including a relationship manager and a financial adviser. Analytics company J.D. Power recently ranked Citibank highest among banks for customer satisfaction with its advisory services.

Those who keep at least $1 million in linked accounts are eligible for Citigold Private Client, which comes with enhanced benefits such as additional wealth planning and investing services, higher daily limits for purchases, transfers and cash withdrawals (for example, Private Client customers can make up to $5,000 in ATM withdrawals per account each business day, compared with $2,000 for the standard Citigold package), and free domestic and international outgoing wire transfers.

Citigold offers refreshing perks that go beyond everyday banking needs, too. (Note that because of the pandemic, many of the following events and services may be temporarily unavailable.) At more than 100 Citigold lounges worldwide (attached to bank properties), members can kick back and enjoy free refreshments and Wi-Fi. The Culture Pass program provides invitation-only access to special events and private tours at museums and other venues, complimentary admission to institutions such as the Los Angeles County Museum of Art, and a 30% discount on performances at venues such as the New York Philharmonic. You'll also enjoy premium seating at certain sporting events (such as New York Mets games at Citi Field), seminars on the economy and financial markets, and private dining events. Currently, Citigold customers in a handful of states can get rebates of up to $200 a year on certain subscription services, including Amazon Prime, Costco memberships, Hulu, and TSA Precheck or Global Entry for expedited airport security screening; the program will reach Citigold customers nationwide in early 2021.

RUNNER-UP: **CHASE**

Why it won: Chase has varying levels of accounts and services for customers with big deposits and a widespread brick-and-mortar presence for those who prefer in-person attention.
Standout account: Keep at least $75,000 in deposit and investment accounts to avoid a monthly fee and get premium benefits with **SAPPHIRE CHECKING**.
Where it is: About 4,900 branches in 38 states, with many locations concentrated in the West, South, Midwest and Mid Atlantic. (Terms and rates are for Columbus, Ohio.)

▶ If you have $75,000 or more in deposits and investments, you may find appeal in Chase's Sapphire Checking account. You're refunded for out-of-network ATM fees both domestically and internationally, and you pay no fee for personal checks, cashier's checks, money orders, stop payments, wire transfers or foreign transactions with your debit card. Trades of stocks, exchange-traded funds and options are commission-free through online investment service You Invest Trade by J.P. Morgan. Sapphire customers pay no monthly fee on Chase's Premier Savings account, and they get a rate of 0.02% to 0.05%, depending on the balance, if they make at least five monthly transactions (including debit card purchases, ATM withdrawals and online transfers) with their checking account.

Those who keep at least $250,000 in personal and business deposit accounts as well as investment accounts qualify for Chase Private Client, which comes with assistance from a team of professionals, including a personal banker and investment adviser. Private Client services are available at about 3,300 Chase branches; Chase plans to offer it at all branches soon.

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THE BEST MAGAZINE FOR CURIOUS KIDS

monthly for an outgoing domestic or international wire transfer ($30 and $50 each, respectively).

Beyond Checking is a good choice for travelers, too: If you keep a $2,500 checking balance, you'll be reimbursed for withdrawal fees charged by operators of out-of-network ATMs—both in the U.S. and in foreign countries. Plus, TD charges no foreign-transaction fee to Beyond account holders who use their debit card abroad. TD also recently launched an online platform on which everyone (even noncustomers) can order more than 60 foreign currencies for pickup at bank locations, and some currencies are available for immediate exchange.

The basic Simple Savings account recently yielded 0.05%, and you have multiple ways to avoid the $5 monthly fee—one is to keep a $300 minimum balance. The Beyond Savings account rate ranges from 0.1% to 0.75%, depending on the balance, if you link it to an eligible TD active checking account or loan. Maintain a $20,000 minimum balance or link an eligible checking account (including Beyond Checking) to avoid a $15 monthly fee.

For information on TD's checking account for those 60 and older, as well as the bank's other savings and wealth-management options, see the "Best for Retirees" winner.

PNC Bank

SILVER

Why it won: Even PNC's basic checking account provides some perks, and the bank ties together checking and savings accounts with a program to help customers budget and save.

Standout account: The basic **VIRTUAL WALLET** account package comes with ATM fee reimbursements (up to certain limits) and offers relatively easy ways to avoid the monthly fee.

Where it is: About 2,400 branches in 21 states in the Midwest, South and Mid Atlantic, plus Washington, D.C. (Terms and rates listed here are for customers in Pittsburgh.)

▶ If you're looking for a big institution that integrates money-management tools into everyday banking, PNC is a good place to go. With its Virtual Wallet program, you get a primary "Spend" checking account for most of your transactions, a secondary "Reserve" checking account to hold money for short-term goals, and a "Growth" savings account for long-term goals. You can set up rules to have money automatically transferred from your Spend account to Reserve or Growth—say, each time you receive a paycheck. Other tools help you to see how much money you have left to spend after accounting for scheduled bills and to create budgets to track spending. If you open an account with PNC online, you're directed to the Virtual Wallet offerings. But to open a single checking account without the extras, you'll have to visit a branch.

The basic Virtual Wallet package waives the $7 monthly fee if you have a $500 average monthly minimum in your Spend and Reserve accounts or $500 in monthly direct deposits to Spend, and it's free for those 62 or older. Each month, the account reimburses up to two fees charged by PNC for using out-of-network ATMs and up to $5 in fees that other ATM operators charge to use their machines. The Performance Spend and Performance Select account packages through Virtual Wallet have bigger minimums to avoid monthly fees but offer more perks, such as higher ATM fee reimbursements, free cashier's checks and discounts on a safe-deposit box. College students can use a free Virtual Wallet account package, which comes with limited ATM fee reimbursements and a refund of the first overdraft or returned-item fee associated with the account.

Interest rates on PNC's savings accounts vary depending on the account package you have and whether you meet certain requirements. For example, with the Virtual Wallet With Performance Select package, you'll get a rate of 0.1% to 0.35% (depending on the balance) on your Growth savings account if you have $5,000 in monthly direct deposits to your Spend account or use your PNC debit or credit card for purchases at least five times monthly. Fixed Rate CDs require a $1,000 minimum deposit, and you could recently earn as much as 0.35% with a $25,000 deposit in a 13-month promotional CD.

PNC's wealth-management arm includes retirement, tax and other personal financial planning; investment management; and trust and estate services. Wealth-management clients get access to a personal banking adviser and other financial professionals.

KeyBank

BRONZE

Why it won: KeyBank covers the spectrum, offering a free checking account—a rare find among large institutions—and a broad selection of accounts

HOW WE CHOSE THE TOP FINANCIAL INSTITUTIONS

With data from Informa Financial Intelligence, as well as from financial institutions and other sources, we evaluated 17 national and large regional banks, 14 credit unions, and 14 internet banks (including online accounts from brokerage firms). 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, overdraft-protection transfers and other items; and online and mobile banking features, such as the availability of peer-to-peer payment services. // Informa Financial Intelligence (https://financialintelligence.informa.com) compiled the data as reported by the financial institutions that it tracks; the information is subject to change.

for those who can keep bigger balances.
Standout accounts: The **HASSLE-FREE** checking account has no monthly fee. For those who can keep big balances in linked accounts, **PRIVILEGE SELECT** checking is packed with perks.
Where it is: More than 1,100 branches in 15 states, sprinkled in the Northeast, Midwest and West. (Terms and rates are for customers in Cleveland.)
▶ No matter what size your bank account, you'll likely find a fit with KeyBank. The Hassle-Free checking account lives up to its name—it charges no monthly fee and no overdraft or non-sufficient funds fees. Check-writing is not available, but you can use the bill-payment feature to send money to almost anyone you'd typically pay by check. If you want more benefits, choose among several other checking options, which require varying account minimums to waive the monthly fee. At the high end, you'll typically need a minimum $100,000 balance in KeyBank deposit and investment accounts to avoid a $50 monthly fee, but you'll enjoy unlimited rebates of out-of-network ATM fees; free standard checks, cashier's checks and money orders; daily automatic sweeps of extra cash from checking into a savings account to maximize interest earnings; and access to financial-management services.

KeyBank's Active Saver account is free if you have a personal checking account with the bank, but the yield is a paltry 0.01%. You can get better rates with a money market deposit account. The Gold Money Market account, for example, waives the $18 monthly fee and offers a 0.25% rate if you have a balance of $25,000 or more and an active personal checking account with the bank. Among CDs, the 14-month promotional CD recently yielded 0.25% on up to $500,000 ($10,000 minimum deposit) for those who use certain eligible checking accounts. KeyBank's private bank, which requires a $1 million asset minimum, offers investment and financial-planning services and a checking account with premium benefits.

Best for **RETIREES**

Low or no minimum account balances, free checks and paper statements, and access to investment and advisory services make these banks attractive for retirees.

BEST: **TD BANK**

Why it won: TD has a large footprint of branches for in-person service and a strong checking account for those 60 and older.
Standout account: **60 PLUS CHECKING** folds in features that make sense for retirees.
Where it is: More than 1,200 branches in 15 states (and Washington, D.C.), stretching down the east side of the country from Maine to Florida. (Terms and rates listed here are for customers in Cherry Hill, N.J.)
▶ With a reasonable balance minimum of $250, you avoid a $10 monthly fee on the 60 Plus Checking account. Standard checks, cashier's checks, money orders and paper statements are free, and as with other TD personal checking accounts, you get a discount of 0.25 percentage point on a TD home equity or personal loan. If you're 62 or older, the Simple Savings account (0.05% yield) and the Growth Money Market (0.01% to 0.15% rate, depending on the balance, if you have a monthly transfer of at least $50 into the account) are free. For a higher yield, check out the TD Beyond Savings account (see details in the gold medalist entry in the "Best National Banks" section). Certificates of deposit have a low minimum of $250; recently, the three-month Promotional CD offered a 0.5% rate for those with an eligible personal checking account (longer terms had lower yields).

On the investment and wealth management side, you can use TD Ameritrade's brokerage services. (Keep in mind that investment options may change after Charles Schwab completes its buyout of TD Ameritrade.) With investable assets of at least $750,000, you're eligible for TD's private banking and retirement and wealth planning services, which come with a dedicated, local relationship manager.

RUNNER-UP: **CHARLES SCHWAB BANK**

Why it won: With an attractive checking account and high marks for customer satisfaction, the investment company's banking division is a good choice for retirees who don't mind managing their accounts online.
Standout account: **HIGH YIELD INVESTOR CHECKING** is free and comes with perks well suited for retirees—especially those who like to travel.
▶ Schwab's online High Yield Investor Checking account has no minimum balance requirement or monthly fee, personal checks and paper statements are free, and out-of-network ATM fees are reimbursed both in the U.S. and internationally. Plus, you'll be charged no foreign-exchange fee when you use your debit card to make purchases overseas, and the account yields 0.03%. To use the checking account, you must open a Schwab One brokerage account, but you don't have to keep a minimum balance or pay a monthly fee, and you can transfer money free between the accounts. For two years in a row, J.D. Power has ranked Charles Schwab Bank highest for overall customer satisfaction among internet banks.

Schwab also offers the High Yield Investor Savings account free with no minimum, and it yields 0.05%. As a major investment firm, Schwab has a range of wealth and advisory services, from a robo-advisory platform to assistance from a full-fledged wealth-management team.

BEST INTERNET BANKS

Thanks to smaller overhead costs, banks that operate primarily online usually offer higher interest rates and lower fees than brick-and-mortar institutions. And during a pandemic, their no-touch services are more attractive than ever.

Ally Bank

GOLD

Why it won: Ally provides a simple and attractive lineup of checking and savings options, with no monthly fees and no minimums required to open or maintain the accounts.

Standout accounts: INTEREST CHECKING offers 0.1% interest on balances of less than $15,000 or 0.5% on $15,000 or more. **ONLINE SAVINGS** yields 1.1% on all balances.

▶ Ally Bank is a familiar name in our rankings, topping the list of best internet banks each of the four years we've crowned winners. A consistently strong selection of deposit accounts with minimal fees and decent interest rates pushes Ally to the number-one slot, and the bank makes the most of its online platform.

Earlier this year, Ally introduced digital tools to its Online Savings account that help customers reach their savings goals. With the Buckets feature, you can dedicate funds to different goals—say, with one "bucket" to save for a vacation and another for holiday shopping. The Boosters tool helps you increase savings by arranging automated transfers into the account or allowing Ally to periodically analyze your linked checking account (studying cash flow, spending patterns, upcoming bills and other details) and transfer money that it deems available to your savings.

