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Kiplinger PERSONAL FINANCE

DOUBLE ISSUE

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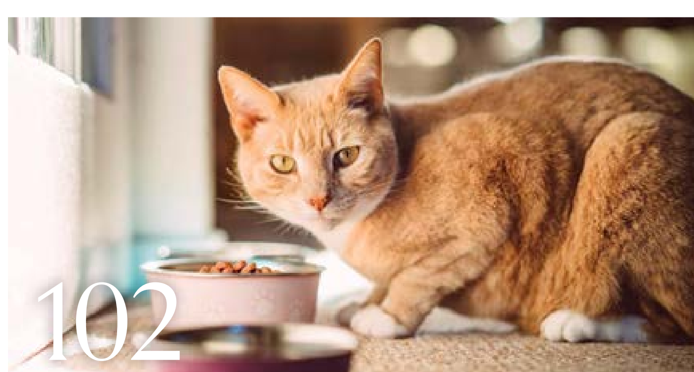

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Letters

Financial Words of Wisdom

"The Best Money Advice of All Time" (April) contained great insights from a wide range of people, including moms and dads. While I'm no financial expert, I appreciate my mother's motto: "Take care of the pennies, and the dollars will take care of themselves." If you pay attention to expenses and save what you can, in time your nest egg will grow.
Kathy Berrigan, Kettle Falls, Wash.

I thoroughly enjoyed the variety of advice and would like to add a personal rule of my own: Never invest in anything you don't understand. Until you are willing to take the time to research and understand how an investment works, whether in stocks, bonds, an annuity or even mutual funds in general, you are just gambling.
Babette Dunn, Hiawassee, Ga.

I'm surprised that you didn't include this advice from John Wesley, founder of the Methodist Church: "Earn all you can, save all you can, and give all you can."
Gary Alex, Huntsville, Ala.

All the advice makes sense, except "Don't keep your children's inheritance a secret." I do not talk with my children about their inheritance because there are so many uncertainties, including how long I will live and whether I'll have an illness for a long time and burn through the money for health care. If my children do not plan their finances around an inheritance, it will be a bonus when they do get it.
Jean Ni, Houston

MORE CARDS TO CONSIDER

"The Best Rewards Credit Cards" (April) didn't mention the Wells Fargo Autograph Journey card. Its $95 annual fee is offset by a $50 yearly credit for airline purchases, plus 5% back on hotel spending, 4% on airlines and 3% on all other travel.
Matthew Groh, via e-mail

My favorite card is the Amazon Visa. We use it for virtually all our credit card charges and buy whatever we need on Amazon with the points.
T.M., via e-mail

I was surprised you didn't mention the U.S. Bank Smartly Visa Signature card. If you keep at least $100,000 in qualifying U.S. Bank accounts, you get 4% on everything—even at Costco! It has a 3% foreign-transaction fee, so other cards are better for overseas travel.
G.P., via e-mail

The myWalgreens Mastercard offers me 10% rewards approximately four times per year. For example, as a special offer, they may give me $75 back for spending $750, $150 for spending $1,500 and so on. I usually earn about $400 per year in rewards to spend at Walgreens.
Sharon Kalinoski, Indian Head Park, Ill.

BENEFITS BOOST

In "Perfect Timing: When to Claim Social Security" (April), you neglected to mention the option of suspending benefits at full retirement age. This could be a good choice for someone who starts benefits at age 62 and later inherits enough money to fund a few years of living expenses, marries, or otherwise boosts their nest egg. They could suspend benefits anytime between FRA and age 70 to increase their monthly benefit when it resumes.
Terry Bryggman, via e-mail

CORRECTIONS

The average interest savings per person if credit card interest rates were capped at 10% is $899 annually. "How Three Policy Proposals Could Affect Your Finances" (April) listed the savings as monthly because of an error in the Vanderbilt University study we cited.

The expense ratio for iShares Systematic Bond (symbol SYSB) is 0.25% ("We Add a New Core Bond Fund," May).

CONTACT US: Letters may be edited for clarity and space, and initials will be used on request only if you include your name. Send to Kiplinger Personal Finance, c/o Future US LLC, 130 West 42nd Street, 7th Floor, New York, NY 10036, or send an e-mail to feedback@kiplinger.com. Please include your name, address and daytime telephone number.

Readers Offer Their Top Advice

WE have an extra-large issue for you this month, and I hope you find its contents as compelling and useful as I do. Our cover story, on page 18, reveals top-yielding investments in a range of asset categories, from safe places to park cash to higher-risk investments that may produce higher returns, too. If you're wondering where to invest in the tech sector these days, make sure to check out the article on page 28.

We've also put together a special report on your money and your health, tackling important themes at the intersection of these topics. The package, which starts on page 50, offers advice on lowering your health care expenses, explores the link between your financial and physical health, and provides guidance for families who are grappling with high out-of-pocket costs for mental health treatment. The report features strategies to plan and pay for long-term care and some updates that Medicare beneficiaries should know, too.

Don't miss the results of our 2026 Readers' Choice Awards, on page 78. Thousands of Kiplinger readers completed our online survey earlier this year, rating their experiences with financial providers such as brokers, wealth managers, banks, insurance companies and more. The winners include providers that have earned top honors from readers year after year as well as some new victors, too.

Your words of wisdom. In our April cover story, "The Best Money Advice of All Time," 35 experts shared the most meaningful or impactful financial guidance they had to offer. It inspired many of you to send us your own best advice—more than we could fit in our roundup of reader letters, on page 5. So here, I'll highlight a few additional comments.

Reader Jeff Prouty sent along a collection of tips that he composed for his daughter's friend upon college graduation. Among them: Buy high-quality stuff that will last a lifetime. "My Hartmann luggage is 42 years old and still works like a charm," he notes. Following the thinking of Warren Buffett, Prouty also suggests that investors buy stocks that they intend to own for at least 10 years. And he recommends reading the book *One Up on Wall Street*, by famed money manager Peter Lynch—one of the gurus we interviewed in our April story.

Buy the worst house you can afford in a good neighborhood, and fix it up while you're living in it, says reader Jim Snyder. Later, when you sell your primary home, you can pocket up to $250,000 of the profits free of federal capital gains tax, or up to $500,000 for married couples filing jointly. When you purchase a car, pick one that's affordable and reliable, with good gas mileage, Snyder adds. Given the recent spike in fuel prices, that advice is as relevant as ever. (For tips on reducing your driving costs, see page 9.)

Reader Lou M. says the advice from our story that he identifies with most is from Morningstar expert Christine Benz, who suggested looking past the math and factoring in your peace of mind as you make financial decisions. For example, the numbers may show that you shouldn't pay off your mortgage early, instead investing the extra money in the stock market for higher returns. But, says Lou, "being out of major debt at an early age is a very satisfying feeling and greatly cuts down on the amount of cash you need to live on, so early retirement and free time become the alternative yield to the 'invest the difference' theory." Lou says that he and his wife made extra principal payments anytime they could on the homes they purchased.

Following the thinking of Warren Buffett, buy stocks you intend to own for at least 10 years, one reader recommends.

Lisa Gerstner

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PHOTO BY MATT STANLEY

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Ahead

TOPIC A

GETTY IMAGES

PUT THE BRAKES ON DRIVING COSTS

These seven strategies will help you slow down rapidly accelerating gas and car-repair prices. **BY DAVID RODECK**

SUMMER is just around the corner, and with it comes peak driving season as Americans plan vacations, road trips and family get-togethers. But between the Iran war's impact on gas prices and the post-pandemic jump in car maintenance costs, hitting the road will be a lot more expensive this year.

"Drivers are currently facing all-time-high automotive costs," says Duane "Doc" Watson, technical trainer at Bosch Automotive Aftermarket in Cocoa, Fla.

Since early January, when gas averaged $2.81 a gallon nationally—the lowest price since 2021—the cost of filling up at the pump has surged more than 45%. A gallon of regular averaged $4.16 as of early April, and it topped $5 in a few states, including California, Hawaii and Washington. "If the situation with the Strait of Hormuz continues, prices could be even more elevated by summer," says Patrick De Haan, head of petroleum analysis at GasBuddy.

Another headache for motorists: The bill for car repairs and maintenance has also soared, climbing 48.8% over the past five years, according to the Bureau of Labor Statistics. That makes it the second-largest jump in consumer prices of any category except car insurance—which, of course, is yet one more pain point for drivers.

Still, while planning an affordable road trip has become more challenging, there are strategies you can use to lessen the burden, from taking advantage of apps, programs and services that lower gas costs to employing driving techniques that improve fuel efficiency—a tactic that the Department of Energy estimates can save you more than $1.50 a gallon when you fill up.

Here's how to get back in the driver's seat when it comes to car costs.

DRIVING TECHNIQUES THAT IMPROVE FUEL EFFICIENCY CAN SAVE YOU MORE THAN $1.50 A GALLON ON GAS.

Use apps to save on fuel. With prices at the pump varying widely even within the same town, it pays to shop around. Apps such as AAA Mobile and GasBuddy allow you to compare gas prices along your route so you can fill up where fuel is cheapest. Navigation tools such as Waze and Google Maps also include gas-station price info by location and can help you avoid traffic and choose more-efficient routes, which saves on time and fuel as well.

When you fill up matters, too. According to a recent GasBuddy analysis, Sunday is typically the cheapest day of the week to fill your tank in most states, followed by Monday, while prices are usually highest mid-week, especially on Wednesdays.

Reap your rewards. Popular gas station chains such as BP, Shell and Exxon offer free loyalty programs that can save you about 3 to 10 cents per gallon simply for being a member. And while paying in cash typically shaves the price of gas by 5 to 10 cents a gallon, you may be able to save even more with a credit card that offers generous rewards on gas purchases.

Rewards cards that offer a category-high 5% cash back on gas include the AAA Travel Advantage Visa Signature, which also offers 3% on grocery store, restaurant and travel purchases and 1% on everything else; Citi Custom Cash, which offers 5% back on whichever of 10 categories—including gas stations—that you spend the most each month, 4% on hotels and other travel booked through Citi, and 1% on everything else; and Costco Anywhere Visa, which offers 5% back on gas purchased from Costco, 4% on gas bought elsewhere, 3% on restaurants and eligible travel, 2% on Costco purchases, and 1% on everything else (you must have a Costco membership, starting at $65 yearly, to use this card).

Up your driving game. Avoid speeding, rapid acceleration and hard braking, which all waste fuel. While that advice might sound basic, the savings add up. The Department of Energy estimates avoiding these behaviors can improve fuel efficiency by up to 40%.

Also helpful: Plan trips to avoid rush-hour traffic. Your vehicle burns extra fuel when it sits idling.

Lighten your load. The heavier your vehicle, the worse its fuel efficiency. The more luggage and gear you carry, the more fuel your vehicle will use.

Bulky accessories such as roof and bicycle racks also reduce efficiency by adding weight and increasing air resistance. Cargo on the roof is especially costly, reducing fuel economy by the equivalent of up to 65 cents per gallon on highway driving, the Department of Energy says.

Plan ahead for EV charging. Electric vehicles avoid gasoline costs, but drivers still need to plan where and when to charge. Rates can vary widely by location and time of day.

Apps such as ChargePoint and PlugShare can help drivers find nearby stations and compare prices. Try to avoid charging during peak driving hours, when electricity is more expensive. Charging during off-peak hours from late at night to early morning reduces costs.

Be proactive with maintenance. Investing a little time and money in routine maintenance can help you avoid unexpected and expensive hiccups, such as a breakdown or tow.

Key moves as you prepare for an upcoming road trip: Make sure to change the oil in the vehicle, if you're coming up on the 5,000- to 10,000-mile mark; a $65 oil change can prevent thousands in engine damage later. Check the tire pressure, because proper inflation improves handling, fuel efficiency and tire life. And make sure to test your battery before a long trip as well.

"Summer heat can strain batteries weakened during the winter," says Watson, who notes many auto shops will check battery health for free.

Save on repairs when needed. If something breaks in your vehicle, first check whether the issue is covered under your initial warranty. If not, shop around at local garages for quotes. Having a trusted mechanic is valuable, but it still pays to compare prices.

"It's very useful to have an ongoing relationship with a repair shop," says Sean Tucker, managing editor for Kelley Blue Book. "My secret is that I keep two and shop them against each other." K

INTERVIEW

JOB HUNTING AFTER 50? THESE TIPS CAN HELP

Next time a hiring manager says you're "overqualified," you'll be ready.

BY RICHARD EISENBERG

Isaiah Hankel

ISAIAH HANKEL is founder and CEO of the Overqualified career consultancy.

In your new book, *Too Good to Get Hired*, you say some hiring managers reject job applicants older than 50 because they view them as overqualified. Is this a code word for age bias? *Overqualified* is often a euphemism for *ageism*, but it usually extends beyond age. Employers today also associate *overqualified* with higher levels of experience, education and credentials. The more numerous these indicators of seniority are, the more likely a candidate is to be perceived as overqualified.

In the past, experience was something companies viewed favorably, but now it can work against you, especially if you are over 50. One study found that higher-capability individuals—people with seniority and experience—consistently lose out to people who are only moderately capable. Many of the factors used in the study to define capability are closely correlated with age.

When employers suggest an older job applicant is overqualified, is the real issue that they don't want to pay a higher salary? Based on my experience and research, the number-one factor is flight risk. Money can be a factor, but it is often secondary. For decades, the gold standard for hiring managers has been a good two-year retention rate. Older applicants are getting ignored or rejected because the hiring manager thinks they might leave in a year or two.

What are ways job seekers can avoid being seen as overqualified? In cover letters and job interviews, talk about how you could see yourself there for the rest of your career and that you're not just applying to any job, you chose them on purpose. Saying "You're my top choice" helps.

Some employers assume job hunters want more money and seniority, but what if you don't? You have to create the narrative. You could say, "Money is not my first concern at this point in my career." If you can bring it up before they have the objection, even better.

Sometimes, the artificial-intelligence software that employers use to track job applicants weeds out older workers. How can you get around that? AI tools look at things such as proof statements, which show a strong history of demonstrated success, versus potential statements, which show you're eager to contribute and ready to grow. Use fewer statements such as "I have 10 years' experience doing this" and more of "I want to be a part of what you're trying to accomplish." It can also be smart to use a functional résumé, which focuses on skills and relevant capabilities, rather than presenting experience strictly in chronological order.

You tell job seekers to search for work by sector. Why? Sector-focused searching allows candidates to identify companies that are actively growing and investing in hiring or expanding into new markets. This approach can be especially helpful for experienced workers because it shifts the focus away from résumé filtering systems and toward companies with real business needs, where their expertise and experience may be seen as an advantage rather than a liability.

The North American Industry Classification System (NAICS) has codes for similar types of businesses. Use a free AI tool and ask for the NAICS code of an employer you're interested in. Then say: "Give me 10 more companies with this same code in this location or who have hired people with this job title."

What's your advice about using LinkedIn? Have a banner picture where you're smiling; LinkedIn will give you preference in search results when you're smiling. Write a headline with the top keywords in your field that are being searched by recruiters; an AI tool can help you find them. And get your LinkedIn Social Selling Index score (*linkedin.com/sales/ssi*). It's a great indication of how you're presenting yourself.

Is it okay to ask if you can work remotely? Save that for the negotiation at the end. Make them fall in love with you and your value first. ■

PHOTO COURTESY OF ISAIAH HANKEL

MAKE THE MOST OF YOUR DIGITAL WALLET

It's safer than traditional payment methods, but beware of overspending.

BY BETH BRAVERMAN

MOBILE wallets, which allow you to store debit and credit cards on your smartphone and pay for items with a single tap, are no longer just convenient. They're fast becoming the go-to method Americans use to pay for purchases in stores and online.

Nearly two in three Americans have now used a mobile wallet to make a purchase, including 60% of Gen Xers and 30% of baby boomers, LendingTree reports. Overall, use of digital wallets has nearly tripled in recent years, from an average of four payments made a month via mobile devices in 2018 to 11 a month in 2024, according to a Federal Reserve study last year.

The most compelling reason to use a digital wallet: It's safer than paying with a physical card. If crooks get their hands on a phone that's secured with a PIN—or better yet, biometric authentication such as a fingerprint or face scan—they'll have more trouble using it. Plus, mobile wallets use tokenization technology, which means a merchant (as well as a potential identity thief) sees only a virtual one-time token, rather than your card number.

"Even if there is some kind of compromise on that point-of-sale machine or somewhere down the line, your card data and information isn't compromised," says Eva Velasquez, CEO of the Identity Theft Resource Center.

To get started using a digital wallet and make the most of the technology, experts recommend these steps.

Use your phone's built-in wallet. Many retailers and brands now let you upload your debit and credit card info to their app and make digital payments that way, but you're better off limiting the number of mobile wallets that have your info. Instead, stick with the Apple Wallet or Google Wallet apps, which come preinstalled on iPhones and Androids, respectively. Both have strong, standardized security and better integration with device security than some other apps, Velasquez says.

Add your loyalty cards. Retailers often allow you to upload your loyalty-program info to your digital wallet by tapping the "add to digital wallet" button in their app, clicking an e-mail link or scanning the physical card. "That adds a lot of convenience because you're not carrying around this thick, physical wallet full of loyalty cards, credit cards and your debit card," says Sara Rathner, a

GETTY IMAGES

CALENDAR

JUNE 2026

3 June remains a popular month for weddings, even as the cost of getting hitched continues to soar. Wedding-planning website Zola.com says the average ceremony and reception now runs $36,000. If you're getting married or paying for a child's nuptials, you can trim costs by having the event on a weekday, limiting the guest list, or even renting a wedding gown from a website such as Nearly Newlywed (*preownedweddingdresses.com*) instead of buying.

15 For self-employed workers, today is the deadline to send in estimated taxes for the second quarter of 2026. If you routinely receive tips as part of your compensation, you may catch a break. The One Big Beautiful Bill Act eliminated taxes on tips up to $25,000 for some workers (find the list of qualifying occupations at *irs.gov*). The deduction phases out at adjusted gross income over $150,000 for single filers and $300,000 for joint filers.

GETTY IMAGES

WHY MORE PEOPLE ARE USING DIGITAL WALLETS

TOP REASONS	
Faster checkout	43%
Increased security	16
Don't like carrying cards around	11

SOURCE: LendingTree

credit cards expert with NerdWallet.

A bonus: Some retail loyalty programs will also send you push notifications for special offers and discounts when you're in or near a store where you have an account.

Watch for mobile-specific credit card rewards. In most cases, using your rewards credit card in your mobile wallet will net you the same rewards as you'd get with the plastic version. But some issuers offer specific incentives for using their cards via a mobile wallet. The Kroger Rewards World Elite Mastercard pays 5% cash back on the first $3,000 in purchases through a mobile wallet and 2% after that. Last year, American Express ran a promotion offering cardholders a $5 statement credit for each of their first three purchases made via Apple Wallet.

Enable transaction alerts. The downside of mobile wallets making it easier to buy stuff? It can also be easy to blow through your budget. One-third of mobile wallet users told LendingTree that they spend more when buying items with their phones than when they use a physical card.

One fix: Sign up for transaction alerts for all your mobile purchases, when asked. This will not only give you an early warning system for fraudulent charges, but it may also make you more mindful of how much you're spending, says Matt Schulz, chief consumer finance analyst with LendingTree.

Choose your default card carefully. The first card you add to your digital wallet is the one automatically charged unless you select another card for a specific purchase. But you can designate a different card as your default.

"If you want to control your spending, you can put a single debit card in your mobile wallet and leave all your other cards out," Schulz says. "Or, if you are focused on rewards, lead with your favorite rewards credit card and go from there." ■

→ DEAL OF THE MONTH:

With summer arriving, find great discounts on items you'll need for the beach, such as swimsuits, swim goggles and sunscreen, says Louis Ramirez, deals editor-in-chief at Tom's Guide. Ramirez notes that you can also land good deals on sneakers, men's activewear and home-improvement items such as power tools as Father's Day approaches.

30 Today is the last day to submit the Free Application for Federal Student Aid (FAFSA) form for the 2025–26 academic year. It is also the last day for a number of higher-education federal student loan programs, including graduate PLUS loans and the income-driven repayment plans known by the acronyms SAVE, PAYE and IBR. (For more on the coming changes to student loans and how to manage them, see "Navigate the New Landscape of Student Loans," on page 98.)

Briefing

INFORMATION ABOUT THE MARKETS AND YOUR MONEY

A SHIFT AWAY FROM HIGH-TAX STATES

→ The IRS has released new data on how taxpayers are migrating throughout the U.S., and it reveals a clear pattern: Billions of dollars in income are flowing out of high-tax states and into areas where taxes, and often overall living costs, are lower.

The data, which reflects the adjusted gross income of those who filed tax returns in 2023 for the 2022 tax year, shows that California saw the highest outflows, losing \$11.9 billion in adjusted gross income as residents moved away. Other states with big losses were New York (\$9.9 billion), Illinois (\$6 billion), Massachusetts (\$4 billion) and New Jersey (\$2.6 billion). Much of that lost income is tied to higher-earning households.