The Interest Checking account offers free access to more than 43,000 ATMs in the Allpoint network nationwide. Plus, Ally reimburses up to $10 monthly in out-of-network fees that other U.S. ATM operators charge. There's no fee for standard or expedited fund transfers, incoming domestic or international wires ($20 per outgoing domestic wire), cashier's checks, or overdraft transfers from a linked savings account.

Besides putting funds in the Online Savings account, savers have the option of using the bank's money market account, which recently yielded 0.5%. Ally also offers a variety of CDs, including the High Yield CD, with a 1.1% rate on a one-year term and 1.25% on a five-year term. The early-withdrawal penalty is relatively light—for example, you'll lose 60 days' worth of interest if you withdraw money early from a CD with a term of two years or less—but you can also choose a No-Penalty CD, with a 1.05% yield on an 11-month term.

TIAA Bank

SILVER

Why it won: TIAA guarantees competitive interest rates on its selection of free Yield Pledge deposit accounts.

Standout accounts: For the first year you're a customer, **YIELD PLEDGE CHECKING** has a 0.4% rate. The **YIELD PLEDGE CD** ($5,000 minimum) offers 1.05% for a one-year term and 1.6% for a five-year certificate.

▶ In 2017, investment and advisory company TIAA acquired online bank EverBank and rebranded it as TIAA Bank. The bank's no-fee Yield Pledge checking account, money market account and CDs come with an interesting twist: They promise that their interest rates will be among the top 5% of competitive accounts—by TIAA's definition, those are similar accounts from the country's 10 largest banks and thrifts in 10 large markets.

After a one-year introductory rate of 0.4% on balances of up to $250,000, Yield Pledge Checking offers an ongoing rate of 0.15% to 0.3%, depending on the balance. If you have less than $5,000 in the account, you get up to $15 reimbursed monthly in out-of-network ATM fees; for those with higher balances, refunds are unlimited. For purchases that you make with the debit card, you'll enjoy perks that often come only with credit cards: an extension of up to one year of manufacturer warranties, price protection (providing reimbursement of the difference if you find a lower price on an item that you purchased within the past 60 days), and return protection, which reimburses you if a retailer won't accept a return within 90 days of purchase. The Yield Pledge money market account has a 1.01% rate the first year (0.65% to 0.95% thereafter, depending on the balance).

TIAA also offers a basic checking and savings account, and each requires a $25 minimum balance to waive a $5 monthly fee; the savings account yields 0.75%. The basic CD


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requires a $1,000 minimum deposit and yields 0.9% on a one-year term and 1.45% on a five-year term.

Axos Bank

Why it won: Axos offers several flexible no-fee checking accounts, and the savings account has a competitive rate.
Standout accounts: **REWARDS CHECKING** yields 1.25% if you meet certain requirements. **HIGH YIELD SAVINGS** offers a 1.3% rate on all balances.

▶ You shouldn't have trouble finding a free checking account to fit your needs with Axos. If you have monthly direct deposits of $1,000 or more and make at least 15 debit card purchases per month (minimum $3 per transaction), you'll earn a healthy 1.25% on your balance with Rewards Checking. With CashBack checking, keep a $1,500 balance to get 1% back each time you make a purchase with your debit card and sign for the transaction (rather than enter a PIN). The no-frills Essential Checking pays no interest, but like Rewards and CashBack checking, it provides unlimited reimbursement of domestic out-of-network ATM fees. Axos also offers Golden Checking for those age 55 and older—with free personal checks, a 0.2% interest rate and $8 monthly in ATM fee reimbursements—and an account for teens (see the "Best for Parents and Kids" category).

The no-fee High Yield Savings account offers a 1.3% rate, and you can get an ATM card upon request. The High Yield Money Market yields 1.05% and requires an opening deposit of at least $1,000 (no ongoing balance minimum is required), but it comes with check writing and a debit card. Axos offers CDs with a $1,000 minimum, with rates hovering at 0.4% for both a one-year and five-year term.

BEST CREDIT UNI

Credit unions are not-for-profit institutions owned by their members, and the ones listed here offer membership to anyone in the U.S. These credit unions also participate in the CO-OP Shared Branch network, through which customers can get account services at any participating credit union branch.

Connexus Credit Union

Why it won: All of Connexus's checking and savings accounts are free, and some of them offer enticing interest rates, too.
Standout accounts: **XTRAORDINARY CHECKING** yields 1.75% if you meet certain activity requirements. Among CDs, a **ONE-YEAR CERTIFICATE** yields 1.01%, and a **FIVE-YEAR CD** has a 1.56% rate.
Where it is: 11 branches in Minnesota, New Hampshire, Ohio and Wisconsin.

▶ Connexus offers a solid set of free checking accounts. Xtraordinary Checking has a 1.75% rate on balances of up to $25,000 (0.25% on the portion higher than $25,000) and reimburses up to $25 monthly for out-of-network ATM surcharges in the U.S. if you receive electronic statements and either make at least 15 debit card purchases monthly or spend $400 or more each month with your debit card. Have a child between age 10 and 17? Steer him or her to Teen Checking, which earns 2% on a balance of up to $1,000 (0.25% on the portion higher than $1,000). If you want just the essentials, Innovative Checking does the job, with free access to more than 54,000 ATMs in the CO-OP and MoneyPass networks.

CDs require a $5,000 minimum, and the money market deposit account pays interest on deposits of at least $1,000. If you have an active checking account with Connexus, the money market rate ranges from 0.5% on balances between $1,000 and $10,000 to 1.15% on $100,000 or more. The savings account yields 0.25% on $100 or more.

Headquartered in Wausau, Wis., Connexus opens membership to anyone who makes a one-time, $5 donation to the Connexus Association and deposits $5 into a savings account.

Hiway Federal Credit Union

Why it won: A new high-interest checking account gives Hiway a boost, and the CDs pay pretty good rates.
Standout accounts: Meet activity requirements to get an impressive 2.22% rate with the free **HI YIELD CHECKING** account. A **ONE-YEAR CD** yields up to 1.1%, and a **FIVE-YEAR CD** up to 1.6%.
Where it is: Three branches in Minneapolis and St. Paul, Minn.

▶ Hiway Federal Credit Union opened in 1931 for employees of the Minnesota Department of Transportation. You can become a member by joining the Minnesota Recreation and Park Foundation with a $10 fee or the Association of the U.S. Army ($40 for a two-year membership). Members must also keep $5 in a savings account.

Hiway's Hi Yield Checking account offers a 2.22% yield on up to $25,000 to those who keep a $1,000 minimum balance (0.1% on the portion of the balance higher than $25,000), make 15 or more Hiway debit or credit card purchases monthly, and receive electronic statements. The Free Checking account is a good basic option, and Minnesota Wild checking is a fun choice for fans of the state's professional hockey team. The money market account yields up to 0.5%, and the savings account yields up to 0.15%. Recently, a five-year CD offered 1.4% with a balance of at least $500, and 1.6% with at least $25,000.

BRONZE

Bellco Credit Union

Why it won: Bellco offers a well-rounded group of checking accounts and a few savings options with decent yields.
Standout accounts: **BOOST INTEREST CHECKING** yields a remarkable 2.25%, and the **PREMIER MONEY MARKET ACCOUNT** has a 1.25% rate if you keep a substantial balance.
Where it is: 25 branches in Colorado, mainly in the Denver area.

▶ Bellco's free Boost Interest checking rewards customers with a 2.25% rate on balances of up to $25,000 if each month they make at least 15 debit card purchases, have a direct deposit, and log in to online or mobile banking at least once. Even if you don't meet those requirements, the account yields 0.05%. Platinum Checking waives the $12 monthly fee if you keep at least $15,000 in deposits and loans with Bellco, and it provides free standard checks, cashier's checks, money orders, wire transfers and overdraft transfers (it yields 0.03% to 0.15%, depending on the balance). Free Checking is best for customers who want a simple account.

Keep at least $50,000 in the Premier Money Market to earn a 1.25% rate (lower yields apply to smaller balances, and you must keep a $10,000 minimum balance to avoid a $10 monthly fee). The Youth Savings account yields 2% on up to $500 and 0.5% on higher balances. With a $500 minimum deposit, Bellco's one-year CD yields 0.95%, and a five-year CD has a 1.25% rate. (For details on how to join, see www.bellco.org.) ■

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Best for PARENTS AND KIDS

These banks offer dedicated accounts for children and teens, plus a host of great accounts for parents, too.

BEST: CAPITAL ONE 360

Why it won: Parents and their children both benefit from an appealing selection of no-fee, no-minimum accounts.
Standout accounts: The free **MONEY TEEN CHECKING** account has friendly features for kids age 8 to 17, and the free **KIDS SAVINGS** account offers a 0.5% yield.
Where it is: Accounts are internet-based, but for in-person service, Capital One has more than 450 branches in eight eastern and southern states, plus Washington, D.C.

▶ The Money Teen Checking account yields 0.1% and offers free access to more than 39,000 ATMs in the Capital One and Allpoint networks. Your kid gets a debit card (check-writing is unavailable), but as a joint owner, you can manage the account and receive alerts for each transaction. Your teen can also check the account balance, deposit checks and set up savings goals. Overdraft services aren't available, so if your child tries to make a debit card purchase with nonsufficient funds, it will generally be rejected (if a transaction causing the account to go negative does make it through, Capital One won't charge interest or a fee). With the Kids Savings account, children younger than 18 can deposit checks, set savings goals and monitor account balances.

For parents, 360 Checking yields 0.1% and provides free access to tens of thousands of ATMs. The 360 Performance Savings account yields 1% on any balance—and if you'd like your child to earn a higher interest rate than with Kids Savings, you can own the Performance account jointly with him or her. The no-minimum 360 CDs recently yielded 0.5% for a one-year term and 1% for a five-year term.

RUNNER-UP: AXOS BANK

Why it won: Axos, an internet bank, has a checking account for teens, and parents can choose from a range of no-fee accounts.
Standout account: **FIRST CHECKING**, for teens ages 13 to 17.

▶ If you have a teen younger than 18, you can open and manage the free First Checking account jointly with your kid with a deposit of $50 (no ongoing minimum). It yields 0.25% and offers up to $12 in out-of-network ATM fee reimbursements per month. First Checking has other features well suited to this age group: no overdraft fees (overdrafts will be declined, or money can be transferred free from a linked savings account); daily transactions limited to $100 for cash withdrawals and $500 for debit card purchases; and blacklisted purchases for teens with certain types of merchants—including bars, liquor stores and gambling establishments. Check-writing isn't available. (See more on Axos in the bronze medalist entry in the "Best Internet Banks" section.)

SAVINGS

Find the Best Money Market for You

THE TABLES AT RIGHT LIST two kinds of money market vehicles: money market *mutual funds* and money market *deposit accounts*. For those looking for a place to park cash, the difference is often a point of confusion. Banks and credit unions offer the deposit-account version, usually called a money market account, or MMDA. These accounts come without market risk and are protected by the Federal Deposit Insurance Corp. (see "Are Your Bank Deposits Insured?" June). The mutual fund version—often called a money market fund, or just money fund—holds such short-term investments as Treasury bills and other government securities, commercial paper, and certificates of deposit. Money market funds are low-risk—but they don't match the safety of money market accounts, and they are not FDIC-insured.

RATE UPDATES

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

Starved for yield. The Federal Reserve lopped short-term interest rates to near zero earlier this year, and in response, money-fund yields have fallen more quickly than those of money market accounts. "Yields on bank deposits tend to lag the Fed, and that's a benefit when rates are going down," says Peter Crane, president of Crane Data, which tracks money market funds. As shown in the tables, you could recently get as much as 0.6% on a taxable money fund, 0.32% on a tax-free fund and about 2% on a money market account. Taxable money market funds recently had an average 30-day compound yield of 0.09%, and tax-free funds yielded 0.05%, according to iMoneyNet. Money market account yields averaged 0.09% on balances of less than $100,000, according to the FDIC.

The decision of whether to use a money market fund or account largely boils down to the money's purpose. For emergency savings or other cash that needs to be safe and readily accessible from your bank, a money market account makes sense. Money that you may want to quickly move into the market—say, to scoop up stocks at low prices during a dip—is often best parked in a money market fund linked to the rest of your investment portfolio.

LISA GERSTNER
Lisa_Gerstner@kiplinger.com

TOP-YIELDING SAVINGS

Taxable Money Market Mutual Funds	30-day yield as of June 2	Minimum investment	Website (www.)
T Rowe Price Cash Res (TSCXX)	0.60%	$2,500	troweprice.com
Vanguard Prime MMF (VMMXX)	0.39	3,000	vanguard.com
Gabelli US Treas AAA (GABXX)	0.38	10,000	gabelli.com
Meeder Prime MMF (FFMXX)*	0.32	2,500	meederinvestment.com

Tax-Free Money Market Mutual Funds	30-day yield as of June 1	Tax eq. yield 24%/35% bracket	Minimum investment	Website (www.)
Vanguard Muni MMF (VMSXX)	0.32%	0.42%/0.49%	$3,000	vanguard.com
Fidelity Muni MMF (FTEXX)	0.08	0.11/0.12	1	fidelity.com
M Stanley T-F Daily Inc (DSTXX)*	0.05	0.07/0.08	5,000	morganstanley.com
BNY Mellon Ntl Muni (MOMXX)	0.04	0.05/0.06	10,000	bnymellon.com

Savings and Money Market Deposit Accounts	Annual yield as of June 12	Minimum amount	Website (www.)
Affinity Plus FCU (Minn.)&#	2.02%^	none	affinityplus.org
First Foundation Bank (Calif.)†	1.45	$1,000	firstfoundationinc.com
DollarSavingsDirect (N.Y.)†	1.40	none	dollarsavingsdirect.com
SFGI Direct (W.V.)†‡	1.36	500	sfgidirect.com

Certificates of Deposit 1-Year	Annual yield as of June 12	Minimum amount	Website (www.)
Lafayette FCU (Md.)&	1.61%	$500	lfcu.org
Pen Air FCU (Fla.)&	1.35	500	penair.org
Financial Partners CU (Calif.)&	1.35	1,000	fpcu.org
Marcus by Goldman Sachs (N.Y.)†**	1.30	500	marcus.com

Certificates of Deposit 5-Year	Annual yield as of June 12	Minimum amount	Website (www.)
Lafayette FCU (Md.)&	2.02%	$500	lfcu.org
Generations CU (Wash.)&	1.97	500	generationscreditunion.com
Georgia's Own CU (Ga.)&	1.90	500	georgiasown.org
Financial Partners CU (Calif.)&	1.85	1,000	fpcu.org

*Fund is waiving all or a portion of its expenses. &Must be a member; to become a member, see website. #Money market deposit account. ^Must receive electronic statements and have a $500 monthly direct deposit into an Affinity Plus deposit account. †Internet only. ‡CFG Bank offers a similar yield. **Georgia's Own CU and Signature FCU offer 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 12	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
Evansville Teachers FCU (Ind.)&	3.30	0–20,000	etfcu.org
Western Vista CU (Wyo.)&	3.25	0–15,000	wvista.com

*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 in CCU Visa credit card purchases. SOURCE: DepositAccounts.

YIELD BENCHMARKS

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	1.06	1.06	1.90
Six-month Treasury bills	0.18	0.16	2.20
Five-year Treasury notes	0.33	0.34	1.88
Ten-year Treasury notes	0.71	0.69	2.13

SOURCE FOR TREASURIES: U.S. Treasury

As of June 12, 2020.

- 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.

HEALTH CARE

HSAs Get Even Better

Workers have more options with flexible spending accounts, too. BY LISA GERSTNER

AS THE COUNTRY DEALT WITH THE FALLOUT from the coronavirus pandemic this spring, lawmakers and regulators scrambled to ease the pain of record job losses and other blows to Americans' pocketbooks and health. One result that has largely flown under the radar: Health savings accounts and flexible spending accounts, which offer a tax-advantaged way to save money for certain medical or dependent-care expenses, have become more generous. Some of the changes are temporary, but others have no expiration.

More expenses are covered. Thanks to the Coronavirus Aid, Relief and Economic Security (CARES) Act, you can use money from an HSA or a health care FSA to pay more expenses—and these changes are permanent. Over-the-counter drugs purchased January 1, 2020, or later are now HSA- and FSA-eligible without a prescription. Those include pain relievers, cough suppressants, antihistamines and other drugs that treat issues from heartburn to acne, says Shobin Uralil, cofounder and chief operating officer of Lively, an HSA provider. Feminine-hygiene products such as tampons, pads and menstrual cups are also qualifying expenses under the law.

Other new rules give a high-deductible health plan paired with an HSA the green light to cover certain expenses you incur as a result of the pandemic before you meet your deductible. One such expense is telehealth, through which patients and clinicians consult remotely over the phone or by using a video chat tool, such as FaceTime. Telehealth services have been on the rise now that social distancing is encouraged—and high-deductible plans with plan years that start on or before December 31, 2021, are permitted to cover the services even if you haven't reached your deductible. High-deductible plans may also pay for testing and treatment related to COVID-19 before you've reached your deductible. If a coronavirus vaccine becomes available, receiving one would be considered preventive care and may be excluded from your deductible, too.

A health savings account is a powerful tool to cover out-of-pocket medical expenses: Contributions are pretax (or tax-deductible, if your HSA is not employer-sponsored), the funds grow tax-deferred in the account, and withdrawals are tax-free for qualified medical expenses, without a time limit. An HSA is a smart way to save for medical expenses in retirement, too. The money in your account can grow over time through investments, and "it can be the best tax-sheltering account of them all," says Dennis Nolte, a certified financial planner in Winter Park, Fla.

If you had an HSA through an employer-sponsored plan and you lost

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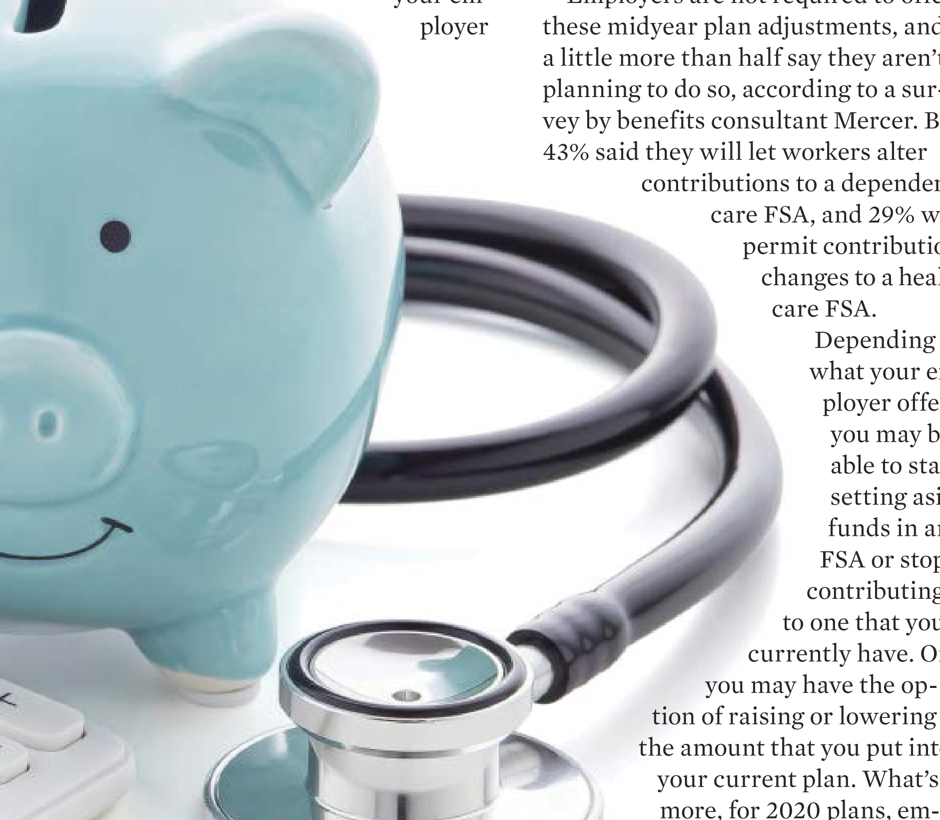
your job, the account is yours to keep, and you can still use the funds anytime, tax-free, for qualified medical expenses. Although health insurance premiums are typically not considered qualified medical expenses, there's an exception if you use withdrawals to pay premiums for COBRA coverage (which lets you continue employer-based insurance for up to 18 months after you leave your job) or to pay for other health insurance premiums if you're collecting unemployment benefits.

FSAs are even more flexible. FSAs allow employees to set aside pretax money for certain health care or dependent-care expenses, but they come with more limitations than HSAs. While you're employed, you have only until the end of your plan year to use the funds, or until March 15 if your employer offers a grace period. Alternatively, you may be permitted to roll up to $500 of your unused balance in a health care FSA to the following plan year. If you lose your job, you may have up to 90 days from termination (depending on your former employer's rules) to submit receipts for expenses you incurred while you were still employed. But you can't make claims for expenses incurred after you lost your job—unless you get COBRA continuation coverage for your FSA.

To help those who are dealing with pay cuts, fluctuating expenses or other unexpected effects of the pandemic, the IRS is allowing certain midyear changes to employee health insurance benefits and FSAs that are typically permitted only during open enrollment or when a worker has a qualifying life event, such as the birth of a child or a marriage.

Employers are not required to offer these midyear plan adjustments, and a little more than half say they aren't planning to do so, according to a survey by benefits consultant Mercer. But 43% said they will let workers alter contributions to a dependent-care FSA, and 29% will permit contribution changes to a health care FSA.



Depending on what your employer offers, you may be able to start setting aside funds in an FSA or stop contributing to one that you currently have. Or you may have the option of raising or lowering the amount that you put into your current plan. What's more, for 2020 plans, employers may increase the amount of unused funds that can be carried over to the following year to $550 (that does not apply to 2019 funds carried into 2020). Companies may also extend the grace period from March 15 until the end of the year. So an employer may, for example, let employees use funds from their 2019 FSAs through the end of 2020.

Money stashed in a dependent-care FSA may be used to pay for child or adult day care; a babysitter or nanny; preschool; before- and after-school programs; and summer day camp. The ability to modify contributions to these accounts midyear could be especially beneficial for parents who set aside funds in a dependent-care FSA but have had lower child-care expenses than expected during the pandemic—for example, because child-care centers were closed or a summer camp was canceled. The changes could also be a big help for those who are saving in a health care FSA—for example, because a planned medical procedure was delayed as a result of the pandemic. ■

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

KipTip

How Much You Can Save

The IRS imposes caps on the amount you can contribute to a health savings account or flexible spending account. For 2020, the HSA limit is $3,550 for self-only coverage or $7,100 for family coverage. In 2021, the HSA maximum contribution will be $3,600 for self-only coverage or $7,200 for a family. For both years, those age 55 or older at the end of the year can add an extra $1,000.

If you have a health care FSA, you can put in no more than $2,750 for 2020 (limits for 2021 have not yet been announced). In a dependent-care FSA, singles or married who file a joint tax return can stash a total of up to $5,000 ($2,500 if married filing separately).

RETIREMENT

Find a Great Place to Retire

Pensacola

THE FLORIDA PANHANDLE LOCALE OFFERS BEAUTIFUL BEACHES, AN ESCAPE FROM CROWDED CITIES AND A REFRESHINGLY LOW COST OF LIVING.

Our cities provide plenty of space to spread out without skimping on health care or other amenities. **BY STACY RAPACON AND SANDRA BLOCK**

CHOOSING A PLACE TO SPEND YOUR retirement years has never been easy, but these days, it's particularly challenging. The coronavirus pandemic has caused some retirees to rethink plans to move to urban or suburban walkable communities. But rural communities, while offering plenty of opportunities for social distancing, may not offer adequate health care—which is a priority for many retirees, particularly while COVID-19 infection rates are still high.

Some of these concerns could dissipate after a vaccine becomes widely available. But in the interim, it's a good idea to re-evaluate plans to move—especially if you are considering relocating to an urban area, says Bert Sperling, founder of Best Places (www.bestplaces.net), which ranks cities around the country on a variety of factors. "One of the reasons people are moving to those places is their vibrancy," he says. "If the restaurants are going away, if it's difficult to go to shows and museums, then what is the point?"