Where is the money going? Florida topped the list of states bagging big increases, with a gain of \$20.6 billion in adjusted gross income. Other states collecting large gains in AGI were Texas (\$5.5 billion), South Carolina (\$4.1 billion), North Carolina (\$3.9 billion) and Tennessee (\$2.8 billion). Several of the states with gains, including Florida, Texas and Tennessee, have no state income tax. Others offer relatively low, flat tax rates and more-affordable housing markets.

For many households, the financial impact of moving can be significant. Going from a high-tax, high-cost state to a lower-cost region can reduce both tax liability and housing expenses—sometimes by tens of thousands of dollars per year. A household with an annual income of \$250,000, for example, could save roughly \$15,000 to \$30,000 annually by moving from a high-tax state to one with no income tax. Meanwhile, those earning \$500,000 or more might see annual savings that exceed \$40,000.

Of course, taxes are only one reason Americans head elsewhere. Housing affordability, lifestyle preferences and family considerations also play a role in relocation decisions. Remote work seems to incentivize some moves, too. Families who can go to lower-cost areas without changing jobs may be able to save money and improve their lifestyle at the same time.

13.3%

The highest income tax rate in California, which saw the largest loss in adjusted gross income to other states in the IRS's migration data.

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Factor in all the costs. Before you pack up and move, make sure you consider the full financial implications. If you make your home in a state with no income tax, you won't owe state tax on wages, retirement income, Social Security benefits and capital gains. But to make up for it, some states rely more heavily on sales taxes or property taxes. For example, Texas has a maximum sales tax of 8.25%, and Florida's is 7.5%.

As you evaluate housing costs, keep in mind that lower purchase prices don't always translate to lower total costs. Factor in property taxes, insurance and maintenance. The benefit of paying no state income tax in Florida, for instance, may be partially offset by rising homeowners insurance premiums to protect against hurricanes.

Take stock of expenses such as vehicle registration, utilities and auto insurance, which can vary widely by state. For instance, vehicle registration in Texas can average about $50 a year, compared with more than $300 in California.

Before you count on taking advantage of lower taxes in your new state, make sure you qualify for residency. High-tax states such as New York, California and New Jersey use domicile and physical-presence tests to determine residency tax liability. Maintaining a home, voter registration or a driver's license in a former state can trigger full-year tax responsibility there. "Snowbird" audits increasingly target part-year residents.

KELLEY R. TAYLOR

WHERE TO FIND TOP YIELDS

THE Iran war delivered a curveball to investors in March. Energy prices surged, pushing inflation expectations and long-term interest rates higher. Forecasts for Federal Reserve interest rate cuts were lowered. Stock prices tumbled around the globe following a promising start to 2026.

There is much riding on the length of the war and the extent and duration of the energy shock stemming from Iran's near-closing of the Strait of Hormuz. Jeff Sherman, deputy chief investment officer of money management firm DoubleLine, notes that Treasury rates have marched higher even when some signs of a weakening economy at home would suggest a move in the other direction. "If energy prices are higher for longer, more of household income is consumed by energy," he says. "If the war is long term, then it has to be funded with more Treasury issues," which could push rates higher.

While we await more clarity, there are some attractive yields on offer across many asset classes. "Value has been restored to fixed income over the past 24 months," says David Albrycht, chief investment officer of Newfleet Asset Management. "You can actually make money in fixed income and pay your bills." Elevated inflation seems embedded in the economy, but several asset classes, such as stocks and energy infrastructure, offer plump yields and growing dividends that keep

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Interest rates are rising along with geopolitical tensions. Pocket yields as high as 13%, depending on your tolerance for risk.

BY ANDREW TANZER

pace (or better) with inflation.

This guide will help you identify attractive income-producing investments in 10 different categories that range from low-risk, ordinary securities to more-complex, higher-risk and potentially higher-return investments. We've listed investments roughly in ascending order of risk, starting with five fixed-income asset classes. Before embarking on your search for income, keep a few considerations in mind. You should have a financial plan in place that specifies long-term portfolio allocations. Everyone's financial situation is different, but generally you should ensure that you have enough cash and equivalents on hand to cover six months of living expenses before investing in high-risk/high-return asset classes. Prices, yields and other data are the latest available as of March 31.

3%–4%: SHORT-TERM ACCOUNTS

Yields on short-term, fixed-income accounts and securities follow movements in the Fed's short-term interest rates. In 2025, the Fed reduced rates by 75 basis points. In response, yields on short-term accounts have dropped a commensurate amount from a year ago.

THE RISKS: Safe cash equivalents are needed as emergency reserves and to meet short-term liabilities, but excessive cash balances can sap investment returns and purchasing power, especially in this day of elevated inflation. Andy Kapyrin, a partner at Corient, a wealth management firm, sees a couple of problems with many investors' short-term accounts: Scarred by the 2022 bear market in bonds, they hold too much cash and often incur risk when they reach for higher yields by taking on considerable credit risk within short-term accounts. "Cash is cash. You don't want to get cute with it or reach for an extra basis point," he says.

HOW TO INVEST: Because this is your safe money and rates are relatively low, it makes sense to minimize credit risk and fund fees. Nathan Sonnenberg, chief investment officer of Pitcairn, a high-net-worth private wealth manager, recommends ***Vanguard Federal Money Market (symbol VMFXX, yield 3.6%)***, which holds government securities including Treasury bills and Federal Home Loan Bank paper and has an expense ratio of 0.11%.

Dane Czaplicki, founder and chief executive of Members' Wealth, prefers using exchange-traded funds to invest in short-term federal debt. He says the expense ratios tend to be lower than for most money market funds (Vanguard's is exceptionally low), and Treasuries are tax-efficient (particularly in high-tax states) because they are exempt from state and local taxes.

Two funds he uses for clients are ***iShares 0-3 Month Treasury Bond (SGOV, $100, 3.5%)*** and ***State Street SPDR Bloomberg 1-3 Month T-Bill (BIL, $91, 3.5%)***, with expense ratios of 0.09% and 0.14%, respectively. Both ETFs hold Treasuries maturing in three months or less, which keeps portfolio volatility extremely low, and, like the Vanguard money market fund, both pay monthly dividends.

4%–8%: MUNICIPAL BONDS*

Issued by state and local governments, muni bonds pay interest that is free from federal taxes—and for bonds issued in your state of residence, free from state and local taxes also. Investment-grade munis tend to follow movements in the Treasury market and, like Treasuries, tend to perform well when the economy is in a recession. Because they typically move out of sync with stocks and corporate bonds, they can improve portfolio diversification.

THE RISKS: Due to their relatively low yields, muni bonds have high durations, which means that they're particularly sensitive to interest rate movements. Tamara Lowin, a senior muni credit analyst for fund manager VanEck, notes a new problem in the industry: inflation in projects such as building schools and infrastructure due to escalating costs of construction materials and shortages of workers. Partly due to rising costs, a record amount of muni bonds was issued in 2025.

*Tax-equivalent yields for investors in the 24% federal tax bracket.

HOW TO INVEST: Perhaps the first task is to determine whether munis make sense in your portfolio compared with taxable bonds on an after-tax basis. For instance, the tax-equivalent yield for a muni yielding 3% is 3.95% for an investor in the 24% tax bracket but over 5% for someone in the 40.8% bracket (37% plus the 3.8% net investment income surtax).

Due to the domination of the muni asset class by U.S. individual investors and their preference for shorter-term bonds, the upward-sloping yield curve—essentially the spread between higher-yielding long-term issues and shorter-term bonds—is generally steeper than for Treasuries, notes Eric Kazatsky, a muni bond manager at investment company MacKay Shields. He adds that the current muni curve is even steeper than normal, which implies relative value compared with Treasuries in intermediate- and long-term munis.

Kapyrin likes two Vanguard funds for their low fees and solid long-term performance. ***Vanguard Intermediate-Term Tax-Exempt (VWITX, 3.3%)*** holds a national basket of 15,800 bonds and has a duration of 5.8 years, implying a loss in value of roughly 5.8% if rates rise one percentage point and an equivalent gain if rates decline by a point. (Bond prices and interest rates move in opposite directions.) The tax-equivalent yield is 4.3% for a taxpayer in the 24% bracket. ***Vanguard Long-Term Tax-Exempt (VWLTX, 3.8%)***, with a duration of 8.3 years, offers a 5% tax-equivalent yield. For ETF investors, ***VanEck Intermediate Muni (ITM, $46, 3.2%)***, with a duration of 6.7 years and tax-equivalent yield of 4.2%, is worth a look.

If you're willing to shoulder more risk to boost tax-free interest income, there is also a high-yield muni market. ***First Eagle High Yield Municipal (FEHAX, 6.2%)***, piloted by muni industry veteran John Miller, has a high duration of 12 and a 7.6% tax-equivalent yield for someone in the 24% bracket.

4%–5%: INVESTMENT-GRADE BONDS

The core of a typical fixed-income portfolio comprises investment-grade bonds issued by the U.S. Treasury, government agencies (mortgage-backed securities, for example) and corporations. Investment-grade issues are rated BBB or better. These assets typically generate income without dramatic price fluctuations and provide portfolio diversification because they tend to move out of sync with stocks.

THE RISKS: Interest rate spreads between corporate bonds and ostensibly risk-free Treasuries are extremely narrow by historical standards, meaning that corporate bonds don't command much of a yield premium for their additional risk. Yields on the benchmark 10-year Treasury jumped about 0.40 percentage point in March after the start of the Iran war, producing losses in bonds; investment-grade debt, as measured by the Bloomberg U.S. Aggregate Bond index, was flat in the first quarter. Moreover, inflation expectations are rising (a negative for traditional bonds), and market expectations for more Fed rate cuts this year have waned since the war started.

HOW TO INVEST: Abhijeet Patwardhan, manager of ***FPA New Income (FPNIX, 3.5%)***, is leery of the historically narrow spreads, particularly because he anticipates some deterioration this year in liquidity, or the ease with which bonds can be sold, and in credit quality. "Spreads aren't compensating us for credit risk and incrementally worse liquidity," he says. "Investors should think about whether they're getting paid for in-

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cremental risk, measured in spreads."

FPA New Income, which has a tremendous long-term record of protecting shareholders' capital, has lowered portfolio risk by shortening the fund's average duration (currently 3.2 years) and maintaining a relatively high cash level in preparation for better times. "We've put the portfolio in a position so that if bad things happen, we can preserve capital and take advantage of new opportunities," he says. He prefers securitized products such as asset- and mortgage-backed securities, which have wider spreads, over corporate bonds.

Lew Altfest, chief executive of Altfest Personal Wealth Management, sees good value in non-agency mortgage-backed securities, which, unlike agency-backed securities, don't come with a government guarantee but offer higher yields. "Most people have profit in and an emotional attachment to their homes, so it's the last thing they would default on," he says. Besides, he adds, "default is not so terrible" for bondholders because most houses have large embedded capital gains which could be used to repay loans.

Altfest likes Jeffrey Gundlach's ***DoubleLine Total Return Bond (DLTNX, 5.4%).*** With a duration of 5.5 years, the fund has more than one-third of its holdings in non-agency residential and commercial mortgage securities and most of the remainder in agency paper. For a purely mortgage-backed securities fund, consider ***DoubleLine Mortgage (DMBS, $49, 4.7%)***. The ETF has a 6 duration and is also comanaged by Gundlach.

5%–7%: HIGH-YIELD TAXABLE BONDS

High-yield corporate bonds are issued by companies with below-investment-grade ratings (BB or lower). For lending to these riskier businesses, investors are compensated with higher yields than investment-grade bonds offer. High-yield bonds move more in sync with stocks than with Treasuries and, due to higher yields, have lower durations and are less sensitive to interest rate movements than high-quality bonds of the same maturity.

For a variety of reasons, the average quality of high-yield bonds has improved dramatically in recent years, and this asset class may now merit a long-term strategic allocation in a diversified portfolio. Leverage and default levels are low by historical averages, debt was refinanced at low interest rates earlier this decade, and many lower-quality borrowers have tapped the expanding leveraged-loan or private-credit markets instead of issuing high-yield bonds.

HOW TO INVEST: There are a few methods to mitigate risk in the high-yield universe. One is to focus on BB bonds, the highest-rated debt. ***VanEck Fallen Angel High Yield Bond (ANGL, $29, 6.7%)*** is an ETF that does this by investing in an index of bonds originally issued as investment grade that have fallen below a BBB rating. Fran Rodilosso, head of fixed-income ETF portfolio management at VanEck, observes that historically, more than 40% of "fallen angels" have later been upgraded to investment grade. Top holdings include bonds from Nissan, Celanese and Resorts World.

Czaplicki, of Members' Wealth, says he seeks "low-risk, high-yield funds" for his high-net-worth clients because "I can't have them losing clients' money" (investors are typically far more sensitive to losses in fixed income than they are to losses in stocks). Czaplicki achieves this by focusing on short-duration high-yield funds with a track record of protecting investors' capital. He's a longtime holder of David Sherman's ***CrossingBridge Low Duration High Income (CBLDX, 5.0%)***, which, with a duration of just 1.0, was up even in disastrous 2022. He also owns Kaufman's Osterweis Strategic Income, with a duration of 1.4. Kaufman says his fund hasn't experienced a default in holdings in five years.

For a bit more octane, Czaplicki also holds ***Intrepid Income (ICMUX, 7.2%)***, which has a duration of 1.8 and concentrates on debt of smaller companies. Comanager Hunter Hayes says the fund looks at issue sizes of less than $500 million, compared with an average in the high-yield world of $800 million to $900 million. "We

The average quality of high-yield bonds has improved dramatically in recent years, and this asset class may now merit a long-term strategic allocation in a diversified portfolio.

Carl Kaufman, comanager of ***Osterweis Strategic Income (OSTIX, 5.3%)***, notes that BB bonds, the highest rung in the asset class, now account for 59% of the high-yield universe; 20 years ago their share was 42%. Bonds rated CCC, the lowest grade, are 9%, compared with 16% 20 years ago. "The high-yield market has never been as high quality as it is today," says Kaufman, who observes that the reverse is true of investment-grade bonds, with a record share of IOUs rated BBB, the lowest rung of the investment-grade ladder.

THE RISKS: The risk of default is the main concern. Defaults have been low for six consecutive years—half or less than half of the long-term average of 4%, according to JoAnne Bianco, senior investment strategist at BondBloxx Investment Management. But the default rate would almost certainly tick up if the economy were to tip into recession.

look where others aren't inclined to look," he says.

5%–9%: EMERGING-MARKETS BONDS

Issued by dozens of developing countries, emerging-markets bonds come in many flavors. There are sovereign and corporate bonds, both investment grade and high yield, issued in U.S. dollars or in local currencies.

THE RISKS: Just as with U.S. or developed-country debt, emerging-markets bonds are subject to interest rate risk. Local-currency bonds also carry currency risk because currencies such as the Mexican peso and Brazilian real fluctuate daily in value against the U.S. dollar.

HOW TO INVEST: Emerging-markets bonds, denominated in both U.S. dollars and local currencies, have performed splendidly in recent years, and the asset class has become mainstream. BondBloxx's Bianco points to several fundamental reasons behind the bonds' newfound popularity: higher yields than in the U.S., generally sound fiscal and monetary policies, falling inflation and interest rates, and a diversification benefit for a U.S.-only bond portfolio.

Marcelo Assalin, head of William Blair's emerging-markets debt team, notes that average debt levels are only 60% to 65% of gross domestic product, compared with 100% or higher in many advanced countries, including the U.S. and Japan. Eric Fine, who is the manager of the ETF ***VanEck Emerging Markets Bond (EMBX, $50, 5.5%)*** and has managed emerging-markets bond funds for 35 years, reports that they've outperformed developed-country debt for more than 20 years but that only in the past two years have investors awakened to this fact. He notes that emerging countries' central banks tend to maintain relatively high real interest rates (nominal rates adjusted for inflation), which tamps down inflation in the economy and supports local-currency strength.

Investment decisions include whether to invest in local-currency or U.S. dollar–denominated bonds (or both); in investment-grade or sub-investment-grade bonds (the universe is split roughly 50-50); and in passive indexes or actively managed funds.

BondBloxx JP Morgan USD Emerging Markets 1-10 Year Bond (XEMD, $44, 5.0%) was launched in 2022. Bianco says the ETF is a modified version of the JP Morgan index, with sovereign bond exposures limited to 10 years or less, which reduces duration by about two years from the broad benchmark, to 4.1. The top three countries in the portfolio are Saudi Arabia, Turkey and Mexico.

Fine's VanEck fund, by contrast, is actively managed with both hard-currency and local-currency bonds. For example, in Brazil he finds the local-currency bonds, which yield 14.8% in a country with just 3.8% inflation, to be more attractive than U.S. dollar bonds. In Argentina he likes both local and U.S. dollar bonds.

American Beacon Developing World Income (AGEPX, 9.2%), managed by three subadvisers, focuses on smaller developing countries but has compiled an outstanding long-term record on both an absolute and a risk-adjusted basis.

3%–5%: REAL ESTATE INVESTMENT TRUSTS

Since REITs are required to distribute at least 90% of their taxable income each year, they offer relatively high yields. REITs can raise rents through contractual rent escalators or when leases expire, which provides strong protection against inflation.

THE RISKS: REITs are vulnerable to rising interest rates because they tend to carry high debt loads, and they face increasing competition in the eyes of investors because of the rising yields becoming available on fixed-income investments.

HOW TO INVEST: After spending years in the wilderness, REITs seem to be returning to favor. Jeff Kolitch, manager of Baron Real Estate Income, ticks off several reasons for this. Years of underperformance and falling interest rates have led to attractive valuations relative to REITs' historical valuations and private-market real estate valuations today. As hard assets, REITs are considered a haven from investments linked to artificial intelligence. Since the COVID-19 pandemic, the construction and supply of new buildings has lagged demand in apartments, hotels, industrial warehouses, senior housing and other real estate sectors. "It's a very attractive setup, and we're just in the early days of it," says Kolitch.

Shopping-mall REITs fell prey to COVID and fears that e-commerce would empty out stores. "The fear that nobody would go back to the mall was much worse than the reality," he says. Nobody has built malls for years, notes Kolitch, who is drawn to "best-in-class malls" with high occupancies and little competition in demographically attractive geographies. That attracts him to ***Simon Property Group (SPG, $187, 4.6%)***, the nation's largest operator of shopping malls, and ***Macerich (MAC, $19, 3.6%)***, which owns malls principally in California, Arizona and New York and is a REIT that Kolitch considers extremely undervalued.

The supply of multifamily rental housing has also lagged demand in many cities, particularly for young workers unable to purchase a home. Adrian Helfert, chief investment officer of Westwood Holdings Group, likes ***Essex Property Trust (ESS, $242, 4.3%)***, which owns apartment communities on the West Coast. Kolitch

is partial to ***Equity Residential (EQR, $59, 4.7%)***, which owns 85,000 apartments in what he considers "best-in-class real estate in the best markets" on the two coasts.

The travel industry is booming, and here also supply lags. "Replacement costs have gone through the roof; it's not economical to build, but people want to travel," Kolitch says. He holds ***Host Hotels & Resorts (HST, $19, 4.2%)***, the largest hotel REIT, which owns luxury city-center and resort properties operated by Marriott, Ritz-Carlton and other hotel chains.

If you prefer to hold a diversified, passively run REIT index fund, consider ***Vanguard Real Estate Index (VNQ, $89, 3.4%)***, an ETF that holds a basket of 146 securities.

3%–7%: DIVIDEND STOCKS

Dividend-paying stocks play an important income role in a diversified portfolio. Unlike fixed-income investments such as Treasuries and corporate bonds, healthy companies can boost dividend distributions each year, which is a potent way to maintain the purchasing power of a long-term portfolio. That's particularly valuable in an inflationary environment such as prevails today.

THE RISKS: Stocks tend to be much more volatile than high-quality bonds and suffer more in a recession. Some investors make the mistake of reaching for the highest yield, which can be an indication of a company in distress.

HOW TO INVEST: Dividend-payers are back in vogue. "Last year, tech stocks took the oxygen out of the room; now there's a rotation out of tech stocks," says Jay Hatfield, chief executive of Infrastructure Capital Advisors, who foresees equity-income stocks outperforming the S&P 500 this year. Monem Salam, portfolio manager of Amana Income, notes that dividend payers tend to be less volatile during rocky market periods because "the dividend part is much more stable than the capital-gains part."

Ben Lofthouse, head of global equity income at Janus Henderson Investors, notes that foreign stocks often provide more-attractive yield opportunities for a variety of reasons, including stock valuations, tax preferences, market composition and the penchant of many U.S. companies to buy back shares rather than distribute dividends. One stock he likes for the yield is ***Amcor PLC (AMCR, $40, 6.5%)***, a global producer of plastic packaging for consumer sectors such as food, pets and health care.