That doesn't mean it's too early to start thinking about where you'd like to retire, and, once you feel comfortable traveling, you'll probably want to test-drive some destinations. We've selected seven cities that offer a combination of good health care, low density, a modest cost of living and low to moderate taxes (see our methodology in the box on page 49). For example, the cost of living in Pensacola, Fla., is below the national average and there are three top-rated hospitals within an hour's drive or less. The beach is lovely, too.

Your own decision will be based on personal preferences, including the type of climate you favor, nearness to family and even your political views. But as you conduct your search, some factors should be at the top of your list, because they'll continue to play an important role in your retirement lifestyle long after the coronavirus threat has diminished.

Health care. The rapid growth of telehealth means you may be able to consult with specialists outside your community (see "Rx for Health Care," July), but there will still be times when you're going to need in-person visits and treatment. For both emergencies and planned surgeries, it's important to have a reputable hospital nearby. Having access to reliable health care is particularly important if you have preexisting medical issues, says Aaron Clarke, a certified financial planner in Ashburn, Va.

Our seven cities have at least one hospital within a 50-mile radius that has received a four- or five-star rating from the Centers for Medicare and Medicaid Services. The star ratings are based on numerous factors, including the rate of surgical infections, patient satisfaction and how quickly patients are treated.

You can use Medicare's "Hospital Compare" tool, available at Medicare.gov, to research hospitals in any city you're considering as a retirement destination. You can also find general information, such as the names and addresses of all hospitals in a particular area and the types of services they provide.

Consider the cost of health care, too. The average 65-year-old couple will spend $285,000 on out-of-pocket medical expenses over their retirement, according to Fidelity Investments, and those costs could vary depending on where you live. Life flights for emergency surgery could cost you thousands of dollars. Even for non-emergencies, traveling several hours to visit a doctor or hospital will drive up your out-of-pocket costs.

Cost of living. If you live in a high-cost city on one of the coasts, retiring to a part of the country where living costs are lower will make your retirement savings last longer.

All of our seven cities have lower-than-average expenses, based on the Council for Community and Economic Research's cost-of-living index. But it's still important to do your own research to get an idea of what your costs will be. How much will you spend on homeowners insurance, or other types of insurance if you live in a part of the country that's prone to natural disasters? What will you pay for electricity, water and other utilities? Or for personal services, such as housecleaning or lawn care?

If you haven't done it already, conduct a thorough inventory of your expenses in retirement, keeping in mind that your spending habits will change as you age (see "Plan Now to Retire Worry-Free," Feb.). Once you've estimated how much you'll spend on everything from groceries to pet care, you can estimate your own cost of living in a particular city.

Taxes. State taxes can take a big bite out of your savings, which is why states with no income tax, such as Florida and Tennessee, are popular with retirees. But don't focus solely on a state's income tax (or lack of one). High property and sales taxes can eat into your savings, too.

All of our cities are located in states that are rated tax-friendly or neutral by the Kiplinger State-by-State Guide to Taxes on Retirees, our annual ranking of all 50 states based on the tax situations they offer retired residents (kiplinger.com/links/retireetaxmap). Our analysis is based on the estimated state and local tax burden for a hypothetical retired

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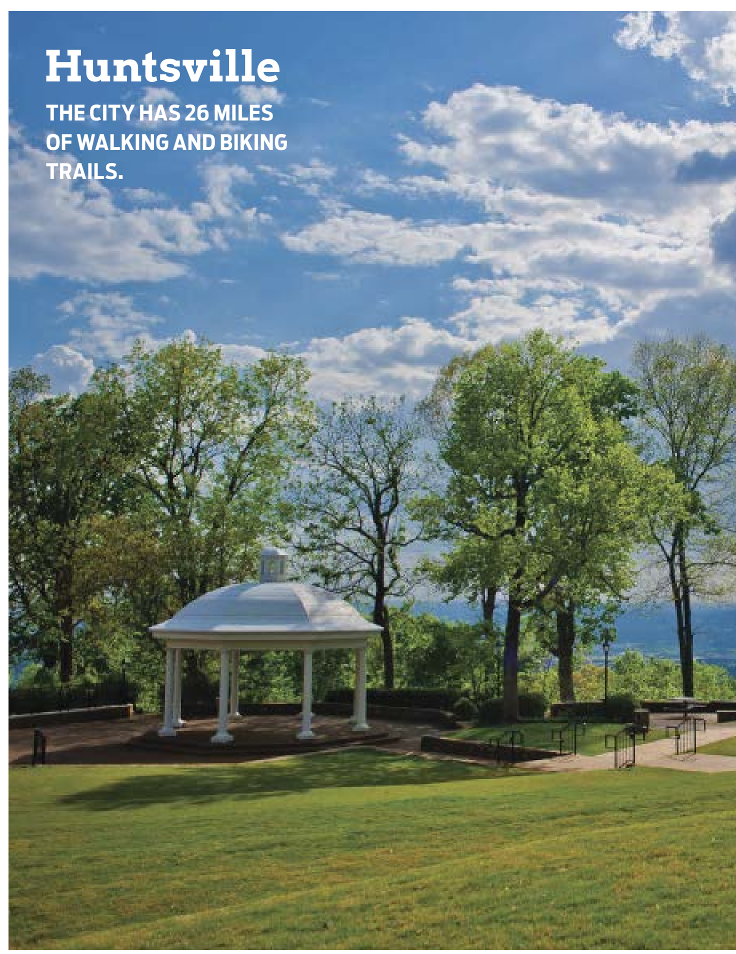

Huntsville

THE CITY HAS 26 MILES OF WALKING AND BIKING TRAILS.

couple with a mixture of income from Social Security, an IRA, a private pension, interest and dividends, and capital gains.

In an effort to attract and retain senior residents, several states have taken steps to ease taxes on retirees. But the pandemic-induced economic downturn has wreaked havoc on state budgets, so monitor the fiscal health of any state you're considering as your retirement home. Unlike the federal government, most states are required to balance their budgets. States are hopeful they'll receive federal aid to help close their budget gaps, but recovery could still take years. In the meantime, many states may be forced to raise taxes, cut services or both.

Proximity to family and friends. Until recently, frequent flights and affordable airfares for fliers with flexible schedules made it easy for seniors to hop on a plane for a visit with the grandkids. Now, though, many seniors are reluctant to fly, and the pandemic could compel airlines to make long-term structural changes—such as more space for passengers—that would raise the cost of tickets. Airlines are also expected to reduce the number of flights, at least in the near term, and some may go out of business. "If you're unable to fly for any reason, a one-hour flight becomes a seven- or eight-hour drive," says Brandon Opre, a certified financial planner in Huntersville, N.C.

Internet access. If you live in a big city, you may take fast and reliable internet service for granted. But in large swaths of the U.S., broadband is unreliable or nonexistent. BroadbandNow, a consumer website, estimates that 42 million Americans don't have access to broadband service. Even after a vaccine makes it safe to go shopping again, you're going to need the internet for everything from telehealth appointments to video chat meet-ups with the grandkids. In most of our seven cities, an above-average percentage of the population has a broadband subscription, according to data from the U.S. Census Bureau.

PENSACOLA, FLA.

Population: 52,975
Living costs for retirees: 2% below the national average
Median home value: $165,700
Number of 4- and 5-star hospitals within 50 miles: 3
Nearest airport: Pensacola International Airport

Of course, Florida. The Sunshine State is a quintessential U.S. retirement destination with 4.4 million residents who are age 65 or older—a whopping 20.5% of the state's total population—calling it home, according to the U.S. Census Bureau. The appeal is obvious: warm winters, beautiful beaches and tax advantages. Florida levies no state income tax, leaving Social Security benefits and other retirement income intact. Nor does it charge an estate or inheritance tax. Indeed, Florida consistently ranks among Kiplinger's most tax-friendly states for retirees.

Pensacola offers all those desirable Florida retirement attractions, plus affordability. The median home value is more than $25,000 lower than the $191,600 median in Clearwater, another retiree hotspot on Florida's west coast.

Beyond being budget-friendly, Pensacola has plenty to offer retirees. The Florida panhandle city's sugar-sand beaches provide the perfect setting for rest and relaxation or more active endeavors, from fishing and paddle boarding to snorkeling, scuba diving and even surfing. Downtown, you can stroll the streets

KipTip

TAKE A TEST-DRIVE

Bert Sperling, founder of Best Places (www.bestplaces.net), recalls chatting with a real estate agent in southern Oregon who sold the same home on the coast about once every five years. The home is spacious with ocean views, making it appealing to retirees from other parts of the country. But once the new owners move in, they discover that there are only two restaurants in the nearby small town. The nearest airport is three hours away, and it's a three- to four-hour drive to the closest hospital. Consequently, most retirees don't stay for more than a few years. "They say, 'This has been great—now we're going back to civilization,' " Sperling says.

To avoid buyer's remorse, rent an Airbnb for a few weeks and live within the area you're considering," says Lisa Ellis, a real estate agent in Durham, N.C. "Learn the roadways, parks, hospitals, restaurants, theaters and museums. That way, you can get a feel for the vibe without committing to housing right up front."

Keeping your options open is even more important now, when the post-pandemic future is so uncertain. Paul Irving, chairman of the Milken Institute's Center for the Future of Aging, isn't ready to give up on transit-friendly, walkable cities, particularly for seniors. "We're pack animals," he says. "We need human connections."

and enjoy a growing list of restaurants, shops, museums and art galleries, as well as Historic Pensacola, which includes 30 historic sites and living history exhibitions on nine acres.

Home to Naval Air Station Pensacola (and the iconic Blue Angels flight demonstration squadron), the area also has a strong military presence, which helps drive the local economy. Not surprisingly, more than 35,000 military retirees have chosen to settle in the greater Pensacola area, according to the Florida West Economic Development Alliance.

"I guess I could sum it up by saying there is something for everyone here," says Donna Jordan, a financial planner based in Pensacola who has been an area resident for more than 40 years.

The downside: hurricanes. Florida has been hit by six of the 10 costliest hurricanes in U.S. history, according to the Insurance Information Institute. And being on the Gulf Coast, Pensacola residents must always be prepared for the next one. Financially, that means paying more for homeowners insurance and any extra coverage, including for hurricane and flood damage.

HUNTSVILLE, ALA.

Population: 200,574
Living costs for retirees: 7.1% below the national average
Median home value: $176,100
Number of 4- and 5-star hospitals within 50 miles: 1
Nearest airport: Huntsville International Airport

Alabama offers retirees many of the same attractions as Florida: warm weather, beautiful beaches and tax advantages. The state does levy income taxes, but rates are low—ranging from 2% to 5%—and Social Security benefits and defined benefit plan payouts are exempt.

Huntsville is about 400 miles north of Alabama's Gulf coast beaches, but inland you can still find many ways to enjoy the outdoors. The city has a number of green spaces, such as Big Spring International Park and Fern Bell, and 26 miles of walking and biking trails. You can also head to Ditto Landing on the Tennessee River for fishing, boating, kayaking, canoeing and paddle boarding. Cultural attractions—including a historic downtown, top-quality museums, and a vibrant arts community—are plentiful in town, too.

The area's fiscal health and economic strength also help make it a solid choice as a retirement destination. Rattling off names of several major employers in aptly dubbed Rocket City, Mayor Tommy Battle notes that Blue Origin, Aerojet Rocketdyne, GE Aviation and Redstone Arsenal are all adding thousands more jobs to the area. "We have a growing economy, and I think we'll continue to grow over the next five to 10 years," he says.

The local health care system is another strength. Lincoln Medical Center in Fayetteville, Tenn., is the only four-star hospital within 50 miles of the city center, according to the Centers for Medicare and Medicaid Services. But 11 more four-star-rated hospitals are within a 100-mile radius of the city, and five-star Lakeland Community Hospital is about

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83 miles from Huntsville.

And while Huntsville Hospital only holds a two-star rating, it led the way in response to the novel coronavirus outbreak in the U.S. Along with Mayor Battle and other local leaders, hospital representatives held the area's first press conference on February 27, a couple weeks before Madison County, where Huntsville is located, confirmed its first case. In the following weeks, it created testing opportunities, opening a Flu and Fever Clinic, a drive-through testing site at John Hunt Park and a mobile testing unit to reach underserved areas, even checking the local homeless population.