In fact, basic consumer stocks with solid and rising dividends and stable product demand are a sensible way to keep your seat during a period with a volatile market and a murky economic outlook. Tobacco, an addictive product, meets those requirements. Julien Albertini, deputy head of global value at First Eagle Investments, holds both ***Philip Morris International (PM, $165, 3.6%)*** and ***British American Tobacco (BTI, $58, 5.8%)***, the largest and second-largest tobacco companies in the world, respectively. Both firms are rapidly diversifying from cigarette production to products such as vaping pods, nicotine pouches and other smokeless tobacco products.

Another consumer stock that attracts Albertini is Mexico's ***Fomento Economico Mexicano SAB (FMX, $111, 6.0%)***, known as Femsa, which owns Oxxo, the biggest convenience-store chain in Mexico. Femsa also owns nearly half of Coca-Cola Femsa, one of the world's largest Coke bottlers.

For healthier fare, consider some medical stocks. Salam seeks big-pharma companies with robust drug franchises and pipelines, strong balance sheets, and cash flows enabling annual dividend increases. He thinks that Switzerland's ***Novartis (NVS, $153, 3.1%)*** fits the bill.

For diversified baskets of dividend stocks, consider domestic or international portfolios. Alex Seleznev, president of Capital Squared Financial, recommends ***Schwab U.S. Dividend Equity (SCHD, $31, 3.3%)***, a member of the Kiplinger ETF 20 (the list of our favorite ETFs), and another ETF, ***iShares International Select Dividend (IDV, $43, 4.4%)***.

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3%–7%: MIDSTREAM ENERGY INFRASTRUCTURE

Midstream companies process, store and transport oil and natural gas via pipelines. They sit between upstream companies (energy producers) and downstream firms, which make finished products such as liquefied natural gas (LNG).

The industry boomed during 2021–24, when it easily outperformed the S&P 500 index. Energy took a breather in 2025, but it is off to the races again this year. During the first quarter of 2026, index-tracking ETF ***VanEck Energy Income (EINC, $118, 3.3%)*** surged 23%, compared with a 4% decline in the S&P 500.

Driven more by volume than commodity prices, midstream is like a tollway, collecting rent (with annual inflation adjustments) from the liquids passing through its pipelines. Natural gas is now the hot ticket. Domestically, demand is surging for electricity for AI data centers. Abroad, there is burgeoning demand for U.S. exports of LNG (even before the shutdown of production in Qatar, the world's third-largest exporter), and export capacity is projected to double within five years.

THE RISKS: The main risk is a recession, which would reduce energy consumption and the volumes of oil and gas transported through energy infrastructure.

HOW TO INVEST: Both corporations and master limited partnerships operate in the sector. Yields tend to be higher for MLPs, which distribute most of their income each year, but partnerships issue K-1 forms, which can be pesky at tax time if you don't use an accountant or a version of tax software that can handle them.

Parag Sanghani, who comanages several energy funds for Westwood Salient, likes ***Energy Transfer LP (ET, $19, 6.9%)*** for its chunky dividend and its strategy of expanding its large network of natural gas pipelines. He also holds ***Enterprise Products Partners LP (EPD, $38, 5.8%)***, which, with an unusually strong balance sheet for the industry, has boosted dividend distributions for 27 consecutive years. (Enterprise is a member of the Kiplinger Dividend 15, the list of our favorite dividend stocks.)

Among corporations, First Eagle's Albertini favors ***ONEOK (OKE, $90, 4.6%)*** for its focus on natural gas and gas liquids and for its reliable annual dividend growth of 3% to 4%. Sanghani recommends two industry giants, ***Williams Companies (WMB, $73, 2.9%)***, which moves one-third of domestic natural gas, and Canada's ***Enbridge (ENB, $54, 5.3%)***, the biggest company in the sector by stock market value.

Driven more by volume than by commodity prices, midstream energy companies are like tollways, collecting rent from the liquids passing through their pipelines.

For a diversified basket of industry holdings, consider ***Pacer American Energy Infrastructure (USAI, $47, 4.2%)***, a passive index ETF with a tilt toward natural gas, or the actively managed fund ***Catalyst Energy Infrastructure (MLXIX, 4.6%)***; both make monthly dividend distributions. As with ***VanEck Energy Income***, these funds hold Canadian companies along with U.S. MLPs and corporations but obviate the need to issue K-1s by keeping exposure to MLPs at less than 25% of assets.

5%–11%: CLOSED-END FUNDS

Closed-end funds raise capital through an initial public offering, then invest the money in stocks, bonds, MLPs and other financial assets. Shares of closed-end funds fluctuate in price according to investor demand, and shares routinely trade at a discount or premium to net asset value (or per-share value) of the fund's underlying assets. The funds typically pay monthly dividends and have relatively high yields, which makes them popular with income-seeking investors.

THE RISKS: Most closed-end funds use borrowed money to purchase portfolio assets. Leverage can cut both ways, augmenting price returns in up markets but amplifying losses in NAV when markets decline.

HOW TO INVEST: About one-third of closed-end funds invest in portfolios of municipal bonds. Steve O'Neill, a portfolio manager at RiverNorth Capital Management, says the popularity of munis in the closed-end wrapper is explained by the fact that the muni yield curve is nearly always upward sloping, which means that fund managers often employ leverage by borrowing at short-term, typically floating rates and investing in longer-term muni bonds, seeking to capture the spread between borrowing costs and portfolio yields. The income earned through leverage also generally qualifies as tax-free income for fund holders.

O'Neill recommends ***NYLI MacKay DefinedTerm Muni Opportunities (MMD, $15, 5.3%)***, which trades at an 8% discount to NAV and has a 35% leverage ratio—about average, according to CEF Data, the source for closed-end fund information in this article. John Cole Scott, president of CEF Advisors, recommends ***AllianceBernstein National Municipal Income (AFB, $11, 5.6%)***, which trades at a 9% discount and has higher leverage, at 40%. "At a 9% discount, the market's offering rare value for high-quality muni exposure in a conservative asset class," he says. Assuming a 24% federal tax bracket, the tax-equivalent yields for the funds are 7% and 7.5%, respectively; for a taxpayer in the 40.8% bracket, the tax-equivalent yields would be 9% and 9.5%.

For taxable bonds, Scott is keen on ***Ares Dynamic Credit Allocation (ARDC, $12, 11.1%)*** for its low duration of 1.3, its 9% discount to NAV and its portfolio balance of one-third corporate bonds, one-third senior loans and one-third collateralized loan obligations. Ares has 40% leverage.

FPA and Thornburg are two venerable fund families with closed-end funds that closely resemble open-end funds offered by the firms with phenomenal long-term risk-adjusted returns. Both are trading at discounts and have higher distributions than their open-end cousins; neither uses leverage.

FPA's ***Source Capital (SOR, $46, 5.4%)***, trading at a 3% discount, is co-managed by Steve Romick, who has managed the acclaimed FPA Crescent fund for 30 years. These are opportunistic, multi-asset funds with a value tilt and a focus on preservation of capital. In addition to investing in stocks and bonds, Source takes advantage of the permanent capital structure of a closed-end fund (once capital is raised in an initial public offering, shares trade on an exchange, eliminating the need to be able to redeem shares daily, as open-end funds must) to invest in some higher-yielding, less-liquid assets, such as investments in limited partnerships that make private asset-based loans.

Thornburg Income Builder Opportunities Trust (TBLD, $21, 5.9%), at a 7% discount, is very similar to Thornburg Investment Income Builder, a global balanced fund with outstanding risk-adjusted returns across more than two decades. Opportunities Trust boosts its yield by selling options contracts on a small portion of its stock portfolio, which adds income from option premiums to the income from stock dividends and bond interest.

10%–13%: BUSINESS DEVELOPMENT COMPANIES

BDCs lend to small and midsize private businesses that are typically not large enough to access bank lending. Like closed-end funds, BDCs can borrow money to leverage portfolios, and they can trade at premiums or discounts to net asset values (which are marked to market quarterly) of portfolio holdings. Like REITs, they are required to distribute at least 90% of taxable income each year.

Most closed-end funds use borrowed money to buy portfolio assets. That can cut both ways, augmenting returns in up markets but amplifying losses when markets decline.

THE RISKS: As listed securities, BDCs are subject to stock market volatility. Most of their loans are floating rate, which means that their interest income declines if rates fall—as has occurred over the past year. The bad press surrounding "private credit" has weighed on BDC market prices. (For more on private credit, see "What You Need to Know About Private Credit," on page 42.)

HOW TO INVEST: Although perhaps not for the faint of heart, veteran BDC investors such as Mike Petro, manager of the ETF ***Putnam BDC Income (PBDC, $28, 12.1%)***, see compelling values emerging in the sector. The average discount to NAV is 22%—20 points wider than the average over the past five years, according to Scott—and most public BDCs, deservedly or not, are being tarred with the same brush.

For example, software is in the crosshairs in private debt portfolios due to a perception (exaggerated in the view of many analysts) that it will be decimated by AI disintermediation. Petro feels comfortable with ***Kayne Anderson BDC (KBDC, $14, 11.7%)***, which he says has just a 2% exposure to the software industry, boasts a strong credit record and is repurchasing shares, yet trades at a 16% discount to NAV. He also likes ***Hercules Capital (HTGC, $15, 12.7%)*** for its conservative lending practices, low credit loss history and towering long-term return on equity (a measure of profitability) of 13.5%.

Mitchel Penn, a BDC analyst at Oppenheimer & Co., says that BDCs are being priced as if there's a recession. His favorite metric for analyzing companies is their return on equity since going public, which is evidence of their skill at underwriting credits and minimizing loan losses. For instance, ***Ares Capital (ARCC, $18, 10.7%)***, by far the largest public BDC, has achieved an 11.2% average return on equity (higher than 10% is impressive) since its IPO in 2004. Ares typically trades at a premium to NAV but now sells at a 10% discount. ***Sixth Street Special Lending (TSLX, $18, 10%)***, with a 12.5% return on equity since its 2014 IPO, traditionally trades at a huge 25% premium to NAV but is now at just 8% above.

For many investors, spreading bets in an actively managed portfolio like the Putnam BDC fund will make sense. The fund's largest holdings include Ares, Blue Owl Technology and Main Street Capital. K

Send comments about this article to feedback@kiplinger.com.

Trouble in Techland

We looked past a scary sell-off in software shares and doubts about AI to find technology names worth considering now.

BY DAVID MILSTEAD

THE artificial-intelligence fervor that gripped investors for years seemed to break in late 2025. Long-out-of-favor sectors gained ground, and enthusiasm for big AI names appeared to ebb. There was less talk of an AI bubble—indeed, the Magnificent Seven collection of AI-related stocks has significantly deflated. Not long after the calendar year turned, however, investors sold off nearly the entire software sector on fears that new AI tools would crush the industry. The iShares Expanded Tech-Software Sector exchange-traded fund, widely cited as a proxy for the industry's stock performance, fell more than 25% from its early-January highs.

Investors could be forgiven if their heads spun faster than an old-fashioned disk drive. Was AI overhyped into a stock market fad, or is it an existential threat to the software industry? Will it wipe out the white-collar workforce, or will it make us all more productive? How in the world am I supposed to invest in tech stocks right now?

The report of the death of software was an exaggeration, as Mark Twain might have said. The rise of AI, however, has caused major paradigm shifts in technology and has upended nearly all we know about investing in the sector. We have surveyed the landscape and have some advice about what to do next. Spoiler alert: The market is too negative on software, creating some surprising bargains. As for AI, doubt it at your own peril—but you'll have to choose wisely among the stocks in the vanguard of this growing technology.

SOFTWARE'S NEMESIS

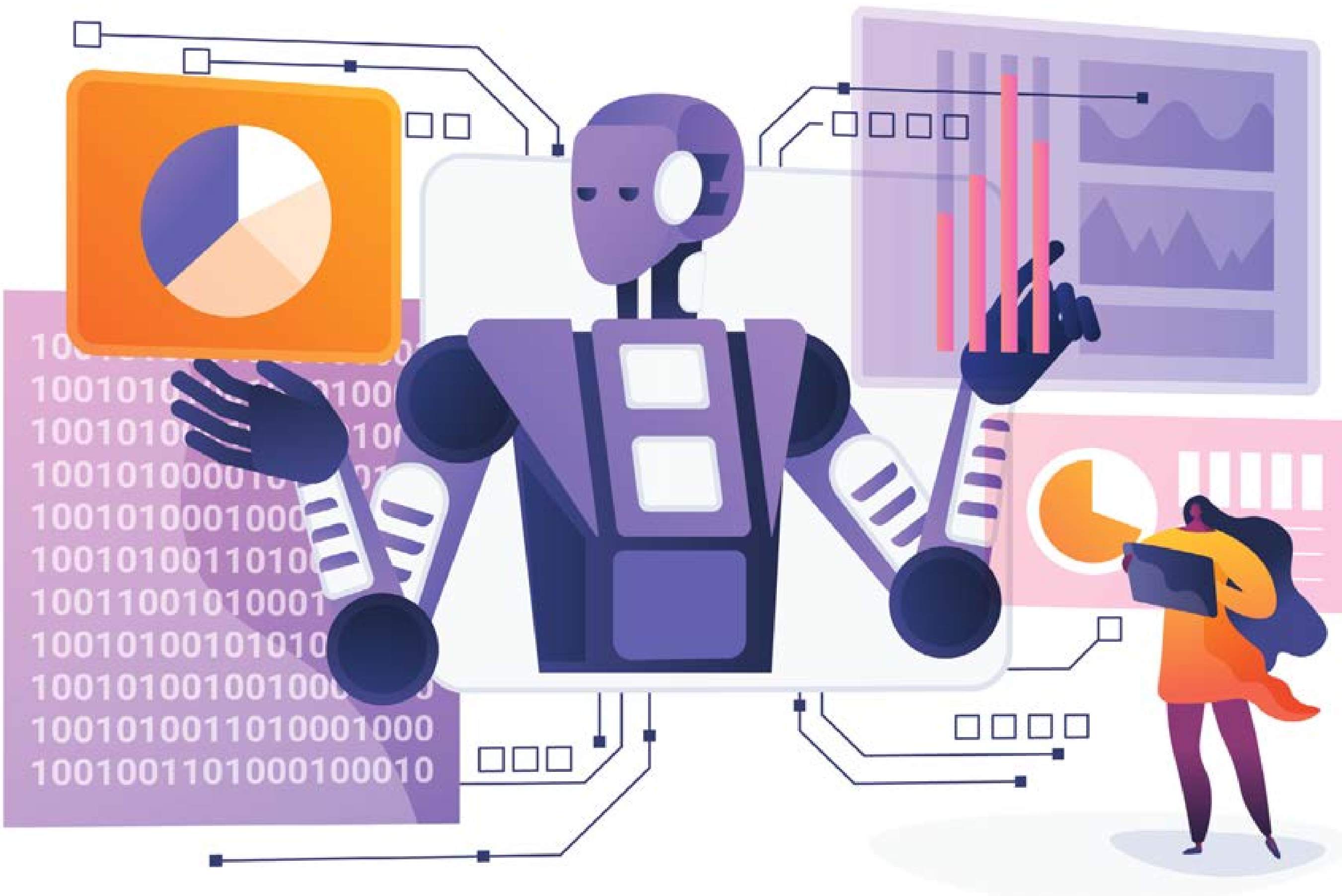
Anthropic, a private company at the forefront of AI, triggered the recent software meltdown when it released a supplement to its Claude product that the company said could review contracts and legal briefings. Then came tools for tasks in investment banking, wealth management and human resources. Anthropic's advances threaten what has become one of history's greatest businesses: software as a service, or SAAS—a subscription model producing a continuous stream of revenue and fat profit margins for software companies that before adopting it had to sell a new version of their product every two or three years.

"Software has been a darling business for a long time," says Charles Rinehart, chief investment officer of Cincinnati-based wealth manager Johnson Investment Counsel. Investment pros used to be able to extrapolate 20 years of earnings consistency from SAAS companies, Rinehart says, but now there's enough uncertainty to wonder whether that highly profitable model lasts "10 years, five, or even three."

Spoiler alert: The market is too negative on software, creating some surprising bargains.

There's not enough uncertainty, however, to justify the recent broad-based decline. Denise Chisholm, the director of quantitative market strategy at Fidelity Investments, says that although the aggregate profitability of software companies is the highest ever, the sector now trades in the bottom 14% of its historical valuation. That contrast is exceptionally rare and is reserved for crisis events, she says. "It's almost like software is priced for going out of business in the same way that many stocks were priced for going out of business in the financial crisis."

"We're not in the camp that software is dead," says Tim Thomas, the chief investment officer at Seattle-based Badgley Phelps Wealth Managers. The companies that have strong competitive advantages because they are deeply integrated into their customers' operations, or those that deal with highly regulated industries or proprietary data, will survive the rough patch, says Thomas. More at risk from AI disruption are companies that produce software tools for narrow tasks, according to a recent report from investment firm Hirtle Callaghan.



Examples include basic writing assistants and corporate task and team managers.

COMBINING FORCES

In fact, the most likely outcome of the AI revolution is that the legacy software companies—especially the makers of business software with systems that already handle multiple, integrated tasks across large organizations—will continue to add AI tools to their own offerings and make them more efficient. For the biggest and best software players, AI can be more complement than competitor.

"There's a good-enough chance that existing incumbents are able to bring this new way of computing to their existing products and make their products better," says Matt Stucky, chief portfolio manager for stocks at Northwestern Mutual Wealth Management, "but that hasn't been the message the market has been giving so far this year."

It's not contradictory to believe both that the AI boom will continue and that many of today's software giants are going to be okay. Only now are many companies able to quantify the efficiencies and cost savings AI is bringing them, just in limited uses. Adoption is still in its early stages, but the leaders are showing what's possible. The key now, analysts and advisers say, is sorting out which software companies provide a more sophisticated, "sticky" product that customers are less likely to abandon, and which AI companies will continue to thrive as the technology evolves.

To help with the latter, we have a primer: Artificial intelligence simulates human intelligence to gather information, perform tasks and even make decisions. The stuff at the top of Google searches or the ChatGPT AI program you may have tried is *generative AI*, which interacts with a human to generate its output. The next stage of AI, which is rapidly expanding, is *agentic AI*, which can reason and make decisions with very little involvement from humans—for example, a smart thermostat that changes the temperature on its own, or a program that can write the computer code for an app and correct its own mistakes.

After that? *Physical AI*, such as drones, vehicles and robots that can function on their own in the real world. The ultimate goal for AI makers is *artificial general intelligence*, which can match humans in what they comprehend

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and can do. Although we may be a long way from that world, AI may be further along than you think.

TECH TO BUY NOW

We have some ideas for investors who have varying degrees of risk tolerance for the next few years and would like a foothold in software stocks that may have been unfairly punished, considering their bright future, as well as in AI beneficiaries in particular. Stocks we like are in bold; prices, yields and other data are as of March 31, unless otherwise stated.

Microsoft (symbol MSFT, $370) is a so-called hyperscaler, one of a handful of companies spending billions of dollars annually on AI infrastructure, such as data centers. At the same time, it has been hurt by the software downdraft. The shares are 33% below their 52-week high, trading at 21 times estimated earnings, a level the stock has rarely touched since 2018, according to S&P Global Market Intelligence.

Microsoft bulls see the company as a survivor that has become an innovator. Microsoft "very adeptly managed the transitions" from selling software on CD-ROMs, to internet delivery, to SAAS and then to cloud computing, says Nick Rubinstein, a managing director of Jennison Associates and portfolio manager for the PGIM Jennison Technology Fund. The fund counts Microsoft as its fourth-largest holding, at 6.3% of assets. Among the company's biggest assets, says Rubinstein: the more than 400 million people who use Microsoft's Office productivity suite. Microsoft has been adding AI features to its products and announced in March it will bundle its AI tools together for one price, Rubinstein says. (Microsoft is a member of our ESG 20 list of companies that observe environmental, social or governance best practices.)

For investors who like tech stalwarts but want to benefit from AI at a reasonable price, consider what may seem like an unusual name: ***Dell Technologies (DELL, $164)***. You may envision laptops and PCs, but the company's Infrastructure Solutions Group has benefited from the explosion of AI spending. Dell partnered with Nvidia two years ago and is among the world's biggest sellers of AI-enabled infrastructure, which includes servers, storage systems and backup systems.

Dell's 2025 revenue increased 19% over 2024 levels, and earnings per share were up 36%. The company forecasts revenue growth of 23% for 2026, to about $140 billion, and a 33% gain in earnings per share. Dell raised its dividend 20% in 2025 and spent $7.5 billion on dividends and share buybacks. Unlike the sky-high multiples elsewhere among tech stocks, Dell shares trade at 13 times estimated earnings.

Microsoft is spending billions on AI infrastructure, including this data center in Virginia.
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Although ESG 20 member ***Salesforce (CRM, $187)*** is the go-to name for a business software seller whose customers will be loath to flee, ***ServiceNow (NOW, $105)*** is a lesser-known company with sticky products that could gain, rather than lose, in an AI era. ServiceNow started out as a way for companies to outsource their IT function, but has since developed products for human resources, finance, operations and customer service.

Analyst Dan Romanoff, at investment-research firm Morningstar, is bullish on ServiceNow and says the stock has a 98% customer-retention rate, with 75% of customers purchasing at least two products. In September 2023, Romanoff says, ServiceNow became one of the first software companies to add AI to its products. Jake Seltz, a portfolio manager for the Empiric LT Equity team at Allspring Global Investments, says multiple Empiric funds own ServiceNow. AI is "going to definitely increase efficiency as you're looking to solve IT problems," says Seltz, as some of the company's services, such as customer IT help requests, can be performed with agentic AI rather than humans.

The stock, 50% off its 52-week high, trades at 25 times estimated earnings. Until 2026, it had never traded below a price-earnings multiple of 39, according to S&P.

Autodesk (ADSK, $239) is one of the oldest and most dominant companies in the business of selling software for architecture, engineering and construction design. The company's products, led by its pioneering AutoCAD, enabled the digitization of technical drawings. Today, its software allows for three-dimensional modeling and cloud-based storage and collaboration, and the company has expanded to serve the manufacturing and entertainment industries.

Steve Koenig, the U.S. head of technology research at Macquarie Capital Equities, says Autodesk can benefit from AI by automating basic parts of the engineering process. Autodesk's wealth of building data can be used to train AI so designers can use it for higher-value portions of their work. "Other vendors don't have that wealth of information," says Koenig. Elizabeth Porter, an analyst for investment firm Morgan Stanley, says Autodesk "is positioning itself as a leader in agentic AI." She forecasts a $350 price in the next 12 months, reflecting a potential gain of nearly 50%.

Two software companies—***Cadence Design Systems (CDNS, $278)*** and ***Synopsys (SNPS, $396)***—are a duopoly, designing next-generation chips that promise higher performance with far less energy use. Both stocks got whacked in the software drubbing, with Cadence down about 25% and Synopsys down about 40% from their 52-week highs. Cadence now trades at 35 times estimated earnings; Synopsys, 26.

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Autodesk's pioneering design software enabled the digitization of technical drawings.

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Allspring's Seltz says the Empiric funds own Cadence, citing its superior product lineup and better profit margins compared with Synopsys. "As these AI chips become more complex, we think Cadence is in a really good position." Morningstar analyst Eric Compton is a Synopsys fan. He says the shares are worth $515, implying a gain of about 30%. The company recently acquired a firm called Ansys to launch a "simulation and analysis" business segment, which Compton says positions Synopsys for growth in robotics and "digital twins," or AI-powered replicas of physical objects. That makes Synopsys a physical AI play.

Don't overlook the host of companies that produce the components of computing systems that power AI, many of which operate as part of duopolies or highly concentrated industries. Owning these stocks can also act as a hedge for the downside risk in your software positions, says Northwestern Mutual's Stucky.

At this point, you don't need to be told about ***Nvidia (NVDA, $174)***, the chip designer that has powered the AI revolution. (It's also a member of our ESG 20.) If you have index funds tied to the U.S. market, you already have exposure to the company, as it represents about 7% of the S&P 500. It's worth knowing, however, that the stock trades at a P/E of just 21, its lowest level since 2019. That's more reason to add to holdings rather than trim them.

Nvidia's chips require what's called high-bandwidth memory, which provides "the rocket fuel" for their performance, says David Fetherstonhaugh, an investment strategist at VistaShares who advises the firm's Artificial Intelligence Supercycle ETF. There are three top players: two Korean companies that don't yet trade on major U.S. exchanges, SK Hynix (which has filed for a U.S. public offering) and Samsung Electronics, and Idaho-based ***Micron Technology (MU, $338)***.

Micron's AI role is no secret: The shares are up more than 300% over the past 12 months. Even so, the stock trades at just

↑ **Amphenol makes electronic and fiber-optic connectors used in data centers that power AI.**

four times estimated earnings, pressured by the boom-and-bust nature of the computer memory business. Fetherstonhaugh says investors should look past the highly cyclical nature of the industry and focus on the steady demand that stems from Nvidia's design. Micron is the third-largest holding of the VistaShares fund, accounting for 5.4% of assets.

Amphenol (APH, $126) is approaching its 100th anniversary, but its products are essential to tech's future. The company makes electronic and fiber-optic connectors used in the massive data centers that power AI. "It's not something you're ever going to see front-and-center in a newspaper—it's the back-end stuff no one's talking about," says Patrick Patin, a portfolio manager at Great Lakes Private Wealth, based in Farmington Hills, Mich. Patin has bought Amphenol shares for his clients. "This way, I don't have to pick the winner of the AI race," he says. "It doesn't matter, because all of these companies are using Amphenol for their data-center buildouts."

Amphenol isn't cheap—it trades at 29 times estimated earnings—but then again, it's never cheap. Analyst Mark Delaney of Goldman Sachs, who likes the stock and sees a gain of more than 45% over the next 12 months, says it has often traded at a 60% or more premium to the S&P 500, suggesting a P/E of 35 to 40 is not out of line.

Two other tech stalwarts worth mentioning here are members of Kiplinger recommended lists: Chip seller ***Broadcom (AVGO, $310)*** is a member of the Dividend 15, the list of our favorite dividend stocks. ***Applied Materials (AMAT, $342)***, a maker of equipment for semiconductor manufacturing, is an ESG 20 stock.

Keep in mind that whether you're picking software survivors or investing in next-generation AI, the process is fraught with uncertainty, if history is any guide. In technology, the first movers are not necessarily the survivors—anyone remember Commodore, Atari or Wang computers? That's a good reason to consider a tech-focused mutual or exchange-traded fund that can give you exposure to a broader swath of the sector, making it more likely you'll have some survivors in the mix.

State Street Technology Select Sector SPDR (XLK, $133) is a member of the Kiplinger ETF 20, the list of our favorite ETFs. It's an index fund that tracks the technology sector of the S&P 500 index, so it runs the gamut from software to hardware, legacy tech and upstarts. Nvidia, Apple and Microsoft are the three biggest holdings and make up more than 39% of assets, at last report. With an expense ratio of 0.08%, it's one of the two cheapest tech funds on the market.

To get a stock picker's perspective, consider ***Fidelity Select Software and IT Services Portfolio (FSCSX)***, the largest actively managed, explicitly software-focused fund. Like the sector itself, there's risk involved: Manager Kevin Francfort, who took over in late 2024, has a limited track record. The fund holds several of the stocks mentioned here but has a heavy concentration in Microsoft—more than one-fourth of assets. The fund's expense ratio is 0.62%.

T. Rowe Price Global Technology (PRGTX) is a member of the Kiplinger 25, the list of our favorite no-load, actively managed funds. Manager Dominic Rizzo's belief in AI has served him well. The fund's top holding is Nvidia, at 19.4% of the fund's assets at last report. But the portfolio has large positions in several foreign companies, such as Taiwan Semiconductor Manufacturing and Micron's two Korean competitors, Samsung and SK Hynix. Its expense ratio is 0.93%. K

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BARGAIN-PRICED FARE MAKES A COMEBACK

Value stocks are super-cheap and can add some defense to your portfolio. We found some worthy names to consider now.

BY NELLIE S. HUANG

LIKE hemlines, investing styles go in and out of fashion. And for the better part of 15 years, value investing—the strategy of buying shares trading at a discount—has been out of vogue, significantly lagging an approach focused on fast-growing stocks trading at pricey valuations. Late last year, however, a shift began. Bargain-priced stocks in the Russell 3000 index gained a bit more than 6% over the past six months through the end of March, for example, trouncing the nearly 9% loss in the bogey's growth stocks over the same period.

It's early days, of course. "I'm hesitant to call a regime change for something that's only a couple of months old, but the magnitude of what we're seeing today is stunning," says Christian Heck, a value-oriented fund manager at First Eagle. "It's not a small outperformance. And it's something that is very different than what we've seen over the past five or 10 years."

In any case, you don't have to believe in a value comeback to view bargain-priced stocks favorably right now. The war in Iran has increased market rockiness, certainly, and thrown a splash of cold water on value's edge over growth shares. But "volatility is a value investor's friend," says Heck, because it creates opportunity for bargain hunters to snap up shares in companies they admire that had previously been too pricey. Moreover, buying stocks at low prices is one way to build some defense in your stock portfolio. Finally, just as frothy stock valuations can portend lower future returns, low stock valuations are often a good predictor of generous long-term gains.

Fire-sale prices. Cheap stocks are super-cheap now. At last report, the S&P 500 Pure Value index—100-odd stocks with the strongest value traits—boasted a price-earnings ratio, based on estimated earnings, of 12. Its Pure Growth counterpart trades at a P/E of 24. That gap is "egregiously" wide, says Lewis Altfest, chief investment officer at Altfest Personal Wealth Management in New York City. "It's value's turn," he says. "Things are changing now, at least for the time being, and investors should be taking some money out of growth stocks" and investing in value.

We'll point you toward some bargain-priced opportunities, including mutual funds, exchange-traded funds and stocks. Returns and data are through March 31, unless otherwise noted. But first, a primer on value.

Value is in the eye of the beholder. All value investors seek a discount, but there are many ways to define a bargain, whether that's measured by a stock's price in relation to earnings, sales, book value (assets minus liabilities), dividend or "enterprise value,"—the value of a company if it were acquired today. At one end of the value spectrum are deep-value investors who target the cheapest stocks in the

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market. "Often, they're contrarian investors who are looking for stocks that have fallen out of favor, but they have reasons to be more optimistic about them," says Robby Greengold, a principal member of the equity strategies team at investment research firm Morningstar. "They tend to employ some of the riskiest strategies in the value universe, because these stocks are controversial. The stocks could be cheap for a very good reason, and often the reason is there's a high-risk situation. They might even face bankruptcy," he adds.

At the other extreme is an approach that focuses first on finding good businesses and buying only if the shares trade at a significant discount—called "a margin of safety," says Heck—to what the business is worth. Often these investors are more willing to own some fast-growing companies that trade at price-earnings or price-sales multiples that are richer than those of traditional value stocks. "They argue that the stocks are worth owning because the revenue and earnings growth rates justify higher-price multiples," says Greengold.

Value indexes typically tilt more toward certain sectors, such as materials, industrials, real estate, energy and utilities, while growth benchmarks favor tech and communications services. But these divisions aren't set in stone. The key to value investing is to home in on bargain prices. "I'm a value investor, but that doesn't mean I can't own technology," says John Buckingham, editor of *The Prudent Speculator*.

Value indexes typically tilt toward certain sectors, such as materials, industrials, real estate, energy and utilities.

Finally, although growth has trumped value for years now, it's worth noting that bargain-priced investors have still generated decent returns on an absolute basis. The typical large-company value fund, for instance, has returned 11% a year, on average, over the past decade. "Is value back?" says Buckingham. "It hasn't really gone away."

HOW TO INVEST

The easiest way to add a dollop of value stocks to your portfolio is to buy shares in a diversified mutual or exchange-traded fund. The Kiplinger 25, the list of our favorite actively managed no-load mutual funds, includes several good value-oriented strategies: ***Dodge & Cox Stock (symbol DODGX)***, ***T. Rowe Price Small-Cap Value (PRSVX)*** and ***Dean Mid Cap Value (DALCX)***. The Dodge & Cox managers are self-described contrarians. That kind of strategy can take a fair amount of patience, as the investment thesis for any given stock might take time to play out. T. Rowe Price's manager, David Wagner, favors "unloved and under-followed" small companies. And Douglas Leach, Dean Mid Cap Value's manager, calls himself a "classic" value investor who favors high-quality companies trading at low prices for reasons that are temporary.

But there is a universe of other funds to consider. One is ***iShares MSCI USA Value Factor ETF (VLUE, $142)***. It has a good record of staying on a value track, according to Morningstar. It's pegged to an index of 150 undervalued stocks in large and midsize companies with solid earnings outlooks and low debt. Technology (38% of assets), financial services (11%) and communications services (10%) are its biggest sector exposures. Notably, the fund has held up well since the start of the year, with a 4.4% return. That's better than 86% of its peers, as well as the 4.3% loss in the S&P 500. Over longer hauls, the fund stays well ahead of peers, too. And its 0.15% expense ratio is low. Cisco Systems, General Motors, Merck and Bank of America are among the top holdings.

Vanguard Mega Cap Value Index (MGV, $145) stays focused on stable, large-company stocks, but it avoids an overconcentration in the Magnificent Seven stocks. The ETF tracks the largest companies by market value that score best on certain value traits, including stock price in relation to book value, sales, earnings (both estimated and historical) and other measures. JPMorgan Chase, Berkshire Hathaway, ExxonMobil and Johnson & Johnson are top holdings.

For a bigger tilt toward midsize companies, consider ***Vanguard Value Index ETF (VTV, $196)*** or its mutual fund share class, ***Vanguard Value Index (VVIAX)***. Nearly 30% of the stocks in the fund are midsize companies; the rest are large companies. Another fund worth considering is ***Fidelity Value (FDVLX)***. Matthew Friedman runs the midsize-value fund with two comanagers, trolling for the cheapest stocks of the highest-quality companies with increasing earnings and good free cash flow (money left after operating expenses and spending to maintain or upgrade property and equipment). For instance, he acquired shares in Western Digital, a maker of data-storage devices, when it was cheap in late 2024. The stock has since climbed meteorically due to soaring demand for artificial-intelligence-related data storage and is now a top holding. Over the past 12 months, Fidelity Value returned 21.5%, ahead of 88% of its midsize-value fund peers and beating the broad U.S. stock market. The fund trounces peers over longer hauls, too. "Some of my peers cheated" by adding growth stocks to their portfolio in recent years, Friedman says, "We don't do that. We invest in cheap stocks. We've been consistent about that."

Dividend strategies can be an effective way to focus on value, and they come with the added benefit of good yields.

Dividend strategies can be an effective way to focus on value, and they come with the added benefit of good yields. Among our favorites: ***Vanguard Equity Income (VEIPX)***, an actively managed mutual fund and member of the Kiplinger 25. The fund yields 2.2% and charges a 0.26% expense ratio—super-low for an actively managed fund. Since the start of this tumultuous year, Equity Income has gained 1.5%. ***Capital Group Dividend Value (CGDV, $43)*** is a member of the Kiplinger ETF 20 list of our favorite exchange-traded funds. A team of managers aim to invest in established, high-quality U.S. companies with above-average dividend yields. The fund, which yields 1.3%, boasts a 21.4% annualized three-year return that beat 98% of its large-value fund peers.

Stocks to buy. If you want to invest in individual stocks, start your search in areas of the market that have lagged. "The time to buy is when there's a lot of pessimism," says Buckingham. Software stocks, for instance, have plummeted nearly 25% over the past six months over fears that AI will disrupt their subscription sales. That angst is overblown in some cases, says Angelo Zino, an analyst who leads the tech team at CFRA Research, who recently reiterated his "Strong Buy" rating on ***Salesforce (CRM, $187)***. (Salesforce is a member of the Kiplinger ESG 20, the list of our favorite stocks that are environmental, social or governance standouts. For more on tech stocks, see "Trouble in Techland," on page 28.)

Financial stocks are the worst-performing sector over the past 12 months, as well as so far in 2026. The sector is taking a drubbing in part over concerns about private credit. (For more on private credit, see "What You Need to Know About Private Credit," on page 42.) Another snag is the war in Iran. The conflict is a risk for all businesses, for sure, but war raises the potential for higher interest rates, higher inflation rates and an economic slowdown, all of which can impact bank profitability. That said, any good news there could propel these stocks up; bad news will be a drag. Step in cautiously, but we found a few to consider.

JPMorgan Chase (JPM, $294) typically trades at a premium P/E multiple relative to its peers. But shares have fallen 15% since they peaked in January, and the stock now trades at a P/E of 13, on par with its finance and investment banker peers, according to Zacks Investment Research. "That's a reasonable price for the best bank with a fortress balance sheet," says Buckingham. Shares in the investment bank ***Morgan Stanley (MS, $165)*** have slipped 15% from their 52-week high, too, and now trade at a P/E of 15. In the meantime, the stock sports a fat, 2.4% dividend yield.

Or invest in a financial-sector ETF or mutual fund. ***T. Rowe Price Financial Services (PRISX)*** and ***Fidelity Select Financials Portfolio (FIDSX)*** actively invest across the sector. ***iShares U.S. Financials ETF (IYF, $118)*** is an index-based ETF that invests in banks, insurers and credit card companies.

Health care shares have been laggards, too, though lately they've been clawing their way back. Among the sector's worst performers: health care equipment and supplies. Enter ***Becton, Dickinson (BDX, $157).*** Becton is a dominant maker of needles and syringes. These pieces don't cost much—a few cents, says Heck—and are mission critical. "Ninety percent of all people who enter any medical practice in the U.S. will get touched or pricked with a Becton product," he says. The stock trades at 13 times expected earnings, which is cheap relative to its 10-year median P/E of 20.

You can ratchet down the single-stock risk by investing instead in an ETF focused on the industry, such as ***iShares U.S. Medical Devices (IHI, $53)***. Or consider a fund that invests across the health care sector. ***Fidelity Select Health Care (FSPHX)*** is our favorite actively managed health care fund; ***State Street Health Care Select Sector SPDR (XLV, $147)*** is our favorite health care ETF. K

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HOW THE PROS AVOID A FALLING KNIFE

One of the biggest risks in value investing is a *falling knife*—a Wall Street metaphor for a stock with a rapidly declining stock price. You buy a stock you think is cheap, but it falls further. "I would love to say that never happens," says Christian Heck, a value-oriented fund manager at First Eagle.

To protect against catching a falling knife or stumbling into a value trap—a stock that's cheap because it's actually a bad investment—Heck says he and his cohorts limit the size of their initial stake to just over 1% of fund assets. Then, they watch the stock for a bit. If its price falls further, they go back to their original investment thesis to figure out whether it still holds. "If the stock's variables are tracking as we expected, we may add shares," says Heck. If not, they stay put.

Steph Guild, chief investment strategist at Robinhood Strategies, the advisory side of broker Robinhood, takes another tack. "I don't invest when a stock price is really down, because when something has downward momentum, sometimes it keeps going down," she says.

Instead, Guild waits for a shift in the stock's moving averages, a technical indicator that helps investors visualize stock-price trends. A moving average is the average of a stock's closing price over a set number of days, "moving" because with each new close, the oldest is dropped. Guild focuses on three periods: 200 days, 50 days and 20 days. If shorter trend lines start to cross above the longer ones, it can indicate that a stock-price recovery is not merely in the works but "has legs," she says. "I'll wait until it starts to show some evidence of bottoming before I buy."

A GOLD RUSH IS UNDER WAY. SHOULD YOU JOIN IT?

Bullish forces are still in play, but volatility is certain, and caveats abound.

BY ADAM SHELL

THE gold rush on Wall Street has a bit of a California-in-1849 feel to it. But instead of using tools such as gold pans, long toms and rockers to separate the valuable yellow metal from worthless gravel, today's forty-niners are looking to build and protect wealth by putting money in exchange-traded funds that invest in gold, buying shares of gold-mining stocks or purchasing bullion directly.

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Gold, long viewed as a safe haven and a hedge against falling stocks, a weakening dollar and geopolitical risk (perks that still apply), has recently been behaving more like a moonshot meme stock. Early this year, the metal hit a record high of more than $5,500 per ounce. It now trades closer to $4,600, which is still double what it cost at the start of 2024. Gold hasn't had a bull run like this since 1979–80, when it spiked to $850 an ounce before then–Federal Reserve chief Paul Volcker finally crushed record-high inflation with double-digit interest rates.

With the current gold rally deep into its third year, investors have reaped sparkling rewards. SPDR Gold Shares, the oldest, largest and most liquid ETF that tracks the price of spot gold, gained 27% in 2024, 64% last year and nearly 9% in 2026 through the end of March (the date for prices and returns in this story). Those returns beat the S&P 500 stock index's 25% gain in 2024, 18% advance in 2025 and 4.6% decline for the year to date.

Such eye-popping returns have investors wondering whether they should join the gold rush. The short answer is yes—but that call, investment pros say, comes with caveats. Below, we'll walk you through the reasons for gold's meteoric rise and help you develop a game plan for investing in the precious metal.

FOMO is no reason to buy. Adding gold to your portfolio should be for diversification, not for speculating on prices going higher. "Zero percent in gold is too little, but 30%, 40% or 100% is too much," says Aakash Doshi, global head of gold strategy at State Street Investment Research. Experts say the sweet spot for a gold allocation is typically between 3% and 5% of portfolio assets, but it can go as high as 10% for those with an elevated risk tolerance and a strong conviction that gold's rally has room to run. Just make sure that you own enough to make a difference in your portfolio. "Your gold allocation has to be something mathematically meaningful," says Will Rhind, CEO of GraniteShares, an ETF provider that runs the $1.6 billion GraniteShares Gold Trust. "If you have 1% gold in your portfolio, it's probably not going to do anything for you."