"We got a little bit ahead of the coronavirus and were able to ask our population to stay safe, stay sanitized and stay separated," Battle says.

RALEIGH, N.C.

Population: 474,069
Living costs for retirees: 3.3% below the national average
Median home value: $236,700
Number of 4- and 5-star hospitals within 50 miles: 6
Nearest airport: RDU International Airport

North Carolina State University, Duke University and the University of North Carolina at Chapel Hill may form a triad of bitter sports rivals. But teaming up, they help form a strong economic base for North Carolina's Research Triangle of Raleigh, Durham and Chapel Hill. Moody's Analytics ranked both Raleigh and Durham separately among the top 10 U.S. cities best positioned to recover from the pandemic-induced economic slump.

One positive for the area, especially in light of the coronavirus outbreak, is its relatively low population density. The Triangle holds about 3,000 people per square mile—far less than, say, New York City's population of 27,547 people per square mile. Durham-based real estate broker Lisa Ellis notes that COVID-19 has done little to turn away home buyers from the Raleigh-Durham area. "If anything, it furthers their desire to live amongst more green space, open air and room to spread out," she says.

Median home values in all three cities are higher than the national median of $204,900. Among the trio, Durham sports the lowest median home value, at $207,900, while Chapel Hill has the highest median price, at $409,200. And Ellis says that prices are quickly going up, with homes in the area's active adult communities ranging from less than $400,000 to more than $600,000.

And it may be well worth it. On top of the economic stability and ample green space, the area enjoys easy access to quality health care facilities—also boosted by the university presence—as well as an abundance of educational, cultural and recreational opportunities. The Raleigh–Durham area markets "are perfect for retirees who want to downsize to typically one-level living and give up yard maintenance," Ellis says. Among the Triangle's growing number of active adult communities, she recommends checking out Carolina Arbors in Durham, Carolina Preserve in Cary, Fearrington Village in Pittsboro (near Chapel Hill) and Regency at Brier Creek Country Club in Raleigh.

KNOXVILLE, TENN.

Population: 187,603
Living costs for retirees: 16.3% below the national average
Median home value: $128,800
Number of 4- and 5-star hospitals within 50 miles: 2
Nearest airport: McGhee Tyson Airport

The Volunteer State is another tax-friendly choice for retirees. Like Florida, it charges no income tax, allowing your retirement income to stretch further. And though it currently taxes stock dividends and interest income from bonds and other investments, that tax is being phased out and should be gone by 2022.

Knoxville is among the cheapest metro areas in the U.S., according to CCER. And it boasts the lowest living costs for retired households among our seven cities. Housing costs for retirees are particularly low, at 30.6% below the $204,900 U.S. median (and 40.5% lower than the $216,500 median in Nashville). Median rent in Knoxville is $815, compared with $1,033 in Nashville and

OUR METHODOLOGY

To select our cities, we sifted through data on 212 U.S. metropolitan statistical areas. We sought out places with relatively low population density, low living costs for retirees and high rates of internet connectivity, as well as high median incomes and low poverty rates among residents who are age 65 and older. We also limited our search to states with retiree-friendly or neutral tax situations and to places near high-quality health care facilities.

Sources. Population data, incomes, poverty rates, internet-subscription rates and median home values are provided by the U.S. Census Bureau. Figures for living costs for retirees are based on the Council for Community and Economic Research's Cost of Living Index for Q1 2020. Hospital ratings are from the Centers for Medicare and Medicaid Services.

My Search for the Perfect Place to Retire

We home in on two places with less traffic and lower costs. BY ROBERT NIEDT

THIS ISN'T ABOUT YOU, Northern Virginia. On second thought, maybe it is. We must be going. Not right now, but when we retire.

My wife and I have found a lot to like about our bedroom community near Washington, D.C. Access to the best of the arts, the soulful vibe of the city, professional sports and the historical sites make my heart sing. Point the car west and we can be in the foothills of the Blue Ridge mountains in 45 minutes, or on Skyline Drive in Shenandoah National Park in not much longer.

But as we approach retirement, we have to look at whether it makes financial or lifestyle sense to continue living in busy Northern Virginia after we retire. For us, it just doesn't. In pre-pandemic times, traffic was always nightmarish—and, due to construction of even more federal government buildings a mile from our house, it was getting worse. Plus, the cost of living here is high.

After I mentioned in an earlier column about our plans to leave this area in retirement, reader Denis Symes of Fort Collins, Colo., warned me that I might regret it. He and his wife retired and moved from Northern Virginia to Fort Collins to be close to grandchildren. "We've never lived in a small rural town before and deeply miss Virginia and the cultural attractions in the D.C. area," Symes wrote. "Yes, the cost of living and housing are much less, but the absence of a metropolitan area is deeply missed; lower costs don't make up for this. I've met other retirees here who feel the same way."

We've been scouting potential retirement regions for a few years, and we're keeping metro access top of mind. Two areas are making the cut: the Shenandoah Valley of Virginia (close to D.C. but worlds away) and the Lowcountry region of South Carolina, close to Myrtle Beach. In both cases—and to a greater extent in South Carolina—housing and taxes, among other things, are less expensive than in Northern Virginia.

According to the Kiplinger State-by-State Guide to Taxes on Retirees, Virginia ranks as a tax-friendly state for retirees. Residents 65 and older can deduct up to $12,000 per person of retirement income, subject to income-eligibility limits. Property taxes in Virginia are modest, and sales taxes are low. And there are no inheritance or estate taxes. And yes, we're already living in Virginia, but other parts of the state have a lower cost of living.

South Carolina is ranked as one of the most tax-friendly states for retirees. Taxpayers age 65 and older can exclude up to $10,000 of retirement income (up to $3,000 for taxpayers younger than 65). Seniors can also deduct $15,000 from other taxable income ($30,000 for joint filers). The first $50,000 in value of a senior's home is exempt from local property taxes. And property taxes overall are the fourth-lowest in the nation. (You can see how each state taxes retirees and compare up

ILLUSTRATION BY KOTRYNA ZUKAUSKAITE

to five states at kiplinger.com/links/retireetaxmap.)

Historic Staunton. The reason for our first visit to Staunton, Va., in the Shenandoah Valley, was a weekend outdoor art festival in a downtown park, where we were quickly corrected on the pronunciation of the town's name. The city's name is pronounced *Stanton* and always has been, even back in its 19th-century heyday as a busy railroad hub (the pre–Civil War buildings are testimony to the fact that Staunton was spared from severe damage during the conflict). Staunton has six connected historic districts, all listed on the National Register of Historic Places.

The historic Main Street and its downtown arteries are chock-full of independent gift shops, bookstores, art studios and galleries, and artisans. Restaurants and breweries, along with the retail and art studios, are housed in one historic building after another.

Woodrow Wilson grew up here, and Wilson's Presidential Museum and Library is one of the attractions. Fan out further into the Shenandoah Valley and you'll find plenty of other historical sites and towns, including another of our favorites, Lexington. Charlottesville and Thomas Jefferson's Monticello are about an hour away back across the mountains, too.

The American Shakespeare Center offers productions year-round. Should we land in Staunton, I fully intend to volunteer or somehow be a part of it and finally put my college theater degree to work after all these years. There's also the Heifetz International Music Institute summer festival, events at the city's Mary Baldwin College, the Staunton Music Festival and the Virginia Hot Glass Festival. Nearby, events abound at the Frontier Culture Museum.

Staunton's hub location also makes it a launching pad for outdoor adventures on the Shenandoah River and in the Blue Ridge and Appalachian mountains.

Lowcountry charm. Pulling up roots from your longtime home may mean leaving behind your grown children, grandchildren and friends. It's why many retirees—particularly northerners escaping the harsher weather—become "halfbacks." They move to the Deep South, tire of the missed connections, and end up moving halfway back north toward their former home, family and friends.

The Carolinas are popular halfback states. And for us, one of the appeals of South Carolina is the climate: It's not as hot in the summer as Florida and Georgia, two popular states for retirees.

Should we decide to make South Carolina our retirement destination, we won't be alone in our journey, because we've had several friends move there recently. And according to the U.S. Census Bureau, about 17% of the state's population of 5.1 million are age 65 or older. For the past several years, South Carolina has seen about 63,000 people move there annually.

Our South Carolina destination of choice right now is Myrtle Beach, but anywhere in the Lowcountry is game. We like the proximity to the beaches, as well as to friends who live in the area. Myrtle Beach is a big enough city that we would have access to excellent health services, multiple entertainment options, several supermarket chains offering good options and, high on the list, Costco. Make that Costcos—with attached liquor stores, because that's how South Carolina rolls.

Another plus for that region is its proximity to even bigger cities and resort destinations. One of my favorites, Charleston, is a couple of hours away from the Myrtle Beach area. Savannah, Ga., another city I like a lot, is just about four hours away.

For many retirees, the lure of the Myrtle Beach area is its reputation as a top golf destination, with about 80 private, semiprivate and public golf courses. It's not my game at this point (perhaps someone can teach this lefty), but another type of golf is: Miniature golf, which is also a very big deal in Myrtle Beach, is my jam. Perhaps I should pack clubs. (They do sell miniature-golf club sets, don't they?)

In making frequent week- and weekend-long ventures to Staunton as well as Myrtle Beach, we're following Kiplinger's advice. Our list of "16 Retirement Mistakes You Will Regret Forever" (see kiplinger.com/kpf/regret) includes "relocating on a whim." You can get a taste for a place in a one-week visit, but ideally, if you can swing a month (and go at different times of the year), that's even better. Airbnb and Vrbo offer less-expensive options than a month at a hotel.

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$1,023 in the U.S., according to the Census Bureau.

Still, the city is rich in attractions and activities to fill your retirement years. With its proximity to the Great Smoky Mountains and 85 miles of paved greenways in town, Knoxville offers an abundance of outdoor recreation opportunities, including hiking, biking and rock climbing. The many area lakes, streams and other nearby blue spaces, including the Tennessee River running through downtown, provide nice spots for fishing, kayaking, paddle boarding and even white-water rafting. The local music and arts scene is also thriving. And the University of Tennessee helps enhance the cultural attractions and support the economy.

WEST LAFAYETTE, IND.

Population: 50,996
Living costs for retirees: 9.9% below the national average*
Median home value: $217,300
Number of 4- and 5-star hospitals within 50 miles: 7
Nearest airport: Indianapolis International Airport

**Cost of living data is for the metropolitan statistical area that includes Lafayette and West Lafayette.*

Home to Purdue University, West Lafayette offers all the amenities retirees typically love in a nice college town: exciting sporting events, excellent health care facilities and a vibrant social and cultural scene. The college even offers its own airport, though it does not currently serve commercial flights—you'll still have to head about 75 miles southeast to Indianapolis International Airport for conventional air service.

The downtown area spans from the edge of Purdue University in West Lafayette across the Wabash River and into Lafayette. There, you can enjoy an array of restaurants, shops, art galleries, museums and theaters. The Wabash Riverfront District—one of three downtown districts—is particularly lively. Attractions include the John Myers Pedestrian Bridge, the outdoor Riehle Plaza and the 20-acre Tapawingo Park, which offers access to ice skating, fishing and the 13-mile Wabash Heritage Trail. The river district also hosts a number of annual festivals, such as the Wabash Riverfest (which includes a 5K run/walk and the voyageur canoe race), the Art on the Wabash festival and Beers Across the Wabash, a local craft-beer tasting event.

Two of the seven four-star hospitals in the area are members of the Indiana University Health system. (The IU School of Medicine has a campus at Purdue.) Both are about 30 miles from West Lafayette's city center—one in Frankfort and the other in Monticello. Within 100 miles of the city, you have even more high-quality health care options: a total of 26 four-star hospitals and six five-star hospitals. St. Vincent Carmel Hospital is the closest five-star choice, about 63 miles away.

COLUMBIA, MO.

Population: 123,195
Living costs for retirees: 8.2% below the national average
Median home value: $185,700
Number of 4- and 5-star hospitals within 50 miles: 2
Nearest airport: Columbia Regional Airport

Columbia's three institutions of higher education—the University of Missouri, Columbia College and Stephens College—provide

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West Lafayette
THE RIVER DISTRICT HOSTS A NUMBER OF FESTIVALS.