But as always, price matters. Let's be clear: Adding gold to your holdings now comes with risks. “Gold is not cheap anymore,” says Dominic Schnider, a commodity strategist at UBS Global Wealth Management’s Chief Investment Office. No investment goes straight up forever. And there’s no guarantee the drivers propelling gold higher won’t reverse, taking the shine off gold’s investment thesis (more on those drivers below).

Past gold booms have gone bust, such as the one in the mid 1970s sparked by the Arab oil embargo and the 1980s spike due to a record 14.6% inflation rate. Schnider says a 20% to 30% pullback is possible if conditions for gold deteriorate. “People need to understand that kind of downside risk,” he says. Wall Street analysts’ year-end price targets for gold reflect different paths forward. They range from a high of $6,600, or 43% above gold’s closing price at the end of March, to a low of $4,500, which equates to a potential 2% drop.

Climbing a wall of worry. Unlike stocks, which tend to move higher when times are good, gold shines when investors have a lot to worry about. And there’s no shortage of things to make investors anxious. Many of the factors that have historically driven up the price of gold are currently in play. The dollar is weakening. Inflation remains sticky. The U.S. is carrying a record $39 trillion in debt. Geopolitical uncertainty is high, with multiple military conflicts raging around the world. Adding fuel to the fire, investment strategists say, is the current unpredictability of U.S. policy on a number of issues under the current administration.

All those fears are causing investors to dial back risk. “That’s all bullish for gold,” says Michael Cuggino, manager of Permanent Portfolio, a mutual fund with a long-term focus on combating inflation that now has a 21% weighting in gold bullion. Most people’s collection of assets, including stocks, bonds, cash and a home, just isn’t enough, Cuggino says. “Our belief is that properly diversified wealth has more components that people might be ignoring.”

Due to the lengthy list of structural supports for gold now in place, the next move for the price of the precious metal is up, not down, Doshi predicts. “I think $6,000 is more likely than $4,000,” he says.

Stocks gain when times are good; gold shines when there’s a lot to worry about.

A bevy of buyers. Gold’s sharp gains have attracted attention from all corners, ranging from central banks to individual investors, and from modern-day speculators to nervous Nates and Nellies playing defense. “Clearly, there are those who just follow momentum and want to ride the rally,” says Schnider, but there are also “people asking themselves, What is in my portfolio that potentially protects me?”

Foreign central banks are the “big whales,” says Greg Orrell, manager of OCM Gold fund, as foreign nations look to gold to diversify their holdings away from the dollar. They’re also buying physical gold (and storing it in vaults within their own borders) to shield more of their country’s assets from U.S. economic sanctions and potential seizure, seeking to avoid the economic damage that Russia has experienced since the U.S. imposed sanctions on the country in 2022. “A lot of central banks don’t want to find themselves in the same position as Russia, having their assets frozen around the world,” says Sameer Samana, senior global market strategist at Wells Fargo Investment Institute.

Individual investors who take a shine to gold will find it “a really unique kind of diversifier,” says Samana. Gold does not pay dividends or interest, nor does it represent an ownership stake in a profit-making enterprise. But it does provide portfolio diversification and ballast when markets turn turbulent. The precious metal’s price movements are also uncorrelated with more traditional asset classes. When stocks, bonds and the dollar are going down, gold tends to move in the opposite direction. Gold fluctuates in price, of course, but it doesn’t carry a common risk that other financial assets do: “Gold can’t go bankrupt or default,” says Rhind.

A buyer’s guide for gold bugs. There are a number of ways to invest in gold. You can buy physical gold, such as coins, jewelry and gold bars, from a reputable dealer. But drawbacks to that approach include dealer price markups, storage and insurance costs, and the risk of theft, especially if the gold is hidden at your home. You can also buy futures and options contracts on gold, but that tends to be complex, and you run the risk of large losses due to their use of leverage.

A better way to get exposure is via low-cost gold ETFs that track the price of gold and hold physical gold in vaults. This pure-play approach has a single risk: gold price volatility. In short, you profit when the price of gold rises, and you suffer losses when the yellow metal falls in value.

Buying shares in an ETF that tracks the price of gold is as straightforward as buying a share of Apple. "It's a much easier way to incorporate gold into your portfolio, versus collecting gold coins or keeping bars of gold safe in your home," says Cinthia Murphy, director of research at VettaFi, an index provider.

Because the performance of ETFs that hold gold bullion and track spot gold prices is virtually the same, focus on funds with the lowest expense ratios. "The less you spend [on fees], the more you keep," says Murphy. "Cheaper ETFs make the most sense."

With low costs in mind, Murphy recommends ***SPDR Gold MiniShares (symbol GLDM, $93)***, an ETF with $29.6 billion in assets and an expense ratio of 0.10%. She also likes ***iShares Gold Trust Micro (IAUM, $47)***, a $7.2 billion fund that charges 0.09% annually. The ETFs' returns are virtually identical: The SPDR fund gained 8.57% in 2026 through the end of March; the iShares offering was up 8.63%. "They are both set-it-and-forget-it products" for individual investors looking for long-term gold exposure, Murphy says.

And there's another plus: Both ETFs have lower share prices than their larger, more-established siblings, such as the $155.1 billion SPDR Gold Shares (GLD, $430) and the $70.5 billion iShares Gold Trust (IAU, $88), ETFs that target big institutional investors and frequent traders. That's because the smaller funds have proportionately fewer ounces of gold backing each ETF share. "The lower share price makes it a great entry point," says Murphy.

The downside to bullion-backed ETFs is that the IRS deems the assets "collectibles," which are taxed at 28%—higher than the highest long-term capital gains rate of 20%. To minimize the tax drag, consider holding this type of gold ETF in a tax-deferred account.

A second approach is to buy shares of ETFs that invest in a diversified basket of gold-mining stocks (or pick individual gold-mining stocks on your own). Just note that miners can be more volatile than the metal. They can offer outsized returns in a bullish gold market because the cost of producing an ounce of gold is fixed even as the price of gold keeps rising, boosting profit margins. But there's potentially more risk as well. Performance will not only depend on the direction of gold prices but, like an equity investment in any company, might also be subject to company-specific hurdles, such as management miscues, quarterly earnings shortfalls and cost overruns. "The equity approach tends to amplify returns in both a positive and a negative direction," says Aniket Ullal, head of ETF research at CFRA, a Wall Street research firm.

Shares in gold miners can offer outsized returns, but they carry more risk as well.

For investors who can tolerate the added volatility, Ullal recommends ***VanEck Gold Miners ETF (GDX, $92)***. The $28.2 billion portfolio's top three holdings, accounting for 31% of fund assets, are Canada-based Agnico Eagle Mines, Barrick Mining and U.S.-based Newmont. In 2025, VanEck Gold Miners rose 155%, compared with a gain of 64% for both SPDR Gold MiniShares and iShares Gold Trust Micro. However, the Gold Miners ETF lagged the two gold-price ETFs by a wide margin in 2024. So far this year, VanEck Gold Miners' 7.0% return is trailing the bullion-backed ETFs' gains of 8.6%.

Among individual gold-mining stocks, CFRA has "strong buy" ratings on both ***Agnico Eagle Mines (AEM, $203)*** and ***Newmont (NEM, $108)***. Matthew Miller, gold analyst at CFRA, says Agnico benefits from its diversified portfolio of mines, increasing production and leverage to rising gold prices, as well as a fortress-like balance sheet and best-in-class project pipeline. "Our rating reflects Agnico's position as a best-in-class operator" with top-tier assets in favorable locations, says Miller. Newmont gets kudos for its industry-leading gold reserves, exceptional free-cash-flow generation, and return of capital to shareholders. With Newmont, "elevated gold prices reflect structural support for multiple durable tailwinds," says Miller.

With gold prices still elevated, experts recommend building new positions or adding to existing holdings via dollar-cost averaging—that is, making regular investments over a period of six to 12 months. "You don't need to go from a 0% allocation to 5% overnight," says State Street's Doshi. "Scale in over time."

Send comments about this article to feedback@kiplinger.com.

What You Need to Know About Private Credit

Read our FAQ to find out why worries about these loans are roiling financial markets and whether fears are overblown. **BY ANNE KATES SMITH**

Question: What is private credit? Answer: The term most often refers to direct lending to small and midsize private businesses that takes place outside of traditional banking channels or the public bond market. Borrower companies, numbering in the thousands, might range from mom-and-pop shops with $5 million in annual sales to companies with $1 billion in revenues, according to Mark Steffen, alternative asset strategist at Wells Fargo Investment Institute. Such loans used to be primarily the province of banks. But as banks stepped back amid regulatory and economic constraints after the Great Financial Crisis, alternative asset managers stepped in. Moody's estimates assets under management in the global private-credit market will exceed $2 trillion this year and approach $4 trillion by 2030.

Can individual investors access the private-credit markets? It used to be that private markets were accessible only to institutions such as insurance companies, pension funds and endowments. But amid a push to "democratize" the asset class, investment management firms have expanded offerings. Individual investors have been buying shares in closed-end private-credit funds and business development companies—finance companies created in the 1980s to help fund emerging businesses—that do not trade on an exchange. Most of these vehicles are purchased through advisers, and there may be some net-worth or suitability restrictions, or high minimum investments. These funds have limited liquidity—meaning investors can make withdrawals only periodically, and redemptions may be capped.

More accessible are publicly traded BDCs. Think of them as stocks that operate like closed-end funds, holding mostly private debt and sometimes private equity. Relatively new exchange-traded funds invest in baskets of BDCs or in private credit in limited amounts, mixed in with other fixed-income holdings. Then there are the big alternative-asset management companies that manage private-credit funds, among other types of assets. The layers can get a little confusing. Ares Management (symbol ARES) and Blackstone (BX), for example, are two of several publicly traded alternative-asset managers that sponsor non-traded funds and BDCs as well as publicly traded BDCs, the latter including Ares Capital (ARCC) and Blackstone Secured Lending (BXSL). ETFs with a private-credit focus include VanEck BDC Income (BIZD), a relative old-timer launched in early 2013, and newer entrants such as State Street IG Public & Private Credit (PRIV), which debuted in February 2025 and invests in a mix of public and private IOUs.

When interest rates rose in 2022, private credit was one of few assets that did well, cementing a reputation as a good portfolio diversifier.

What's the attraction of private credit for investors? In a word (or two): high yields. "These types of loans produce expected yields in the high single and low double digits," says Steffen. For example, the average dividend yield for BDCs in the S&P BDC index, which tracks publicly traded BDCs, is a whopping 12.1% at last report. (The regulatory structure of BDCs requires them to pay out at least 90% of their taxable income to shareholders.) In 2022, when interest rates were rising and the broad bond market got crushed (bond prices fall when rates are rising, and vice versa), "shockingly, one of the few assets that did well was private credit," says investment adviser Jonathan Treussard, of Treussard Capital Management. That cemented a reputation for being a good portfolio diversifier.

What are the risks? Private credit shares the risks inherent in all lending—making bad loans being the foremost. But a particular risk is a lack of transparency when it comes to the underlying loans, in contrast to publicly traded debt securities, whose value is settled in the market each trading day. "With private credit, funds are valuing the assets—the loans—themselves. Investors have no idea what their investment is worth at any one time," says Ben Schiffrin, director of securities policy at Better Markets, an advocacy group. Even with ETFs that routinely disclose holdings, "just listing the loans doesn't help you figure out what their supposed value is," he says.

There's also a significant liquidity risk, considering that private loans are meant to be held for years—think six, seven or even 10 years—but investors might need or want their money back sooner. The potential for a liquidity mismatch is understandable with investments that don't trade and only periodically allow withdrawals. But investments that trade daily yet hold hard-to-sell underlying assets merely deliver the "illusion of liquidity," said fixed-income guru Jeffrey Gundlach about private credit on a Bloomberg podcast, with sellers in bad markets likely able to unload their shares only at steep discounts.

Why are people so worried now? The canaries in the coal mine were two private-market bankruptcies last fall, igniting fears on Wall Street about the potential for problematic loans. Then came a tech wreck in the software sector, as investors worried about artificial intelligence eroding the recurring revenues generated by software subscriptions. It turns out, perhaps as much as 30% of private-credit loans are made

ADOBE FIREFLY

to software firms. "Many software-focused loans were originated in 2020–21, when recurring-revenue models commanded premiums and AI risk seemed remote," reads an analysis by LPL Financial. Market expectations now call for private-credit default rates overall to rise to about 6% this year, up from 4.5% last year, according to LPL, with more-bearish scenarios pushing the estimate toward 15%.

As these concerns unfold, redemption requests are soaring in non-traded funds and BDCs, with several managers, including Ares Management and Blue Owl Capital, capping withdrawals. The practice is typical of such funds in order to avoid having to sell loans at a discount in distressed markets—a feature, not a flaw, say some, considering the long-term nature of the assets. But the restrictions have fueled more anxiety. "Presumably, insurance companies understood what they were getting into, and they have long horizons. But retail investors are reading the same headlines, and there's a degree of panic. The next thing they say is *get me out of here*, only to realize that getting out is more challenging than getting in," says Treussard. Meanwhile, prices have plunged for publicly traded securities. The S&P BDC index is down more than 10% so far this year (through March 31). Asset managers with private-credit ties have been hit hard: Blue Owl Capital stock is down 37%; Ares Management, 32%.

Will private credit trigger the next financial crisis? "I've been saying for two years now that the next big crisis in the financial markets is going to be private credit," Gundlach said back in November, adding that it has the "same trappings" of the subprime-mortgage crisis of years ago. But the forecasts of other observers aren't quite as dire. Rising defaults and an increase in the use of payment-in-kind features that allow borrowers to skip interest payments and instead add them to the loan balance are "immediate concerns," say the analysts at LPL. "However, an immediate shock and contagion from the asset class failing are not in our forecasts."

Is the panic overdone? Bargain hunters certainly think so. Publicly traded BDCs are trading at an average 22% discount to the net asset value of their underlying holdings, 20 percentage points wider than normal. Some have little exposure to software loans, adhere to conservative lending practices overall or boast long histories of minimizing loan losses. And yields are more than generous. (To see which public BDCs we think are worth considering now, see "Where to Find Top Yields," on page 18.)

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No Time to Be a Bond Hero

INCOME INVESTING BY JEFFREY R. KOSNETT

THE words *bond* and *crater* rarely occupy the same sentence, but they have before and can again. So, although I do not aim to exaggerate, it is timely to eyeball the risk within your fixed-income allocation. Exploding oil prices and pressure on the Federal Reserve to keep interest rates steady, or even tighten credit, have turned bullish bond-market sentiment upside down.

Since the U.S. attack on Iran, the yield on a 10-year Treasury bond has climbed from 3.96% to 4.35% in early April, and three-year T-notes are up from 3.39% to 3.88%, erasing winter's gains. The damage to bond prices and the net asset values of mutual funds and exchange-traded funds does not yet approach April 2025's debacle, when the markets protested the "Liberation Day" tariff threats by jacking long-term Treasury yields half a percentage point in five days. But the current situation could worsen as the indefinite term of the war, the continuing inflationary oil crisis and inscrutable messaging from the Trump administration make it unlikely that the Treasury or the Fed can quickly reverse the recent 2% or so losses, let alone stop them from mounting.

I recognize that you could be reluctant to do much of anything. Bonds and almost all bond funds continue to pay interest in full and on time, so you should be less irate over 2% or 4% capital losses than by worse ones elsewhere. You might be familiar with defensive tactics in stocks, such as using put options, averaging down, and employing stop and limit orders. Alas, these either do not work for bonds and bond funds or can backfire by converting temporary paper losses into missed income. Besides, if you own individual bonds, you can (and should) plan to hold them to maturity anyway and ignore the price fluctuations.

Just sit tight. I therefore submit that bond-portfolio defense is mainly about what not to do until the world calms. This starts with avoiding bottom fishing and bargain hunting. The widest losses this year, which are not all related to Iran, are in private and nonbank credit, emerging-markets bonds in local currencies, and gadget funds and ETFs whose derivatives-heavy strategies are on the wrong side of market action. Leave those alone—or, if you already hold, say, a business development company with its shares down 25% and dividends halved, accept this as dead money for now. Your choices are extreme patience or taking a loss. (For another take on what to buy now, see "Where to Find Top Yields," on page 18.)

Another no-fly zone is non-dollar debt. Once again, an international crisis stiffens the dollar, so ***Invesco DB US Dollar Index Bullish (symbol UUP, $28)***, the dollar-bullish ETF, continues to gain; it is up 3.1% in 2026 through April 2. Meanwhile, DoubleLine Emerging Markets Local Currency Bond has shed 6.1% of its NAV since the war started, threatening to unwind much of its 20.4% return in 2025. You will get another chance at foreign bonds after, as I said, the world settles down.

PHOTO BY BOB CROSLIN

Usually, I wrap up cautious columns with a contrarian constructive idea, or at least a reasonable speculation or two. But little comes to mind now beyond dodging trouble. There are liquid, investment-grade $25 par bond snippets trading at a discount—two Ford issues are around $20, for a current yield of 7.5%. For higher quality, utilities DTE Energy and Duke Energy have similar exchange-traded debt in the $23 range, for a current yield in the low 6% range. Preferred stocks are quiet—at least those with BBB or better ratings. Municipal bonds are safe, too. And cash yields are not going to fall further. But this is a time to stay out of trouble rather than be a swashbuckler.

Bond-portfolio defense is mainly about what not to do until the world calms. Avoid bottom fishing and bargain hunting.

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WEATHERING A SHAKY FIRST QUARTER

KIPLINGER 25 UPDATE BY NELLIE S. HUANG

UNLESS you're a day trader (and we aren't), a focus on short-term returns is unwise. But a peek at how funds perform during extraordinary times can be illuminating. How, for instance, have our favorite bond funds fared during the first quarter of the year, which started optimistically and ended with uncertainty surrounding the war in Iran? So far, good.

The bond market, as measured by the Bloomberg U.S. Aggregate Bond index, sank at first. But the benchmark recovered a bit in mid March. All told, over the first three months of the year, the high-quality Agg index was flat with a 0.05% loss. Compare that with the 4.3% decline in the S&P 500 over the same period.

As for our Kiplinger 25 bond funds, generally speaking, the higher the portfolio's credit quality, the better it performed. That's no surprise: War stokes worries about the economy, and in a recession, high-quality bonds hold up better. With the majority of their holdings rated triple-A to triple-B, two of our investment-grade bond funds, ***Dodge & Cox Income*** and ***Vanguard Short-Term Investment-Grade***, beat the Agg index over the first three months of 2026. ***Baird Aggregate Bond*** lagged with a 0.1% loss.

Quality matters. But bond funds in the Kiplinger 25 that focus on lower-quality debt—holding mostly junk-rated IOUs, with credit ratings ranging between double-B and single-C—took a hit, albeit a small one. ***T. Rowe Price Floating Rate*** invests in bank loans typically issued to companies with poor credit ratings. The fund's portfolio has an average credit rating of single-B. It has suffered a 0.5% loss since the start of 2026.

Emerging-markets debt has been improving in credit quality in recent years. Today, just over 40% of the holdings in ***Vanguard Emerging Markets Bond*** are rated investment grade; the rest is junk-rated. The fund has slipped 1.4% since the start of 2026. By contrast, 88% of the holdings in ***Vanguard High-Yield Corporate*** are invested in below-investment-grade IOUs; it has lost 0.6% over the same period.

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KEY DATA FOR OUR MUTUAL FUND PICKS

Everything you need to know about our favorite actively managed, no-load mutual funds.

U.S. Stock Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Dean Mid Cap Value	DALCX	14.1%	10.5%	10.4%	0.9%	0.85%
Dodge & Cox Stock	DODGX	7.9	9.7	12.7	1.3	0.51
Fidelity Blue Chip Growth	FBGRX	28.1	12.1	19.2	0.0	0.61
Marsico Midcap Growth Focus	MXXIX	28.8	9.2	15.1	0.0	1.31
Oberweis Small-Cap Opps	OBSOX	33.4	11.8	15.9	0.0	1.25
T. Rowe Price Dividend Growth	PRDGX	11.5	9.7	12.3	1.0	0.64
T. Rowe Price Small-Cap Value	PRSVX	19.0	4.9	9.8	0.8	0.79
PRIMECAP Odyssey Growth	POGRX	31.6	10.1	14.0	0.5	0.66
Vanguard Equity Income	VEIPX	15.7	10.9	11.4	2.2	0.26
Vanguard Strategic Equity	VSEQX	25.5	10.6	12.0	1.1	0.17

Foreign Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Baron Emerging Markets	BEXFX	26.6%	1.0%	6.5%	1.8%	1.37%
Brown Capital Mgmt Intl Sm Co	BCSVX	–16.1	–4.0	7.5	0.5	1.31
Fidelity International Growth	FIGFX	13.2	5.2	8.7	0.7	0.84
Janus Henderson Glbl Eq Inc	HFQTX	27.3	10.4	8.2	6.5	0.94

Specialized Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Fidelity Select Health Care	FSPHX	8.5%	2.3%	9.7%	0.5%	0.63%
T. Rowe Price Global Technology	PRGTX	38.9	4.5	15.9	0.0	0.93
Vanguard Wellington	VWELX	14.5	7.8	9.4	2.1	0.24

Bond Funds	Symbol	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield	Expense ratio
Baird Aggregate Bond	BAGSX	4.2%	0.3%	1.9%	3.8%	0.55%
Dodge & Cox Income	DODIX	5.3	1.6	3.1	4.2	0.41
Fidelity Interm Muni Income	FLTMX	4.5	1.2	2.1	2.9	0.37
Fidelity Strategic Income	FADMX	8.2	3.2	4.4	4.4	0.64
T. Rowe Price Floating Rate	PRFRX	5.5	5.8	5.0	6.3	0.76
Vanguard Emerging Markets Bond	VEMBX	9.9	4.1	6.7	5.4	0.50
Vanguard High-Yield Corporate	VWEHX	7.0	4.0	5.3	6.1	0.22
Vanguard Short-Term Inv-Grade	VFSTX	4.8	2.3	2.6	4.4	0.20

Indexes	Annualized total return 1 yr.	5 yrs.	10 yrs.	Yield
S&P 500 INDEX	17.8%	12.1%	14.2%	1.2%
RUSSELL 2000 INDEX*	25.7	3.8	9.9	1.2
MSCI EAFE INDEX†	21.3	7.9	8.4	2.5
MSCI EMERGING MARKETS INDEX	29.6	3.7	7.8	2.1
BLOOMBERG U.S. AGG BOND INDEX#	4.3	0.3	1.7	4.6

Data as of March 31, or the latest available. *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 Direct, MSCI, S&P Dow Jones Indices. Yields listed for bond funds are SEC yields, which are net of fees; stock fund yields are the yield for the past 12 months.

FIGHTING BACK AGAINST INFLATION

FUND TRENDS BY DAVID MILSTEAD

INFLATION seems to be going from pesky to pernicious. Increases in the cost of living had remained above the Federal Reserve's long-run targets, despite moderating from post-pandemic highs. Now the U.S. attack on Iran and the resulting disruption to the world's energy and fertilizer supplies threaten to jack up prices on a wide range of goods.

Economists at BofA Securities expect the Personal Consumption Expenditures price index, the measure the Fed follows, to "surge" based on a jump in the price of oil, peaking at around 4% in the quarter that ends June 30, up from 2.8% at last report.

Investors may again be looking for inflation protection. Consider funds that invest in TIPS, the inflation-protected securities from the U.S. Treasury, or a mix of commodities.

The longer a bond's duration, the more sensitive it is to interest rate changes. With rates recently on the upswing, that may favor TIPS funds that focus on shorter-term bonds. (Bond prices fall when rates rise, and vice versa.) ***Vanguard Short-Term Inflation-Protected Securities Index Fund (symbol VTAPX)*** tracks the Bloomberg US TIPS 0-5 Year index, with an expense ratio of 0.06%.

Pimco CommodityRealReturn Strategy (PCRAX) is an actively managed fund that uses derivatives to mirror the Bloomberg Commodity Index, giving investors exposure to agriculture, energy, livestock, metals and more. It then seeks to enhance returns with allocation shifts informed by the management team's market views, and with an investment in inflation-protected bonds and other high-quality IOUs. You can buy the fund with no sales charge or transaction fee at Fidelity, Schwab and other brokers. Its expense ratio is 1.14%—middle of the pack for commodities funds.

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20 LARGEST STOCK AND BOND MUTUAL FUNDS Funds are ranked by asset size.

Stock mutual funds

	Name	Symbol	Assets* (billions)	Annualized total return 1 yr.	Annualized total return 5 yrs.	Max. sales charge
1	Vanguard Total Stock Mkt Index Admiral	VTSAX	$1,502.6	18.2%	10.8%	none
2	Fidelity 500 Index@	FXAIX	714.9	17.8	12.0	none
3	Vanguard 500 Index Admiral	VFIAX	640.5	17.8	12.0	none
4	Vanguard Total Intl Stock Index Admiral	VTIAX	490.9	27.5	7.5	none
5	American Funds Growth Fund of America A	AGTHX	328.2	17.8	9.4	5.75%
6	American Funds American Balanced A	ABALX	279.0	17.4	8.5	5.75
7	American Funds Washington Mutual A	AWSHX	212.9	13.1	11.4	5.75
8	American Funds Invs Co of Amer A	AIVSX	177.3	18.2	12.7	5.75
9	American Funds Fundamental Invs A	ANCFX	166.7	24.1	12.3	5.75
10	American Funds New Perspective A	ANWPX	165.6	17.1	7.4	5.75
	S&P 500 INDEX			17.8	12.1	
	MSCI EAFE			21.3	7.9	

Bond mutual funds

	Name	Symbol	Assets* (billions)	1-yr. total return	Yield	Max. sales charge
1	Vanguard Total Bond Market Index Adm	VBTLX	$241.3	4.3%	4.3%	none
2	Pimco Income A	PONAX	229.5	6.5	4.4	3.75%
3	Dodge & Cox Income I	DODIX	108.4	5.3	4.2	none
4	American Funds Bond Fund of Amer A	ABNDX	102.2	4.0	3.6	3.75
5	Vanguard Interm-Term Tax-Ex Inv	VWITX	88.5	4.8	3.4	none
6	Fidelity U.S. Bond Index@	FXNAX	69.0	4.3	4.3	none
7	Baird Aggregate Bond Inv	BAGSX	56.5	4.2	3.8	none
8	Vanguard Short-Term Investment-Grade Inv	VFSTX	55.3	4.8	4.5	none
9	PGIM Total Return Bond A	PDBAX	52.4	4.6	4.0	3.25
10	JPMorgan Core Bond A	PGBOX	52.2	4.1	3.6	3.75
	BLOOMBERG U.S. AGGREGATE BOND INDEX			4.3	4.6	
	ICE BOFA U.S. MUNICIPAL MASTER			3.8	3.5	

Data as of March 31 or latest available. Unless otherwise indicated, funds come in multiple share classes; we list the share class that is best suited for individual investors. *For all mutual fund share classes combined. @Only share class. MSCI EAFE tracks stocks in developed foreign markets. SOURCES: Morningstar Direct, WSJ.com.

Ideas for Intrepid Investors

STREET SMART BY JAMES K. GLASSMAN

DESPITE recent setbacks, the U.S. stock market has done well over the past 12 months, returning nearly 18%. But have you checked out the *Egyptian* stock market? It's up 49%. Peru has returned 99%; Romania, 75%; Zimbabwe, 97%. Most of the hottest markets in the world are also the smallest.

Readers know I have lately been enthusiastic about companies in emerging markets. Now, I am even more enthusiastic about some of the smallest and most obscure of these markets, spread across Africa, Latin America, Asia and Eastern Europe.

This is contrarianism on steroids. Smaller countries, which tend to be net exporters, were supposed to be hurt the most from big tariff rate increases last year. Then, the U.S. and Israel attacked Iran, and the wider war raised petroleum prices. Again, you would expect smaller nations to be harmed the most.

Sure, some emerging markets took substantial hits after the war began. Asian markets such as Vietnam and the Philippines were battered. But other countries were largely unharmed, including Nigeria, whose oil circumvents the Strait of Hormuz on the way to Europe, and Pakistan, which has been aggressively adopting solar power.

Nor have tariffs and cutbacks in U.S. aid to countries such as South Africa caused much damage—or, more accurately, recent damage has been offset by a more powerful trend. What we are seeing is a seismic shift in the global economy. Emerging markets are forming new trading alliances, mainly with Europe and China. They are also realizing that to attract capital, they need to provide a secure legal regime and a welcoming climate for outside investors.

A long list of positives. Emerging markets have a lot going for them, starting with economic growth. The International Monetary Fund in January projected that gross domestic product would increase 4.2% in 2026 for emerging markets, compared with 1.7% for advanced economies. Sub-Saharan Africa is forecast to grow twice as fast as the U.S.; emerging Eastern Europe will grow twice as fast as Germany. The IMF is revising those growth projections because of the Iran war, but my guess is that even if GDP declines, most emerging markets will still top developed ones by a wide margin.

Second, emerging markets—especially smaller ones—are where population is growing, while the developed countries will suffer worker and customer shortages and burdens on the young to support the old. According to the World Bank, the fertility rate (that is, births per woman) has fallen to 1.6 in the U.S. and 1.5 in the 38 advanced economies of the Organisation for Economic Cooperation and Development overall—well below the population replacement rate of 2.1. In the past, these economies have increased population through immigration, now involved in a political backlash. By contrast, in lower-middle-income countries, the fertility rate is 2.6; in sub-Saharan Africa, it's 4.3.

PHOTO BY NOAH WILLMAN

I am enthusiastic about some of the smallest and most obscure markets, in Africa, Latin America and Eastern Europe.

Third, while some experts say that new technology will widen the gap between developed and emerging markets, I argue the opposite. Through applications such as ChatGPT, the world has access to artificial intelligence—and thus, the best educational resources. The world is also moving toward electrification in manufacturing, and countries in the global south, where the sun shines practically all the time, can generate their own cheap energy without dependence on imports.

Fourth, emerging-markets stocks—especially those in relative obscurity—are cheap. The price-earnings ratio for the S&P 500 index, based on estimated earnings, is 19; for the MSCI Emerging Markets index, the P/E was 12 at last report. Some small markets lack enough analyst projections to produce meaningful forward-looking P/Es, but the P/E based on actual earnings for the Panama index is a mere 7; same for Nigeria and Kenya.

High risk, low valuation. Of course, investing in obscure emerging markets carries higher risk, but in my view, the valuation gap is overdone. One problem, however, is that the investment choices are narrow. For example, MSCI's Egypt index is scanty. It comprises just three stocks, and one of them, ***Commercial International Bank (symbol CIBEY, $2)***, represents three-fourths of the total value. Banks are a good way to buy an obscure market's entire economy, and Commercial International has been doing well, with revenues and net earnings each more than doubling over the past two years (and the stock price nearly doing so, too). But the current P/E is still just over 5, and the stock yields 5.3%. (Stocks I recommend are in bold; prices and other data are as of March 31 or the latest available.)

Economic reforms in Egypt have led to a strengthening currency, and investors have been heartened by plans to privatize more than two dozen state-owned companies. Bloomberg reports that "an initial public offering for premium grocery retailer Gourmet Egypt SAE was more than 12 times oversubscribed on the first day." You can buy shares of Commercial International Bank as American depositary receipts on the U.S. over-the-counter market through a broker. For ***Gourmet***

The price-earnings ratio for the S&P 500 is 19; for the MSCI Emerging index, it's 12. In my opinion, the valuation gap is overdone.

Egypt (GOUR, 20 cents), you'll need a brokerage firm with access to the Egyptian Exchange, or use an online service such as Thndr, an Egyptian fintech app. (The stock trades in Egyptian pounds, with 10 EGP recently worth about 19 cents.)

You can buy more-substantial but still relatively obscure markets through exchange-traded funds including ***iShares MSCI Peru (EPU, $81)***, which has produced an average annual five-year return of 23.9% but still maintains a portfolio with an average P/E of 13. Peru has a strong export economy, with emphasis on minerals and agriculture. Goods exports to the U.S. rose 14% last year despite the tariffs. As a sign of how the world is changing, the Chinese have built a $3.6 billion deep-water megaport in Peru that is expected to reduce transit times to Asia by 10 days.

The top holding of the ETF is ***Credicorp (BAP, $339)***, a Lima-based bank that does business throughout Latin America and has a market capitalization (shares outstanding times price) of $27 billion. Shares have risen 88.1% in the past year, and the P/E is just 13.

Eastern Europe is embracing free markets aggressively, but investable funds are hard to find. The best is ***iShares MSCI Poland (EPOL, $36)***, with 33 stocks from Europe's fastest-growing economy. The fund has an expense ratio of 0.59% (like other iShares emerging-markets ETFs) and an annual average return of 19.1% for the past five years (compared with 12.1% for the S&P 500 index). I recommended the fund last year, along with a major holding, ***Powszechmy Zaklad Ubezpieczen (PZAKY, $16)***, which just means "general insurance company." The stock is up 30.0% in the past year, sports a lofty dividend yield and has a P/E under 8.

VanEck Africa Index (AFK, $26), an ETF with expenses of 0.88%, is the best way to buy the fastest-growing continent in terms of population. The fund returned a whopping 74.7% in 2025, but it has fallen 15.7% since the Iran war began. Still, the future is bright. One of the fund's enticing holdings is ***Airtel Africa (AARTY, $47)***, which provides telecommunications and money-transfer services in Nigeria and nearby French-speaking countries. The company, based in London, increased revenues 24.6% in constant currency in the latest quarter compared with the same quarter a year ago.

I'll end with two obscure-market stocks well worth consideration: ***Copa Holdings (CPA, $114)***, a Panama-based airline with a P/E of 6; and ***Clicks Group (CLCGY, $35)***, a South African diversified business that includes health and beauty products, hair salons and baby products. Betting on companies like these certainly carries more risk than buying stock in Coca-Cola, but consider devoting a small slice of your portfolio to a very different future. K

James K. Glassman chairs Glassman Advisory, a public-affairs consulting firm. He does not write about his clients. His most recent book is* Safety Net: The Strategy for De-Risking Your Investments in a Time of Turbulence. *He owns none of the securities mentioned here. You can reach him at JKGlassman@gmail.com.

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THE WAR INTERRUPTS A RALLY IN THIS FUND

KIPLINGER ETF 20 UPDATE BY NELLIE S. HUANG

U.S. stock market gains were just beginning to move beyond the handful of enormous companies that have dominated returns in recent years. Then the war in Iran unfolded.

The change in market dynamics is reflected in ***Invesco S&P 500 Equal Weight ETF***. The ETF holds all the stocks in the S&P 500 in equal proportions—unlike the traditional index, which weights companies by market value. Over the past three months through March, Invesco S&P 500 Equal Weight outperformed the S&P 500 index by nearly 5 percentage points, with a 0.6% gain. Its short-term edge stemmed in part from a rally in smaller companies and a decline in mega-size firms. The Magnificent Seven stocks stumbled 12% over the past three months, while the rest of the 493 stocks in the S&P 500 lost 0.9%.

Sector tilts also helped. By virtue of its construction, the Equal Weight ETF has greater exposure to energy, industrials, materials, consumer staples and utilities stocks. Those sectors were top performers over the past three months, posting solid returns thanks to optimism about the U.S. economy. By contrast, the traditional S&P 500 index heavily favors technology and communications services, which lost ground over that period. Combined, tech and communications services stocks make up less than 20% of Invesco S&P 500 Equal Weight ETF, compared with 43% of the S&P 500.

The fog of war. Since the conflict with Iran began, however, the Equal Weight ETF has lagged the S&P 500 as tech stocks have rallied and shares in materials and industrials, among others, have lost ground. War tends to fuel fears of a recession, and the Equal Weight ETF is more economically sensitive given its higher exposure to sectors such as real estate and industrials than the broad market benchmark has currently.

We don't typically focus on short-term results, but this interval offers a glimpse at how economic views can impact returns. For the record, the ETF's 12.6% return over the past 12 months lagged the 17.8% gain in the S&P 500. ■

Send feedback to Nellie.Huang@futurenet.com.

VITAL STATS: THE KIPLINGER ETF 20 AT A GLANCE

			Annualized total return				
Core Stock Funds	**Symbol**	**Price**	**1 yr.**	**3 yrs.**	**5 yrs.**	**Yield**	**Expense ratio**
iShares Core S&P 500	IVV	$653	17.7%	18.3%	12.0%	1.1%	0.03%
iShares Core S&P Mid-Cap	IJH	68	17.3	12.1	6.9	1.2	0.05
iShares Core S&P Small-Cap	IJR	124	20.5	10.5	4.4	1.5	0.06
iShares ESG Optimized MSCI USA	SUSA	132	16.1	15.9	9.8	0.9	0.25
Vanguard Total International Stock	VXUS	77	28.1	15.5	7.6	3.0*	0.05
Dividend Stock Funds							
Capital Group Dividend Value	CGDV	$43	21.0%	21.4%	—	1.3%	0.33%
iShares International Dividend Growth	IGRO	84	18.7	14.4	7.9%	2.5	0.15
Vanguard Dividend Appreciation	VIG	215	12.7	13.8	9.9	1.6	0.04
Strategic Stock Funds							
State St Health Care Select Sector SPDR	XLV	$147	2.2%	6.0%	6.4%	1.7%	0.08%
Invesco S&P 500 Equal Weight	RSP	192	12.6	11.7	8.0	1.7	0.20
iShares Core MSCI Emerging Markets	IEMG	70	33.1	16.1	4.6	1.7	0.09
JPMorgan US Quality Factor	JQUA	61	9.9	15.6	11.7	1.1	0.12
State St SPDR S&P Kensho New Economies Comps	KOMP	58	28.0	12.6	-1.5	0.7	0.20
State St Technology Select Sector SPDR	XLK	133	29.5	21.6	15.8	0.6	0.08
Core Bond Funds							
Fidelity Total Bond	FBND	$46	4.7%	4.4%	1.1%	4.6%	0.36%
iShares Systematic Bond	SYSB	89	6.4	6.5	1.7	4.9	0.25
State Street DoubleLine Total Return Tactical	TOTL	40	3.9	4.2	0.8	5.1	0.55
Opportunistic Bond Funds							
iShares Short Duration Bond Active	NEAR	$51	4.5%	5.8%	3.8%	4.2%	0.25%
JPMorgan Income	JPIE	46	5.8	6.2	—	5.7	0.39
PIMCO 0-5 Year High Yield Corporate Bond	HYS	93	7.1	8.2	5.0	6.4	0.56
Indexes							
S&P 500			17.8%	18.3%	12.1%	1.2%	
MSCI EAFE			21.3	13.6	7.9	2.5	
Bloomberg U.S. Aggregate Bond			4.3	3.6	0.3	4.6	

As of March 31. *12-month yield (all other yields are 30-day SEC yields). —Fund not in existence for the entire period. SOURCES: Morningstar Direct, fund companies, MSCI, S&P Dow Jones Indices, WSJ.com.

15 WAYS TO LOWER YOUR HEALTH CARE COSTS

Stressed out by the high price of staying well? These strategies can save you hundreds, or even thousands, on your annual medical bills.

BY KATHERINE HOBSON

SPECIAL REPORT

YOUR MONEY & YOUR HEALTH

GAS prices are soaring, the cost of beef is through the roof, and electricity bills have shot up everywhere. But in a year when the affordability of basic goods and services is causing great anxiety across the board, there seems to be no expense more worrisome to Americans than what they're paying for health care.

The evidence is everywhere. Two-thirds of Americans now say they worry about how they'll be able to afford health care for themselves and their families—overshadowing concerns about any other necessity, including utilities, food and groceries, housing, and gas, according to a recent poll from nonprofit health policy organization KFF. And the majority, some 56%, say they expect the price of receiving care will become even less affordable this year.

"The problem of higher health care costs is bad, and it's getting worse," says Caitlin Donovan, senior director at the nonprofit Patient Advocate Foundation.

The price of health insurance—the thing that's supposed to protect you from high medical bills—has grown especially burdensome. That's particularly true for many people who get coverage on the Affordable Care Act Health Insurance Marketplace.

Four out of five people who re-enrolled in marketplace plans for 2026 report their premiums, deductibles, coinsurance and co-payments are higher than last year, with about half saying they're a lot higher, KFF says. The benchmark premium is up 22% on average, compared with 2% average annual increases between 2020 and 2025, according to the Urban Institute. Meanwhile, the expiration of enhanced premium tax credits for people who earn more than 400% of the federal poverty level means those enrollees, on average, saw their premiums about double.

People who get health insurance through work or Medicare have been hit hard, too. Premiums for family coverage rose 6% last year for people with employer-provided insurance, who paid an average of $6,850 in premiums, according to KFF. And costs are expected to rise even more this year—6.7% on average, the consulting firm Mercer projects, the biggest jump in 15 years.

Costs have risen even more for people 65 and older who are covered by Medicare. Monthly premiums for Part B, which covers doctor visits and other outpatient care, jumped 9.7% this year, to $202.90, dwarfing the 2.8% inflation adjustment in Social Security benefits. As a result, the percentage of Social Security income needed to pay Medicare premiums has hit an all-time high, according to a recent analysis by the Center for Retirement Research at Boston College.

The upshot: About one-third of Americans now report making at least one trade-off with daily living expenses to afford health care, such as stretching out prescriptions or borrowing money, according to a poll from the West Health–Gallup Center on Healthcare in America. While the burden is worse for people without insurance, almost three in 10 people covered by a health plan say they've made at least one trade-off. Even among adults in households earning $240,000 a year or more, 11% report making at least one trade-off.