Columbia
DOWNTOWN FEATURES MORE THAN 70 BARS AND RESTAURANTS.

the city with a solid economic base and a steady stream of educational, cultural and social activities for the entire community. Sandwiched between their campuses is the 50-square-block area of downtown Columbia, dubbed The District, where you can enjoy more than 70 bars and restaurants, 110 shops and an array of art galleries, concert venues and theaters.

More fitness-focused retirees may prefer to take advantage of the city's 72 parks on 3,397 acres, 58 miles of trails and 11 indoor recreation facilities. The Parks and Rec department also offers a program for resident who are age 50 and older to participate in classes, tours and other events. Membership costs $25 a year. Or you can upgrade to a $40 membership and get access to book talks, seminars and clubs offered by the University of Missouri's Osher Lifelong Learning Institute.

Mizzou also brings to town MU Health Care's University Hospital. The Centers for Medicare and Medicaid Services gives it only two stars, but it might deserve some bonus points for housing central Missouri's only Acute Care for Elders unit. This approach to care is specifically designed to help older adults maintain their independence even as they cope with illness, hospitalization and recovery. If you prefer a higher-rated facility, five-star Boone Hospital Center is also right in town.

OKLAHOMA CITY, OKLA.

Population: 655,057
Living costs for retirees: 12.9% below the national average
Median home value: $153,700
Number of 4- and 5-star hospitals within 50 miles: 7
Nearest airport: Will Rogers World Airport

Oklahoma City
ACTIVE RETIREES CAN ENJOY KAYAKING OR CANOEING ON THE OKLAHOMA RIVER .

Oklahoma City dubs itself the Modern Frontier, a place that celebrates both its Native American and Wild West roots and its current big-city status. Honoring its history, the state capital is home to the Oklahoma History Center and the National Cowboy and Western Heritage Museum, as well as the annual Chuck Wagon Festival (a family-friendly two-day event that includes trying chuck wagon food samples, butter-making and Western re-enactors) and Red Earth Events, featuring American Indian arts and culture.

Revitalization efforts over the past several years have helped refresh the city and its seven distinct downtown districts. The Arts District houses the Civic Center Music Hall, Oklahoma City Museum of Art and other cultural attractions. The Bricktown Entertainment District has a variety of restaurants and nightlife venues. And just south of there, the Boathouse District, along the Oklahoma River, offers opportunities for canoeing, kayaking and paddle boarding, as well as more than 13 miles of paved trails for walking, running and biking. It's even home to a U.S. Olympic and Paralympic Training Site for rowing (a bonus benefit, just in case your encore career is Olympic athlete).

One city project—the development of Senior Health and Wellness Centers—specifically aims to serve older residents. Two centers have already opened in different locations of the city, and two more are slated for completion in 2021 and 2022. All will provide social and recreational settings for adults age 50 and older to promote and support a healthy and active lifestyle. ■

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PRACTICAL PORTFOLIO | Ryan Ermey

Understand the Major Indexes

"The market" has many proxies, but there are important differences among them.

HOW'S THE STOCK MARKET DOING? Whether you track the market from the opening bell to the close or you get most of your financial news a day late, for any given weekday you're likely to see three measures of the market from three market barometers: the Dow Jones industrial average, the Nasdaq Composite index and the S&P 500. For long periods, they tend to provide a similar sense of where things are headed: Over the past 15 years, the Dow had a 97% correlation (a measure of how similarly assets move) with the S&P, meaning that the two indexes tended to rise and fall in lock step. The Nasdaq's correlation to the S&P: 95%.

But lately, the market's three most prominent yardsticks have been giving vastly different answers to investors' fundamental question. In a wildly up-and-down year for stocks, the S&P 500 has lost 5.0% in 2020. The Dow has surrendered 9.2%. But the Nasdaq recently recorded an all-time high, and has returned 7.4% on the year. (Returns and other data are as of June 12.)

For investors to gauge how the stock market is behaving, it's essential to understand the index they're tracking, says Ben Johnson, director of exchange-traded fund research at Morningstar. "Each index is a unique snowflake. They come with different origins, universes of stocks and weightings. Some are rigidly rules-based with transparently quantitative criteria, and in other cases there's a bit more subjectivity," he says.

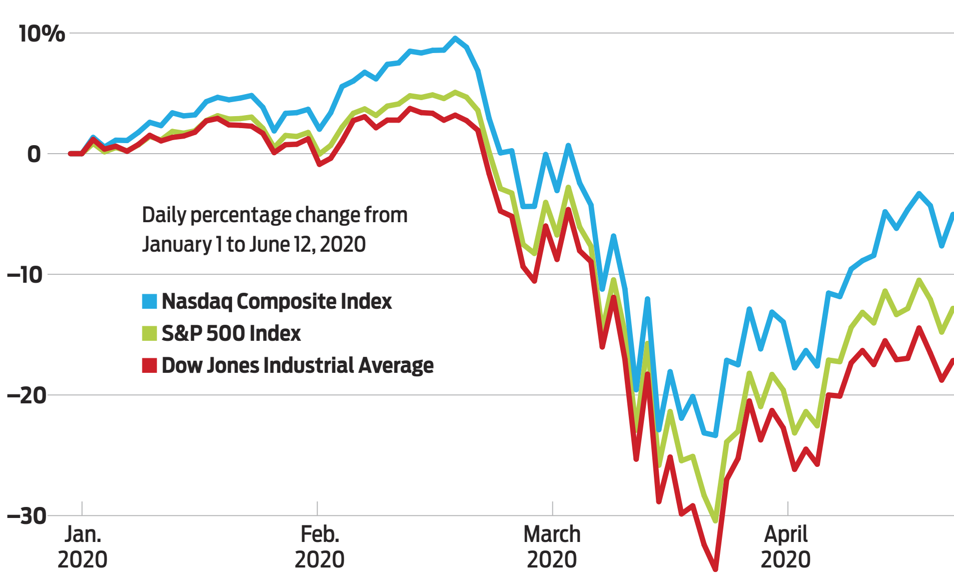
This becomes especially important if you're investing in an ETF or mutual fund that tracks an index—investments that now claim more investor dollars than actively managed funds. "If you're considering an index fund, you should do just as much due diligence on the index construction as you would to assess an active manager," Johnson says. Here's a look under the hood of three of the most widely quoted market measures.

Dow Jones industrial average. The granddaddy of all indexes, the Dow debuted in 1896 and still carries some old-school features. The index holds only 30 stocks, and factors such as company reputation and investor interest count significantly in selecting them (in contrast to the predominantly quantitative criteria that govern inclusion for other indexes). The Dow has larger allocations to industrial, financial and energy sectors than the other two indexes, which helps explains its subpar performance so far in 2020. Boeing, among the top 10 names in

Benchmarks

Finding Their Own Paths

The often-quoted indexes below are popular gauges of the U.S. stock market. Although they track each other over time, different methodologies can lead to variations in returns .

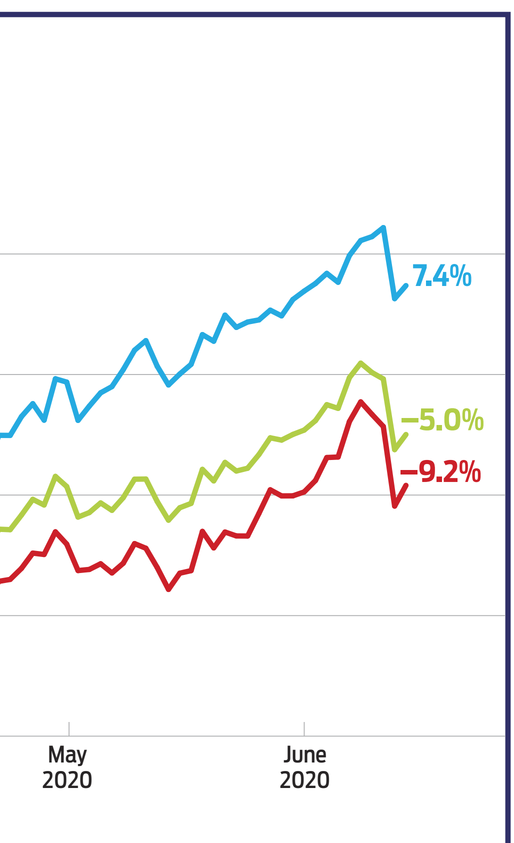


As of June 12. SOURCE: YCharts

the index, has shed 41.5% this year.

Instead of weighting stocks by market capitalization (stock price times shares outstanding), the Dow weights constituents by share price, allocating more assets to higher-priced names, regardless of the number of shares outstanding. That has led the index keepers at S&P Dow Jones Indices and the *Wall Street Journal* to shy away from including stocks with ultra-high share prices, such as Alphabet and Amazon.com—prominent members of other indexes that have recently helped propel returns. Given the small number of stocks in the index, a high-priced name can have a disproportionate effect on performance.

But the Dow still has its fans, and for good reason. Over the past 15 years, the index's 8.9% annualized return edges the S&P 500. The Dow's blue-chip stocks held up better than the S&P and the Nasdaq during the 2007–09 bear market, and the Dow sports a 2.4% dividend yield—the highest of the three indexes.



Investors looking for Dow exposure can try **SPDR DOW JONES INDUSTRIAL AVERAGE ETF TRUST** (SYMBOL DIA, PRICE $257), which tracks the index; income seekers should consider the **INVESCO DOW JONES INDUSTRIAL AVERAGE DIVIDEND ETF** (DJD, $34), which holds Dow dividend payers weighted by yield.

Nasdaq Composite. This well-populated index tracks about 2,700 stocks that trade exclusively on the Nasdaq exchange, the first fully electronic stock exchange. The benchmark tilts toward fast-growing businesses—particularly tech stocks (currently 40% of the index), but also communications, consumer and biotech names—which has fueled the push to new highs. The index is market-cap-weighted, which means widely held, high-priced shares dominate, making it top-heavy with tech behemoths. The Nasdaq's top five stocks—Microsoft, Apple, Amazon .com, Facebook and Alphabet—represent 39% of the index.

Over the past 15 years, the Nasdaq, although highly correlated with the other headline indexes, has returned an annualized 11.9%, more than three percentage points more than the Dow and S&P 500. Of course, when tech flames out, so does the Nasdaq. During the 2000–02 bear market following the dot-com bubble, the price of the index sank by 78%, compared with 49% for the S&P and 34% for the Dow.

Fidelity offers two funds that replicate the Nasdaq: **FIDELITY NASDAQ COMPOSITE INDEX FUND** (FNCMX), which charges 0.36% of assets in expenses, and **FIDELITY NASDAQ COMPOSITE INDEX TRACKING STOCK** (ONEQ, $374), an ETF with an expense ratio of 0.21%. Investors looking for a more concentrated play on big tech might like **INVESCO QQQ TRUST** (QQQ, $236). The ETF mirrors the Nasdaq-100 index, which includes the 100 largest non-financial stocks in the composite index by market cap.

S&P 500. Actually composed of 505 of the largest U.S. stocks by market cap, the S&P 500 is meant to provide a "true barometer of the U.S. economy and equity market," says Aye Soe, of S&P Dow Jones Indices. The index covers 80% of the U.S. stock market by capitalization. Though it sports the same top five holdings as the Nasdaq, they make up a more modest 21% of the S&P's assets. Still, at 23% of the index, tech is the best-represented sector. "The history of the index shows us that it reflects the point in U.S. economic history we're in. Big tech has seeped into the way we live our lives, and the index reflects that," says Soe.

Because of its more diversified approach to tracking the U.S. stock market and relatively transparent methodology, the S&P 500 is widely used as a bogey for mutual funds, and it is *Kiplinger's* preferred proxy for the broad U.S. stock market. Several funds and ETFs replicate the index. Our favorite: **ISHARES S&P 500 INDEX** (IVV, $304), a member of the Kiplinger ETF 20 (our favorite ETFs), which charges just 0.04% in expenses. For a less top-heavy version of the index, consider **INVESCO S&P 500 EQUAL WEIGHT ETF** (RSP, $102), which, as the name implies, tracks a version of the S&P that assigns equal weighting to all 505 stocks, from Apple to Zoetis. The fund, which has outpaced the S&P since the market bottomed in March, has an expense ratio of 0.20%.

The whole ball of wax. For the most neutral representation of the entire U.S. stock market, Morningstar's Johnson recommends investing in a fund that tracks a total-market index, such as the S&P 1500 or the Russell 3000. The Wilshire 5000 Total Market index has long been considered a broad-market benchmark, though it has shrunk to fewer than 3,500 stocks over the years. **VANGUARD TOTAL STOCK MARKET ETF** (VTI, $154) tracks the CRSP Total Stock Market index, a market-cap-weighted index that folds in large-, midsize- and small-company stocks. One of the ETF 20, it charges 0.03% in expenses. ■

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MILLENNIAL MONEY | EMMA PATCH

Class of COVID-19

Though most recent graduates aren't technically millennials, both Gen Zers and millennials who are new to the job market face unprecedented challenges in 2020. Hiring has picked up as the economy reopens, but even so, the class of 2020 is entering one of the most depressed job markets in decades.

I was hired as a staff writer at Kiplinger in March, just weeks after I graduated from Middlebury College (full confession: I am a member of Gen Z, not the millennial cohort). As an employed recent graduate, I feel very fortunate. But I can't say the same for many of my friends. Much of the tried-and-true advice for job seekers no longer applies. You can't, for example, stack your calendar with networking coffee chats and obey social distancing guidelines at the same time.

RECENT GRADUATES ARE STARTING THEIR CAREERS AT A TIME OF TREMENDOUS UNCERTAINTY, BUT HIRING IS UP IN SEVERAL JOB CATEGORIES.

Hone your strategy. Though unemployment is high across the board, people age 18 to 34 have been disproportionately affected, according to a recent Axios-Harris study. One-third of people who are 18 to 34 have been laid off or placed on temporary leave, compared with 22% of those who are 35 to 49, and 15% of those who are 50 to 64, according to the study. But even in this environment, many companies still need employees, and firms are eager to hire recent college graduates. Even if you're unable (or unwilling) to travel, keep an eye out for virtual networking events and remote job postings. "We have definitely seen an increase in remote postings as well as remote events," says Christine Cruzvergara, vice president of higher education at Handshake, an online platform that connects recent graduates with employers.

Steer clear of cluttered job-posting sites that will send you down a rabbit hole to out-of-date or filled jobs. And you don't have to pay an expensive service to get access to the jobs that are suited to your skills. Websites such as LinkedIn and Handshake allow you to filter your searches by location, industry and job type so you can connect with employers who are hiring. To access Handshake, you'll need to sign in with your academic credentials and have an .edu e-mail address.

Hiring is up in several employment categories, including delivery services, call centers, e-commerce warehouses and online tutors. Among major companies, Amazon fulfillment centers, Facebook product and engineering teams, and Nestlé factory/distribution and corporate sites are hiring. You can find a comprehensive list of companies hiring recent grads on Handshake's 500 List, a compilation of the top 500 hiring employers, at https://learn.joinhandshake.com/students/hiring-on-handshake-500.

If you're living at home while you search for a job, get your finances in order, says Lori Atwood, a certified financial planner based in Washington, D.C. If you have earnings from a temporary or part-time job, use the money you're saving on rent to build up your cash reserves. That way, you'll have an emergency fund when you move out.

You may need to be flexible about location, too. The job market is shifting, and the best places to find a job might surprise you. Some of the best cities for job seekers right now are Madison, Wis., Charlottesville, Va., and Fargo, N.D., according to a study by Zippia.com, a career expert website. These cities have low unemployment, which means less competition, and a high number of jobs in essential industries, such as health care, telecommunications, information technology systems, and public works. ■

RYAN KETTERMAN

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REWARDS

Hotel closures, travel bans and an economic shutdown have painted a grim picture for travelers this year, and it's going to be a long time before the travel industry begins to look anything like it did before COVID-19. But we may have hit the bottom, says Melanie Lieberman, senior travel editor for travel website ThePointsGuy.com. In other words, the worst has likely passed, and after months of staying at home, people are eager to start going places again.

"Traveling is on everyone's mind these days—mainly because we can't," says Jeff D. Opdyke, editor of *The Savvy Retiree,* which is published by International Living, an organization for U.S. expats. Even so, in a survey released by the ThePointsGuy.com in late May, 30% of Americans

Are You Ready to Travel Again?

Deals abound, but the risks and rules—especially for international travel—may keep you at home a while longer.

BY EMMA PATCH

SELJALANDSFOSS WATERFALL, ICELAND: NOW OPEN FOR TOURISTS.

said they would be comfortable taking a trip before the end of the summer. That's a relatively high number, considering that only half of Americans planned to take a summer vacation in 2019, according to a special report accompanying the survey.

Certain kinds of travel will emerge before others. Travel for leisure will come back before travel for business, and business travel will precede group travel, says Chris Nassetta, CEO of Hilton. Warmer destinations where travelers can relax outside and feel safer against exposure to the coronavirus will be popular choices among those who do take trips in the near future. Domestic trips, particularly to U.S. national parks, will also be popular, says Lieberman.

If you're looking to book an international trip for the holidays or for 2021, some destinations are more promising than others. South America, for example, is mainly off the list for the time being—some countries, including Brazil and Peru, have been hit hard by the pandemic, and it's home to some of the world's strictest travel bans. Argentina announced it would restrict travel until September, with the potential to extend the restriction. But destinations such as Iceland have made an effort to welcome tourists significantly sooner, inviting them as early as June 15 (or July 1 for travelers from the U.S.) and providing COVID-19 tests—which are required in the first phase of reopening—free upon entry.

The European Union banned most nonessential travel to EU countries by U.S. travelers until July 1; lifting of restrictions will be staggered and vary by destination. Review the travel advisories at http://travel.state.gov for any region you hope to visit to weigh the risks. And remember that few plans for reopening to tourism are set in stone; requirements for travelers from the U.S. could change. Also, a negative COVID-19 test may be a requirement to avoid a 14-day quarantine in some places, even as travel bans and mandatory quarantines are lifted.

Air Travel

With demand for flying still low, fares are at record-low prices. Typically, you would begin tracking prices for holiday travel in July and book by September, says Hayley Berg, an economist for Hopper, an app that analyzes flight prices. (Using a tool such as Google Flights or the Hopper app can alert you when fares to your destination drop.)

But for now, there's no strict time line to follow to book a flight, says Scott Keyes, of ScottsCheapFlights.com: "We're seeing $350 flights that are usually $700 or $800." If you're ready to travel, he says, book when your price point comes up instead of trying to pinpoint the best time to buy a ticket. Just keep in mind that if the CARES Act expires in September, as expected, and federal government support wanes, airlines could cut back on their routes—or they may increase them, depending on consumer behavior, says Berg.

To make future bookings more palatable, airlines are offering unprecedented flexibility to travelers who want to cancel or postpone a trip. For example, tickets for flights on Delta Airlines for travel between March 1 and September 30, 2020, can be rebooked until September 30, 2022, with no change fees. Other airlines have similar policies.

Though you won't pay a fee if you cancel your trip, you're likely to get a credit or voucher for future travel instead of a full refund. To get a cash refund, you'll need to wait for the airline to cancel your trip; the Department of Transportation requires all airlines, domestic and foreign, taking off or landing at a U.S. airport to issue a refund for a canceled flight. You may also be eligible for a cash refund if the airline makes a "significant schedule change," according to the DOT. The DOT doesn't define a significant change, but in general, you should get a refund if the schedule is altered by two or more hours, or if you're switched from a nonstop to a connecting flight. If you're thinking about changing your travel plans, consider waiting to do so until 48 hours before your flight. If the airline cancels or alters your flight, you can collect the cash instead of getting a voucher.

Some carriers, such as American Airlines, have also introduced a policy allowing travelers to switch flights if their plane is crowded so that they can more easily practice social distancing. Most airlines are also requiring passengers to use protective masks, which the airlines will provide to passengers who do not bring their own. Many airports have also improved their boarding and deplaning protocols to lessen crowding while entering and exiting the plane.

Hotels and Vacation Rentals

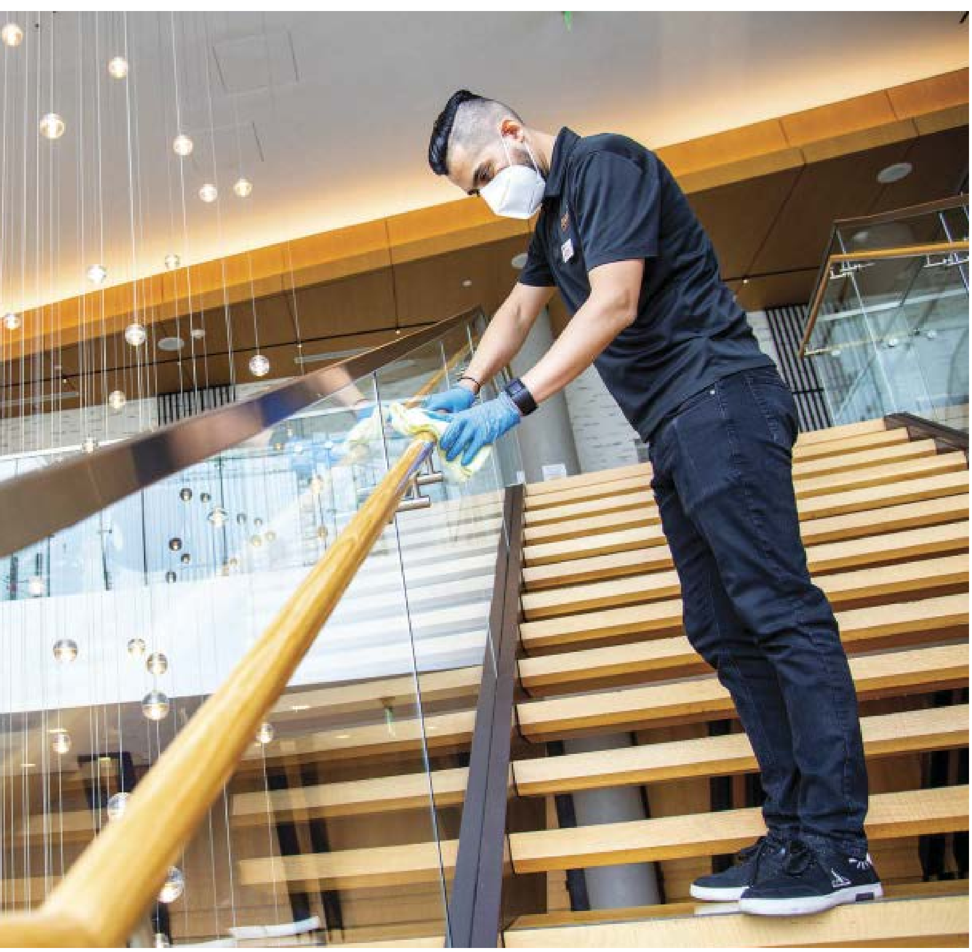
Travelers are likelier to trust big hotels more than small ones, given the

HILTON HOTELS HAVE PARTNERED WITH THE MAYO CLINIC TO UPGRADE THEIR CLEANING PRACTICES.

COURTESY HILTON HOTELS; PREVIOUS PAGE: ISTOCKPHOTO.COM institutionalized sanitation practices many big hotels have announced to ensure the safe reopening of their locations, says Lieberman. The Hilton hotels have partnered with the Mayo Clinic to upgrade their sanitation practices, for example. And Hilton isn't the only hotel chain to strengthen its protocols to improve hygiene; Choice Hotels, Best Western, Omni, IHG, Four Seasons, Wyndham, Mandarin Oriental, Marriott and Hyatt have all rolled out new cleaning programs. You're likely to find social-distancing signs, seals identifying that a room has been disinfected and Plexiglas partitions between you and the hotel staff. One of the biggest changes to look for is an emphasis on digital check-ins and contactless delivery of food and other items, says Lieberman.

Like airlines and cruise lines, hotels are offering lower rates. Reservations are largely subject to the same cancellation policies that were in place pre-COVID, but some discounted rates come with a catch. For example, sometimes the room is nonrefundable, or you may purchase a discounted gift card that could soon expire. Although the reduced prices for hotel rooms may be tempting, in some cases you may not be able to redeem your purchase, says Lieberman.

A vacation rental is a promising choice, partly because you can usually cook for yourself and not worry about social-distancing policies at restaurants. But it may be more difficult to book a short-term rental than a longer stay because many vacation-rental businesses, such as Airbnb, have instituted a buffer-period policy to space out consecutive stays. If you're planning to rent independently of one of these vacation-rental companies, you



Just In Case

PACK TRAVEL INSURANCE

Between border closures and travel bans, sales of travel insurance policies have plummeted, says Kasara Barto, of SquareMouth.com, an aggregator of travel insurance policies. The number of policies purchased through the site between April 1 and May 10, 2020, for travel in June, July or August 2020 dropped 90% compared with a year earlier.