"In the wealthiest country in the world, people shouldn't be choosing between their health and their financial future," says Tim Lash, president of the nonprofit West Health Policy Center. Fortunately, you have ways to ease the strain. Here are 15 of them.

EVERYONE SHOULD ...

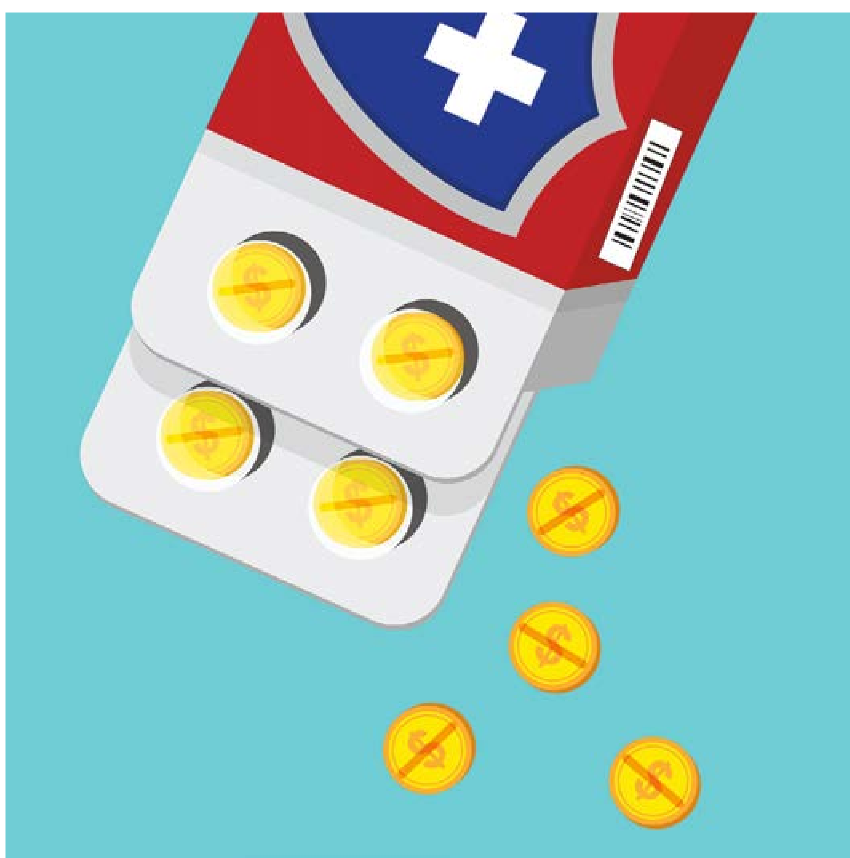
Reassess your health insurance options every year. Whether you get coverage from your employer, a government marketplace or Medicare, you have a chance to reconsider your options and switch plans each year during your provider's designated open-enrollment season to save money and get better coverage for your needs. You shouldn't automatically default to re-enrolling in your current plan.

Yet that's exactly what many people do. About half of employees who get insurance at work spend less than an hour reviewing their choices, according to a survey by the Employee Benefit Research Institute (EBRI) and Greenwald Research. And most Medicare beneficiaries didn't look at other options for coverage, such as switching Medicare Advantage plans or moving to traditional Medicare from an Advantage plan, during a recent open-enrollment period, KFF found.

The costs of inertia can add up, says Jake Spiegel, a senior research associate at EBRI. Formularies for prescription-drug coverage can change, for example, so a low-cost med you're taking now might move to a higher tier with a heftier co-pay. Providers may move out of a network, which means you'll pay more to visit them.

Spiegel advises running the numbers every year, taking into account your total out-of-pocket costs, not just premiums, based on what you think your health care needs will be. For example, if you're managing a chronic condition that requires frequent doctor visits and treatments, or you expect you'll need surgery, it might make sense to elect a plan with higher premiums but lower co-pays when you receive care.

Consider an HSA, if you're eligible. A health savings account is available to those enrolled in high-deductible health plans (with a deductible of at least $1,700 for individual coverage or $3,400 for families in 2026) who have no other comprehensive health insurance coverage, aren't enrolled in Medicare and can't be claimed as a dependent on someone else's tax return. Because of a provision in the One Big Beautiful Bill Act, all bronze and catastrophic plans purchased on the ACA marketplace are now eligible for HSAs.



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"HSAs have a triple tax benefit," says Carolyn McLanahan, founder of Life Planning Partners and a certified financial planner and medical doctor. You get a tax deduction on your contributions, earnings on those funds grow tax-free, and you can withdraw the money tax-free as long as you use it to pay for qualified medical expenses. You can use the funds to cover ongoing expenses, or you can pay those bills out of pocket, then invest the funds and use them in retirement to cover medical needs. Starting at age 65, you can also take money from the account for non-medical spending without penalty, although you will owe income tax on the withdrawals.

In 2026, the HSA contribution limit is $4,400 for individuals or $8,750 if you have family coverage. People 55 and older can make an additional $1,000 catch-up contribution. Bonus: Some employers contribute to workers' accounts.

Check for medical billing errors. About half of medical bills have mistakes, Donovan at the Patient Advocate Foundation estimates. Review your statements, identify possible errors and, if you see something fishy, dispute the charge. Only about six in 10 people with some concern about a medical bill reached out to their provider, but nearly three-fourths of those who suspected an error succeeded in getting the charge corrected, a 2024 study published in the *JAMA Health Forum* found.

"For people who did make the call, they were really more likely to get some relief," says Erin Duffy, a scholar at the USC Schaeffer Institute for Public Policy & Government Service and lead author of the study.

Wait to pay any medical bill you get until you've received the explanation of benefits (EOB) or Medicare Summary Notice from your insurer, Donovan advises. If the amount your insurer says you owe doesn't match up with the bill, there's an error, and you should call the provider's billing office and ask them to explain the discrepancy. Be persistent, says Donovan, who notes that it usually takes multiple calls to get a resolution.

Compare prices. Getting an MRI or a hip replacement isn't the same as shopping for a new appliance or a car. But the principle of checking costs from several providers to find the best price for what you need still applies.

And prices for common health care services do vary widely, even within the same geographic area. One study found, for instance, that the price for a lower-back MRI in the Miami area ranged from $186 to $1,423, while the cost of a hip or knee replacement around San Diego ran from a low of $20,305 to a high of $51,995.

Federal law now requires hospitals to post prices on their websites—including cash prices and the negotiated price for specific insurance plans—for 300 "shoppable services," such as a colonoscopy or knee replacement. Many have personalized tools so you can see what your costs will be. You can also call the provider for an estimate.

Negotiate with your provider. Once you have a sense of the costs from different providers, you can negotiate, even if you have insurance. "Ask what the cash price is," Donovan says. "If you know you won't likely meet your deductible outside of some catastrophic event, sometimes it will save you money not to use insurance."

In fact, hospital prices for 70 common services, such as lab tests, imaging and routine procedures, were lower nearly half the time for patients paying in cash rather than using insurance, a study by researchers at the Johns Hopkins Bloomberg School of Public Health found.

You can also negotiate after the fact—say, if you're stuck with a big bill because, as is common, the provider's fee was much higher than what your insurer deemed "reasonable and customary." In the *JAMA Health Forum* billing study, 62% of respondents who reached out to negotiate a bill received a price cut. Donovan suggests offering a percentage up front, then monthly payments for a certain number of months, with the total adding up to a percentage of the original bill.

In one study, 62% of patients who tried to negotiate a medical bill with their health care provider received a price cut.

Do an annual prescription review. About 66% of U.S. adults report taking at least one prescription medication, with 31% taking four or more, according to KFF. More medications mean a higher risk of side effects and drug interactions, as well as higher costs. It's a good idea to review your prescriptions annually with your physician to make sure you still need them.

"Talk to your doctor about what you should and shouldn't take—it could save you a lot of money," says Arthur "Abbie" Leibowitz, chief medical officer and president emeritus of Health Advocate, a provider of health advocacy and navigation, well-being and behavioral health programs.

Don't forget any over-the-counter medications or dietary supplements that you take regularly. Americans spent almost $69 billion on dietary supplements last year, most of them over-the-counter purchases, according to Grand View Research.

Shop for better prices on medications. While generic drugs are usually cheaper, sometimes insurers will cut deals with pharmaceutical companies that make the name brand more affordable, so check the formulary, says Leibowitz.

Health insurers often have preferred pharmacies with better prices, so see where you'll get the best deal. You can compare prices at GoodRx .com. Mail-order pharmacies are usually cheaper and permit you to get a 90-day supply.

If you take medications with a high co-payment, check with the manufacturer to see whether it offers a discount program that reduces your co-pay and, if so, how the program works with your insurance. (Medicare recipients usually aren't eligible, and some marketplace plans won't count the manufacturer's assistance toward your deductible.) It's also worth checking online pharmacies such as the Mark Cuban Cost Plus Drug Co., though that usually means paying out of pocket.

"If you have a comprehensive insurance plan, it usually makes more sense to get your drugs through your insurer, where you have a co-pay and your payment is helping you reach your deductible," says Anthony Wright, executive director of Families USA, a consumer advocacy organization. But in some cases, he says, the self-pay price may be cheap enough so that it makes sense to bypass your coverage, even though the payment won't count toward your deductible.

Know when to go to urgent care. According to Venteur, a health-benefits technology company, the average urgent care visit in 2026 costs between \$150 and \$280 without insurance; it's a \$20 to \$75 co-pay with coverage. An emergency-room visit costs \$1,500 to \$3,000 or more without insurance; the typical co-pay is \$100 to \$500 or more with coverage.

That math's a no-brainer. "Urgent care isn't a substitute for preventive care and a relationship with a primary-care provider, but in many instances, it can be a good alternative to an ER visit," Leibowitz says.

Urgent care can handle less-serious problems that sometimes end up in the ER, such as an ankle sprain, upper-respiratory infection or back pain, according to the Mayo Clinic. But with certain symptoms, or if you have underlying health conditions, it's better to be safe than sorry. If you're experiencing potentially serious symptoms such as chest pain, seizures, a sudden, severe headache, severe abdominal pain or serious bleeding, or you have a head injury or a compound fracture with a bone poking through, go to the hospital.

The average urgent care visit costs \$20 to \$75 with insurance; a typical emergency room visit will run \$100 to \$500 or more.

IF YOU GET INSURANCE AT WORK, ALSO ...

Contribute to an FSA. Most employers offer flexible spending accounts, which allow you to contribute pretax money, up to \$3,400 in 2026, to pay for a wide range of out-of-pocket health care expenses, including deductibles and co-pays, glasses, dental work, medical equipment, and over-the-counter medications. (See your options at FSAStore.com.) If you contribute the maximum and are in the 22% tax bracket (\$50,401 to \$105,700 for singles, \$100,801 to \$211,400 for joint filers), you'll save \$780 by using an FSA.

Take care to correctly estimate those expenses when you sign up, because any funds in the account you don't use by the end of the year may be forfeited to your employer. Some companies have a grace period that extends the deadline to March 15, or they may permit up to \$680 to be rolled over into the next plan year. Check with your benefits department for your company's policy.

Grab your freebies. You might be surprised by the free or discounted services you can get through your employer's wellness program, Leibowitz says. For example, programs to help you stop smoking or lose weight are common, often with a financial incentive for participation or success. You may also find gym discounts or reimbursements (including subsidized fitness apps such as Peloton), on-site fitness classes, free flu shots, on-site screenings for cholesterol and other biomarkers, and stress-reduction programs.

IF YOU'RE ON A MARKETPLACE PLAN, ALSO ...

Try to qualify for a subsidy. If you previously qualified for a premium credit but no longer do, you might be able to limit your income—specifically, your modified adjusted gross income (MAGI)—to qualify for subsidies. For 2026 plans, your MAGI must be no more than \$62,600 for an individual and \$128,600 for a family of four to qualify. Maxing out an HSA can help reduce your MAGI, as can maxing out pretax contributions to retirement plans such as a 401(k) or traditional IRA. You can talk to your tax adviser about whether other deductions or capital losses might make you eligible for subsidies.

Switch to a lower tier. If you are in reasonably good health, you may be able to save substantially on premiums by opting for a bronze plan over silver-, gold- or platinum-tier coverage during the next open enrollment period. The trade-off: You'll incur higher out-of-pocket costs when you do need care. Gold plans, for instance, pay 80% of covered costs;

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bronze plans pay an estimated 60%.

You should always do the math to be sure. That's particularly important for people whose income is less than 250% of the poverty level because they can qualify for extra savings on a silver plan, which could make it the best option. You can run the numbers to compare at *kff.org/interactive/subsidy-calculator.*

Look for alternatives in your preretirement years. Many adults between 50 and 65 turn to marketplace coverage to plug a health insurance gap between having a workplace plan and qualifying for Medicare—say, if they're laid off or retire early. This group already faces higher premiums, paying up to three times more for coverage than younger adults, and they are now being hit particularly hard by the expiration of enhanced premium tax credits.

"They make too much to be eligible for Medicaid and are not old enough for Medicare," says Matt McGough, a policy analyst at KFF.

If you have a spouse who is covered through work, see whether you can be added to their plan, or check whether you qualify for retiree coverage through a previous employer. Or, if you retire at 63½, compare the cost of a marketplace plan against 18 months of COBRA coverage through the company you've just left to tide you over until you can get Medicare, McLanahan says. With COBRA, you'll pay the full cost of your premiums, plus an administrative fee, so a marketplace plan may still be cheaper, but it's worth comparing the costs and coverage.

IF YOU'RE ON MEDICARE, ALSO ...

Lower your IRMAA. If your income is even a dollar over certain limits, you will pay a surcharge, called the income related monthly adjustment amount (IRMAA), on top of the base premiums for Medicare Parts B and D. This year, individuals making more than $109,000 and joint filers with incomes above $218,000 will pay between $284.10 and $689.90 per month for Part B, depending on income, compared with $202.90 without IRMAA. The surcharge is based on the income you reported on your tax return from two years ago.

You can try to lower your MAGI to stay below the IRMAA threshold or lower your surcharge tier. One strategy is to prioritize withdrawals from accounts that are taxed at lower rates than ordinary income, McLanahan says. The usual order is savings accounts, regular brokerage accounts, HSAs and Roth accounts, she says. Withdrawals from accounts such as traditional 401(k)s or IRAs are taxed as ordinary income and could lead to a jump in MAGI.

If your financial circumstances have declined significantly from the year on which your current IRMAA eligibility is based because of a "life-changing event" such as retirement, divorce or the death of a spouse, you can appeal by filing a short form (SSA-44) with the Social Security Administration.

Sign up for Medicare as soon as you are eligible. "It's never advisable to delay Part B," says Gio Florez, the director of enrollment and community engagement at the Medicare Rights Center. If you do, you'll permanently pay premiums that are 10% higher for each 12-month period you were eligible but didn't sign up. There's also a penalty for late enrollment in Part D.

Your initial enrollment period encompasses the three months before you turn 65, the month of your birthday, and the three following months. To avoid penalties, you must enroll during that seven-month period, or you must have creditable coverage elsewhere, such as through an employer or spouse's employer. If your employer coverage ends, you need to sign up for Medicare within eight months for Part B and within 63 days for Part D. K

Send comments about this article to feedback@kiplinger.com.

IS MONEY MAKING YOU SICK?

Research reveals a strong link between financial well-being and physical and mental health—and what you can do to keep all three in top shape.

BY DIANE HARRIS

FROM the economic effects of the Iran war to the stock market's sharp drops to the ongoing pain of higher consumer prices since the pandemic, there's a lot to worry about lately when it comes to your money. Nearly half of Americans report feeling more financial stress about 2026 than they felt in 2025, according to a survey from the Allianz Center for the Future of Retirement, and almost one in three have less confidence about meeting their retirement goals.

At any given time, about 40% of adults in the U.S. report feeling stressed about their finances, according to an ongoing survey by the Financial Health Network, a Chicago nonprofit. It's a feeling that's detrimental with regard not only to your financial health but also, as a growing number of scientific studies show, to your physical and mental health.

Research demonstrates, for example, that ongoing stress about money is strongly linked to a wide range of physical ailments, including high blood pressure, headaches, heart disease, joint and back pain, ulcers, arthritis, asthma, and insomnia. The more often you experience financial anxiety, the likelier you are to experience one or more of these conditions. Financial worries are also linked to a greater risk of disability and early death, as well as to mental health challenges such as anxiety and depression.

"What's happening in someone's wallet is reflected in their physical and mental well-being—and vice versa," says Lisa Berdie, director of policy and research for the Financial Health Network.

In fact, one 2024 study found that of all the big challenges that a person may face in life—including divorce, the death of a loved one, and disability or illness—financial strain is potentially the most damaging to physical health. Analyzing the blood of nearly 5,000 participants in a longitudinal study of aging, a team of British researchers found the highest concentration of proteins and hormones linked to poor health among the people experiencing financial strain, putting them at a 60% greater risk of developing serious health problems. That was more than any of the other stressors examined.

"Financial stress was most detrimental to biological health, maybe because this form of stress can invade so many aspects of our lives," says Odessa Hamilton, a statistical epidemiologist at the University of Oxford and the lead author of the study.

Research also shows that the connection between financial stress and health problems holds even after accounting for differences in income and previous health status, and cuts across all socioeconomic lines. Says Berdie, "Some groups, such as lower-income households, women and younger people, experience financial stress more frequently than others, but it's an issue that is pervasive across the spectrum of income and asset levels."

At any given time, about 40% of adults in the U.S. report feeling stressed about their finances, a Financial Health Network study shows.

HOW FINANCIAL STRESS AFFECTS YOUR BODY

In a qualitative study examining the health-wealth connection, Berdie and fellow researchers at the Financial Health Network asked people experiencing financial stress to describe the impact on their health. The participants ranged in age from 18 to over 65, with incomes from less than \$15,000 a year to more than \$100,000, but they all had one thing in common: Financial anxiety was taking a heavy toll, physically as well as emotionally.

"I worry on a daily basis. I don't sleep at night. My appetite is poor," a woman, age 67, said. "I have sometimes had sleepless nights, back pain and even stomach problems, all due to being stressed over finances," a 48-year-old man told the researchers.

Science confirms that what they're feeling is real, rooted in the body's physiological reaction to stress. It's the infamous fight-or-flight response, which triggers the release of the hormones cortisol and adrenaline into the bloodstream, causing muscles to tense up, your heart to beat faster and other physical reactions that can be helpful in dealing with an immediate, short-term threat. Over time, though, it can lead to inflammation, a weakened immune system, high blood pressure and other long-term risks to health.

"When your stress response is always turned on, your ability to fight the kind of chronic inflammation that's at the center of many health problems is limited or goes away," says Bryan Jepson, a former emergency room physician who is now a certified financial planner with Targeted Wealth Solutions in Colorado Springs. "That can lead to heart issues, gastrointestinal issues, joint pain and other health problems."

A 2024 review of nearly 200 studies exploring the connection between health and wealth consistently found the same physiological underpinning, with one group of researchers quantifying it: They found that 95% of health problems related to financial strain were the result of biological factors, with only about 5% linked to unhealthy behaviors, such as smoking or drinking too much.

The mega-study also underscored that financial stress can be more damaging to your mind and body than other life stressors, that the connections persist even after adjusting for different income levels and health profiles, and that the impact can be especially harmful to older adults, in some cases literally accelerating the physical aging process.

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Consider one of the newest pieces of research published late last year in the journal *Mayo Clinic Proceedings*. The study analyzed data from more than 280,000 adults who had completed detailed surveys about social and economic factors in their lives and underwent clinical evaluations of their cardiovascular health. The researchers then determined each participant's "cardiovascular age"—that is, how old their heart and blood vessels looked biologically compared with what one would expect for a person their age. Not only did the people under greater financial stress tend to have more-advanced cardiovascular aging, but the degree of aging was also similar to or even exceeded what doctors would expect to see as a result of many known medical risks to heart health, such as high blood pressure, diabetes or smoking.

The clear takeaway? Says Michelle Perry Higgins, a certified financial therapist and wealth adviser with California Financial Advisors in San Ramon, Calif., "Money doesn't just sit in your bank or brokerage account; it lives in your body as well."

WHAT HURTS THE MOST

The connection between health and wealth is a two-way street, as financial experts and researchers are quick to point out.

"Health problems can cause financial stress, which in turn can lead to more health problems," says Berdie of the Financial

Health Network. "The relationship is bidirectional and can become a vicious cycle."

Tracking the financial health of nearly 3,000 people over a five-year period, FHN found that participants who reported their physical health was only fair or poor were more likely to be chronically financially unhealthy—to consistently struggle to spend, save, borrow and plan in a way that allowed them to thrive—than people in better health. Tellingly, experiencing a health shock, such as a serious illness or injury over the study period, increased the odds that someone would move from financially healthy to financially unhealthy by 69%.

"Poor health can affect your ability to work and your income, and medical treatment can be expensive," Berdie says. "So people may be dipping into short-term savings and potentially long-term savings to cover the cost, and they might be incurring debt as well."