In the wake of the pandemic, travel insurance providers have expanded coverage in some cases. For example, to be covered for any event, you must purchase a travel insurance policy before the event occurs. Although many travel insurance providers stopped covering losses related to COVID-19 as early as January 21—when the Centers for Disease Control and Prevention first issued an alert—some providers extended coverage and are still offering it for cancellation and medical benefits relating to COVID-19 on new policies. Insurers are also developing policies that will offer more coverage for some of the impacts of a future pandemic, says Barto.

Cancel-for-any-reason policies are the best option for travelers concerned about COVID-19. For example, APRIL's Pandemic Plus cancel-for-any-reason policy offers cancellation coverage for a $2,000 trip for $117. It may make sense to look for financial-default benefits that come with some policies, in case your hotel or cruise or tour company goes bankrupt. And if you book a trip and then lose your job, you could be covered if you purchase employment-layoff coverage before your job loss, says Barto.

Be strategic as you shop travel insurance options. As long as trains and airlines offer refundable trips, you won't need insurance for those. And your health insurance typically covers you if you stay in the U.S. Visit SquareMouth.com to see a wide range of policies.

KipTip

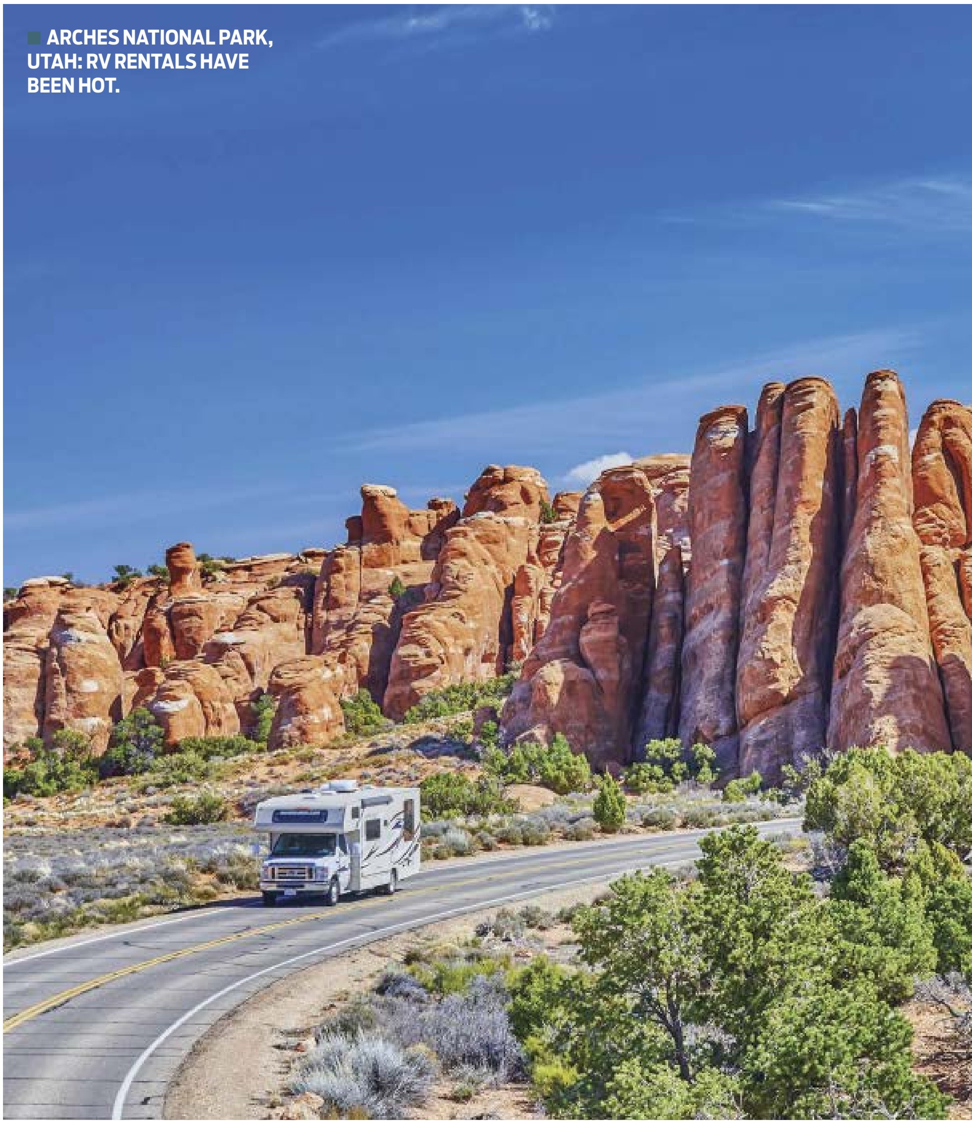
WHERE TO FIND DEALS

You can lock in stellar prices if you take advantage of a book-now-and-travel-later deal. For a wide variety of offerings for travel of all kinds, explore TravelZoo (**www.travelzoo.com**), which publishes deals from more than 2,000 travel and entertainment companies and local businesses, including restaurants and spas.

Travel auction websites such as **AndreHarperTravel.com** and **Luxury Link.com** let you browse hotels and travel packages.

Virtuoso (**www.virtuoso.com**) offers luxury hotel and travel advice and will connect you to professional travel advisers.

For air travel, check out the airlines' websites, plus **ScottsCheapFlights.com** and go-to travel sites such as **Kayak** and **Expedia**. For cruises, visit **Shermans Travel.com** and **CruiseCritic.com**.



ARCHES NATIONAL PARK, UTAH: RV RENTALS HAVE BEEN HOT.

PETER UNGER/GETTY IMAGES

may have to work out a plan with the property owner that meets your expectations for cleaning. You may also have to be flexible with your dates for travel and even provide proof of a negative COVID-19 test result. In some smaller islands in the Caribbean, for instance, rental safety arrangements must be worked out on a case-by-case basis. Domestically, many localities have implemented vacation-rental safety plans—in some cases banning travelers from COVID-19 hotspots from booking. Some localities in Florida, for example, have banned bookings from travelers coming from New York, New Jersey, Connecticut and Louisiana.

As they reopen, vacation rentals and hotels may offer fewer amenities; access to fitness centers, steam rooms, saunas and hot tubs may be limited. However, says Lieberman, sample-size bottles of shampoo and conditioner may permanently replace hotel shower dispensers.

Train Travel

Due to reduced demand at the peak of the coronavirus pandemic, Amtrak suspended service in late March on its high-speed Acela trains in the Northeast corridor of the U.S. But as localities began to lift stay-at-home orders in May, it announced a schedule of three weekday round-trips.

All train routes in the U.S. are now operating, albeit with limited schedules, says Ted Blank, a luxury travel specialist with Travel Leaders, in Stillwater, Minn. But certain lines—such as the Rocky Mountaineer, a luxury rail tour that transverses Canada—have postponed all trips until later in the summer, he says. Even so, the future of train travel looks promising. For one thing, a new generation of the Acela high-speed trains that will reach speeds of 165 miles per hour will be introduced in 2021.

Like flights, trains have instituted more-rigorous sanitation practices. But train-ticket prices don't fluctuate wildly the way airfares do, so you can safely buy your tickets well in advance. And Amtrak is waiving all change fees and cancellation fees for reservations made by August 31, 2020.

Cruises

Cruise lines, which have suspended all service worldwide, are working with global organizations such as the Centers for Disease Control and Prevention, the U.S. Coast Guard and the World Health Organization to implement return-to-service plans.

Because so many cruises were canceled due to the coronavirus outbreak, travelers struggled to get their money back. Going forward, a number of cruise lines have introduced new, flexible cancellation policies—some, such as Azamara Cruises, will allow cancellations as late as 48 hours prior to sailing. Such flexibility is unheard of for the industry, says Colleen McDaniel, editor-in-chief of Cruise Critic. Several cruise lines will offer flexible policies for bookings well into next year.

You'll likely see a staggered return to service, with cruise lines slowly and strategically reintroducing ships and itineraries, says McDaniel. She says that 2021 bookings have been strong. In fact, in a recent poll among visitors to Cruise Critic forums, nearly 75% of respondents said they plan to cruise "about the same as ever" or "more than ever," once they're able.

In the near term, cruise lines may introduce shorter cruises, focusing on home ports people can drive to. If you want to book further out, you can snag some great deals for 2021 sailings in the Caribbean. A weeklong tropical getaway aboard the new Celebrity Edge, sailing from Fort Lauderdale with stops in Costa Maya, Cozumel and the Cayman Islands, starts at $695 and sails through March 2021. Along with lower prices and flexible cancellation policies, many cruise lines are offering more onboard perks—for example, bundling packages for Wi-Fi service and drinks.

Road Trips

The COVID-19 pandemic may revive the Great American Road Trip. Interest in journeying by car (or truck or any other vehicle) is very high, says Lieberman, especially since national parks reopened and gas prices plunged.

If you're planning a road trip, now more than ever, preparation is key. Restaurants in some states are resuming dine-in services, but in some places you may have to depend on drive-through and take-out fare. Consider calling ahead to make reservations at hotels.

Many national parks are free to enter, and wide-open spaces are conducive to social distancing, so venturing out into the outdoors promises a relatively low-cost, low-risk travel option. For many Americans, the best way to see the country is in a recreational vehicle. Interest in renting an RV has spiked because RVs allow you to prepare meals and sleep in a safe space. Note that even with cheap gas, it might cost more than $300 to fill an RV's 150-gallon tank, and the fuel economy is nothing to write home about. But renting an RV (if you can find one; check Outdoorsy.com or RVShare.com to rent from your location) may be more cost-effective than driving and paying for lodging if you would otherwise stay at hotels going for more than $130 to $150 a night, says Eric Simonson, a certified financial planner in Minneapolis who specializes in travel. ■

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MAKING IT WORK

Nursing in the Time of COVID

This health care professional warns that the pandemic will worsen the nursing shortage.

PROFILE

WHO: Leah Gordon, 43

OCCUPATION: Nurse anesthetist

WHERE: Hugo, Minn.

What does a nurse anesthetist do? When you heard about patients with COVID getting breathing tubes, it was primarily nurse anesthetists manning those intensive care units, placing the lines to give the medications and putting the breathing tubes between the vocal cords into their lungs.

How has the pandemic affected your job? My full-time job is as a professor and the nurse anesthetist program director at St. Mary's University of Minnesota. I did work one day a week at an outpatient gastroenterology center. In order to be a really good instructor, it's important to keep my skills fresh.

Your side gig is on hold? When COVID hit, the first thing our governor did was suspend elective surgeries. Plus, they wanted all the personal protective equipment brought to a central location. That meant we couldn't do any cases because we couldn't use our gowns, we couldn't use our shields and we couldn't use our masks.

You must have taken a financial hit. A nurse anesthetist out of school right now is earning $180,000 to $190,000. I feel like a jerk even talking about it because I'm very, very fortunate, but when you lose that side hustle, all of a sudden $50,000 is gone. I earn too much as a professor to qualify for unemployment. But I have a $1,900-a-month student loan payment, and to not have my side job right now is challenging—and I'm not sure if I'm going to get it back.

What about the rest of your family? My partner is a registered nurse who works for the same surgery center—that's how we met. He was furloughed for a few months, but now he's back at work.

Will your students be able to graduate? We're still figuring it out. Right now, most classes are online, and it's really hard to learn a medical specialty at your house. You have to be able to do lab work and learn skills with your instructor side by side with you. We don't really have simulation capability to teach our students how to put in an epidural or a spinal. At a minimum, our students have to complete 2,000 hours of bedside care, and our program is only 2 ½ years long. We're talking about whether we're going to add a semester and try to create some credits for them so they can qualify for student loans.

Do you think COVID will affect the health care system longer term? I'm very concerned about everybody being able to get to the bedside and through their training. If you look at the nursing shortage in the country right now—which is only projected to get bigger—to not have nurses getting their clinicals, we're going to have some workforce issues. MARK SOLHEIM

PHOTOGRAPH BY SARA RUBINSTEIN