Having medical debt is, in fact, highly correlated with poorer physical and mental health. People with medical debt, for instance, are three times more likely than others to grapple with anxiety and depression. Many of them, studies show, forgo future medical care to avoid racking up more bills and debt, which can exacerbate the health problems they're experiencing.

Debt in general is especially bad for your health. It's linked to ulcers, digestive problems, impaired sleep, heart problems and a host of other physical ailments, in addition to the negative impact on your state of mind. Compared with people who have little or no debt, for example, borrowers with chronic or high debt are more likely to suffer from inflammation and joint pain by age 50, and for that pain to interfere with work and other activities.

In some cases, debt can even be lethal. A 2016 study by the Atlanta Federal Reserve, fittingly titled "Killer Debt," found that the bigger a person's outstanding loan balance was, the higher their risk of dying early. It also found that a 100-point improvement in a person's credit score was associated with a 4% decline in their risk of death.

In an article exploring the link between health and financial well-being on the Columbia University Irvine Medical Center website, Oscar Jiménez-Solomon, a research scientist at the New York State Psychiatric Institute who has studied how financial wellness impacts mental health, suggests two reasons why debt can be especially detrimental. "One is a sense of uninterrupted hopelessness, feeling like there's no way out and feeling trapped," Jiménez-Solomon says. "The other is shame, which is very isolating."

Not everyone who is in debt, even mountains of debt, however, will end up chronically anxious, depressed or in poor physical health. The same is true of people experiencing other serious financial challenges, such as, say, a prolonged period of joblessness or a sharp drop in income following a divorce or the death of a spouse.

An emerging line of research is differentiating between financial strain (the objective situation) and financial stress (how

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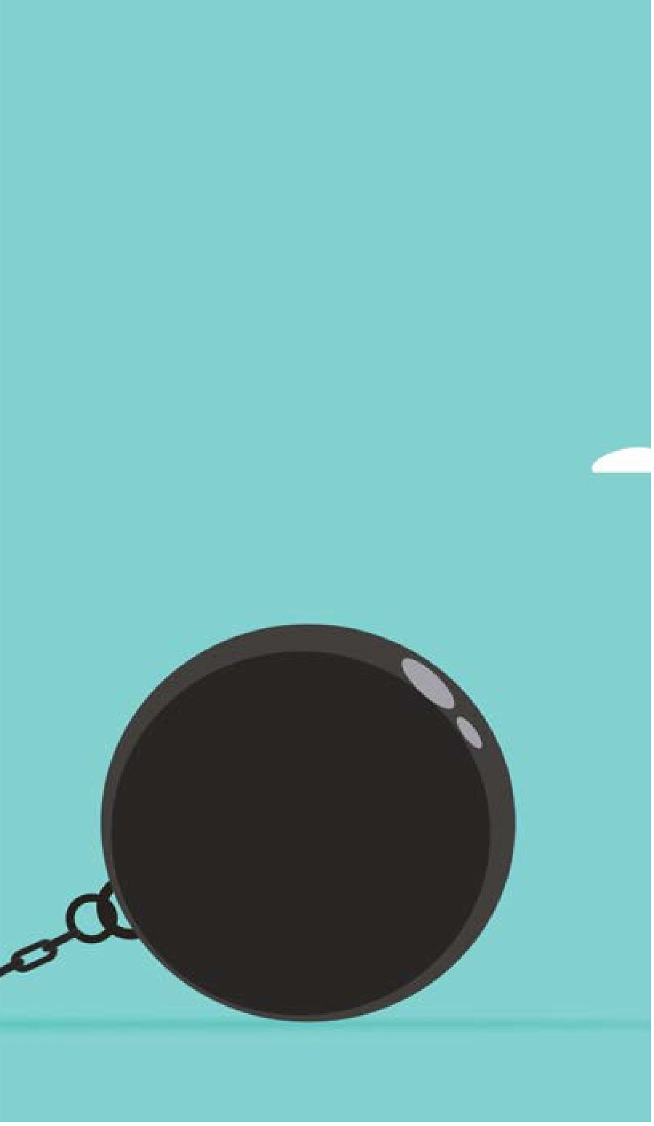

action where you can hopefully get yourself out of the situation or lessen the impact on your long-term financial security."

AN ACTION PLAN FOR HEALTH AND WEALTH

In fact, just as chronic financial stress can have a negative effect on your physical and mental well-being, so the inverse is also true: The better you feel about your money and your ability to manage it, whatever life throws at you, the healthier you're likely to feel as well.

A survey last year by MassMutual, for example, found that Americans who rate their financial health above average are nearly four times more likely to grade their physical health as above average too, compared with people who are less healthy financially. They are more than three times as likely to say the same about their mental health.

How can you make sure you're on the right side of that equation? the MassMutual survey found. Some skipped health appointments, some stopped taking certain medications or vitamins, and others gave up going to the gym or planning healthy meals.

Big mistake, experts say. "My first piece of advice is to stabilize your health, because if your health is deteriorating, it becomes almost impossible to fix the financial side," Jepson says. "That requires some investment, just like the financial side requires some investment—go to the doctor, get the preventative stuff done, maybe start exercising, clean up your lifestyle, see a therapist, if that would help."

He adds, "When you start feeling better physically and emotionally, you also have more motivation to work on improving your finances." In fact, the MassMutual survey found that 80% of respondents said that they make better financial decisions when they are actively investing in their health and wellness.

people feel about their circumstances) and finding that some people report lower stress levels than others, as well as fewer or less severe health problems, even if they're experiencing similar economic strain. That suggests there may be behaviors or strategies you can pursue to mitigate any possible impact on your health if you hit a financial rough patch.

"Sometimes bad stuff happens, even to people who try to plan well. That's just life," says CFP Jepson, the former ER doctor. "The biggest difference in determining the possible impact on your health isn't the situation itself; it's whether you feel like you have any control over the outcome. If you feel like you have some agency, it leads to

Americans who rate their financial health above average are nearly four times more likely to grade their physical health above average, too.

Because the relationship between health and wealth cuts both ways—that is, better health is linked to better financial outcomes, and being in good financial shape is linked to physical and mental well-being—experts say you need strategies both to reduce financial stress and to increase physical and mental well-being. Here's what they suggest.

Treat your health like an investment. Nearly one in three Americans say that financial challenges have prevented them from prioritizing their health and wellness over the past year,

Make paying off debt a top financial priority. Of all the financial stresses that can negatively affect your health, debt is among the strongest, and the ill effects become particularly pronounced as you age. Yet credit card balances are currently at an all-time high—$1.28 trillion collectively in the U.S.—and debt in recent years has been growing the fastest among people 65 and older. While the majority of that debt comes from mortgages, the type least likely to cause financial stress, retiree-age credit card balances and medical debt have shot up as well.

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How do you get relief? You might consider tapping home equity via a cash-out refinancing or home-equity line of credit to pay off high-rate credit card debt. Even with mortgage rates recently at a five-year high of around 6.5% and HELOC rates around 7%, you'd still save substantially compared with paying off plastic at recent financing charges averaging 23% to 24%. Longtime customers can also try calling their issuer and asking for a lower rate. More than 80% of cardholders who did were successful, knocking more than six points off their interest rate on average, according to a 2025 survey by LendingTree.

If you have medical debt, try negotiating directly with your provider to reduce your overall bill and work out a more reasonable payment plan for the remaining balance. Or you might be able to work with an organization such as Dollar For (*dollarfor.org*) or medical billing specialists such as Resolve (*resolvemedicalbills.com*) to help you with the process or negotiate on your behalf.

"Most creditors will work with you if you demonstrate that you're trying to pay off your debt and have good intent," Jepson says.

Adjust your perspective. Rattled by the stock market's constant volatility? Increasingly anxious that the effect of war on the economy and high consumer prices raise the risk that you'll run out of money in retirement? To reduce your financial stress levels, CFP and therapist Michelle Perry Higgins has two words for you: "Zoom out."

"Pause, slow down, step back and look at the bigger picture, instead of making a reactive financial decision under stress," she says. "Ask yourself whether the cause of your anxiety is something that needs your immediate attention and is within your control. You can't control the president, the Federal Reserve chair or the outcome of war, and if you have a solid financial plan in place, those things won't derail you in the long term, so there's no need to act. What you can control is your response to what's worrying you."

Have a plan. People who have a formal financial plan in place are twice as likely to say they are not anxious or depressed compared with those who don't, research shows.

"When people have a plan, hope can begin to increase," researcher Jiménez-Solomon says in the Columbia Medical School article. "One of the key components of hopeful thinking is to feel that you have concrete pathways to achieve the things that matter to you and your life goals. Having a sense that there's a way out of your situation can have an important financial and mental wellness impact."

Identify a specific step or two that will directly address what worries you most about your financial situation. That might mean finding places in your budget where you can rein in spending for a while to relieve pressure on cash flow or building up emergency cash reserves so if you were to lose your job or the stock market tanks just as you need to make withdrawals in retirement, you have a financial cushion to soften the blow.

Having a robust emergency fund can also help you sleep better. According to the MassMutual survey, one-third of Americans lose sleep at night due to financial worries or stress. Four in 10 of them say it has made their financial situation worse, and more than half report a decline in emotional or mental health as a result.

"Having a cash cushion is positively associated with being able to sleep better at night and very positively correlated with feelings of financial well-being," says Vaughn Bowman, head of wealth management at MassMutual. "In a world that is tumultuous and unpredictable, having a plan A and a plan B—so you know that even if there's great disruption in the stock market or society, you're prepared for it—helps me feel better personally and helps our clients feel better, too."

Lean on others. Experiencing a high degree of financial stress makes people less likely to discuss money with their romantic partners, researchers at Cornell found. That can undermine joint problem-solving and negatively impact communication within the relationship.

"Share what's going on and how you're feeling about it with your spouse—I feel like I'm letting you down, I feel like a failure at work, I'm worried we won't have enough for retirement, whatever it is," says Higgins. "Keeping it to yourself just makes it all worse, like a simmering volcano that eventually will blow."

Enlisting a financial planner or financial therapist who can serve as an objective sounding board and provide smart, actionable advice can also be helpful, either for one-time assistance with a specific issue or on an ongoing basis. (You can search for a CFP in your area at *letsmakeaplan.org* or a CFT using the find-a-therapist tool at *financialtherapyassociation.org*.) There may also be free or low-cost community resources you can tap, such as debt-counseling services. Says Jepson: "For almost every situation, there's a resource out there that can help. You just have to find it."

Do some deep breathing. Or hop on the treadmill, take a walk in the park or try meditating before you sit down to pay bills or tackle other financial tasks that can cause your anxiety to spike. Participants in the qualitative FHN study on money and mental health mentioned exercising, mindfulness practices and going to therapy as techniques that helped them feel calmer, think more clearly, and deal with whatever money worries were troubling them. "Alleviating their physical and mental stress made them more able to manage their financial stress," Berdie says.

Give yourself some grace. Financial stress can be very isolating, so it can be helpful to understand the feeling is pervasive these days. "If you feel overwhelmed or out of control when it comes to your money, know you are not alone," says Bowman. "There are people all over the country who are struggling with the same issues."

Focus on clarity over perfection, prioritize your physical health, and accept that uncertainty is part of the process, Higgins says. "Financial peace does not come with everything being perfect," she says. "Financial peace comes with having your ducks in a row and a team on your side who can answer your questions and help you if your head gets too deep in worries. Stress and cortisol levels drop, decision-making is improved, and the way forward will become clear."

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HOW DIFFERENT GENERATIONS SEE THEIR HEALTH AND WEALTH

The older you are, the more likely you are to rate yourself better than average compared with other people your age when it comes to your financial, physical and mental well-being.

% Who Rate Themselves Above Average On...	Gen Z	Millennials	Gen X	Baby Boomers	All Groups
Financial Health	35%	46%	47%	59%	48%
Physical Health	38	46	44	57	47
Mental Health	36	49	47	71	53

SOURCE MassMutual

Planning for Care If You Can No Longer Care for Yourself

Long-term care as you age is expensive and, for most of us, inevitable. Making arrangements now, while you can, is a gift to those you love.

BY KERRI ANNE RENZULLI

IN 2019, Thomas Jefferson Trombino, then 93, moved from his home in New Jersey to an assisted-living facility in Temecula, Calif., near his son Dennis and daughter-in-law Kelly. The $4,390 a month he received from Social Security and benefits earned as a World War II veteran covered the bulk of his costs, and the younger Trombinos were happy to pay for incidentals, such as toiletries, laundry service and snacks.

But as the older Trombino's health declined, the cost of care grew, leaving Kelly and Dennis to pick up an increasing share of the bills. By the time Thomas passed away at age 98 in 2024, the couple, who own a pension-plan consulting business, were spending about $3,000 a month. Their total outlay for Thomas's long-term-care needs over the four and a half years he needed help: more than $50,000, with two of Dennis's siblings chipping in an additional $31,000.

"My father-in-law was a really nice guy, but he never planned for retirement or his health needs as he got older, and he never expected to live so long, either," says Kelly, 65. "He thought he was going to be fine on Social Security and Medicare."

Like the Trombinos, millions of Americans have found themselves thrust into the role of physical or financial caregiver—or both—for family members who didn't expect to need long-term-care assistance, put off planning, incorrectly assumed Medicare would cover the costs or simply never had the financial means to save for their future health needs.

Expectations, meet reality.

Eight in 10 people age 65 and older will need long-term-care help during their lives, most commonly with tasks such as managing their finances, transportation, housekeeping, meal prep, organizing medication and dealing with health care providers, according to the Center for Retirement Research at Boston College (CRR). About 40% will require more intense assistance for a year or longer with two or more activities of daily living, such as bathing, dressing, eating or going to the bathroom, or will have cognitive issues, such as dementia.

Yet fewer than half have savings set aside to assist with the cost of this care, and only 15% have long-term-care insurance to help pay the bills. Even people who have planned may be unprepared for the full cost. Only about four in 10 households correctly estimate nursing home fees, and far fewer know the price tag for home care or assisted living, CRR research shows. It's lofty: The median monthly cost of nonmedical home care (44 hours a week) ran $6,673 last year; $6,200 for assisted living; and $9,581 for a semi-private nursing home room, according to the CareScout Cost of Care Survey.

"No one likes to think about the physical, cognitive and emotional challenges of aging," says Melissa Brennan, a certified financial planner in Plano, Texas. "Procrastination, though, usually results in relying on family members to be caregivers, morphing a one-generation problem into a two-generation problem and having a potentially devastating impact on family relationships and finances."

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While the Trombinos could handle paying for long-term care for Dennis's father without dramatically changing their lifestyle, they did cut back on vacations, dining out and even saving for retirement during this period to help foot the bills. For many families managing long-term care for an older loved one, the impact is more painful. More than half have had to cut back on basic household spending; four in 10 have drained their savings; a third have gone into debt; and one in three have delayed retirement, according to a study by KFF, a health policy research nonprofit.

To avoid that fate for your family, be proactive about planning for your potential long-term-care needs now—before you require help. "The right strategy depends on how much risk you can afford to take on, how strongly you prioritize legacy versus lifestyle, and how much certainty you want around future health care costs," says New York City CFP Georgia Lord.

From traditional long-term-care insurance to newer alternatives to self-funding, here's a look at your options.

More than half of families have had to cut back on basic household spending to help pay for care for an older loved one.

LONG-TERM-CARE INSURANCE

Just as auto or homeowners insurance can help keep a collision or a house fire from draining your savings, a long-term-care policy can help prevent your future health needs—say, a costly nursing home stay or extended care at home while you're recovering from an illness—from undermining your financial security or creating a burden for your family.

Traditional long-term-care policies usually provide coverage for a set period (say, three or five years) for care received in a nursing home, an assisted-living facility or adult daycare center, or for certain health services received at home. Some policies provide unlimited or guaranteed lifetime payments, but a daily or monthly maximum amount toward care costs is more common, typically paid until the policy's benefit is exhausted or the policyholder dies or gets better. Benefits usually kick in, after a waiting period that may stretch 90 days or more, when you can no longer perform at least two activities of daily living without help, such as eating or getting dressed, or you become severely cognitively impaired.

The big sticking point is cost, both for policyholders and the insurers providing coverage.

In fact, many insurers left the market in recent years as profits shrank, because they'd severely underpriced earlier policies based in part on faulty information about policyholders' longevity and policy lapse rates. The handful of companies that remained hiked premiums sharply on new policies and pushed state authorities to allow steep increases for existing policies as well. For instance, a survey of insurers conducted by the consulting firm Milliman shows that the average approved premium increase in 2024 was 28% for existing long-term-care policies.

Policies bought today are less likely to face the same steep premium hikes as in the past, as insurers now have more-accurate claims data on which to base premiums, industry experts say. But insurers have also worked to limit losses by narrowing the types of health conditions and ages they'll accept for coverage. For instance, you'll likely be denied if you use a walker, have certain cancers, recently had a stroke, or have Alzheimer's or Parkinson's disease, according to the American Association for Long-Term Care Insurance (AALTCI), an insurance education group.

To help avoid being rejected for coverage and to lower premiums, many experts recommend you buy coverage before age 65, and ideally in your fifties, when you're usually healthier. The price difference is huge: In 2025, a 55-year-old woman buying a long-term-care policy with $165,000 of coverage typically paid $1,500 a year in premiums, compared with $2,700 at age 65.

"The number-one mistake people make is waiting too long," says Jesse Slome, executive director of the AALTCI. "At age 70, half the people who apply are denied for health reasons."

You can also help keep costs down by forgoing inflation protection—a feature that increases the policy's benefit by 1% to 5% a year to offset rising medical costs. A policy worth $165,000 in coverage for a 55-year-old man ran $950 annually last year, for example, but one with 2% inflation protection typically cost $1,750.

Similarly, opting for a set time period for benefits—on average, women need long-term care for 3.6 years and men need it for 2.5 years, data shows—is less expensive than a policy with lifetime or unlimited benefits. In general, experts advise, don't plan for the worst-case scenario.

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On average, women will need long-term care for 3.6 years, while men will typically need assistance for 2.5 years, data shows.

"If you try to buy a long-term-care policy that covers every single contingency and every single cost you might incur, you won't be able to justify the premium, and you're going to be leaving a lot of money with the insurance company," says Jerry Vanderzanden of the Life Insurance Consumer Advocacy Center.

SHORT-TERM INSURANCE

Depending on where you live, short-term-care insurance, which typically covers care for up to a year, often with no waiting period, may be worth considering.

"One year may seem like nothing, but for many people, that's all the coverage they're going to need," Slome says. For instance, 43% of long-term-care claims made to Genworth Life Insurance Company end within a year.

The policies cover less than traditional long-term-care insurance, but they cost a lot less, too. For instance, a short-term-

care policy might pay for $1,050 of home care a week for up to 52 weeks and $200 per day of nursing home care for a year. Typical cost for a 65-year-old: about $125 a month, according to AALTCI.

Short-term-care policies have unisex pricing, which helps women, who typically pay more for coverage than men. Insurers that offer the policies also accept much older applicants, often up to age 85, and have simpler medical underwriting, making it easier for those with health concerns to qualify. "Because of this, they may be someone's only available insurance option, and some coverage is better than none," Slome says.

But accessing these policies can be challenging. Several states, including California, Florida, Massachusetts and New York, have banned their sale, primarily because their duration and benefits are considered too limited compared with traditional long-term-care policies. In other states, few insurance agents are well versed in these policies because the market for them is small, Slome says.

Your state insurance commission or the AALTCI may be able to help with identifying options. Or you can contact insurers that offer this coverage, such as Aetna and Wellabe, to see if the policies are sold in your area.

HYBRID POLICIES

The more common alternative to traditional care insurance is a hybrid policy that combines long-term-care coverage with life insurance or, less often, annuities. Unlike most conventional long-term-care insurance, which is use it or lose it, these policies offer a return on the money you've sunk into coverage even if you don't end up needing help.

Life insurance with a long-term-care benefits rider, for instance, pays a death benefit to your heirs if you don't access care. If you do, the payout is reduced or eliminated. The maximum monthly care benefit typically equals a percentage of the death benefit, usually 2% to 4%, paid out over a two- to four-year period.

"Hybrid life insurance policies with long-term-care riders address the psychological hurdle of paying for something that might never be used," Lord says.

Alternatively, you could purchase an income annuity with a provision that will increase your payout for a set period if you need long-term care. A $100,000 fixed annuity with such a rider might provide, say, $200,000 to $300,000 worth of care benefits for up to five years. If you don't need care, the annuity continues paying as usual.

Hybrid policies can also be easier to qualify for than traditional long-term-care insurance because they have less-stringent medical qualifications, and the annuity version may be accessible to people up to age 80, Vanderzanden says.

The other big draw of hybrids: no premium surprises. With these policies, you typically pay one lump sum or a fixed annual amount spread over a set period rather than ongoing monthly premiums. But their dual purpose and promised payout translate to higher premium costs than stand-alone policies charge. A 55-year-old male would pay a lump sum of about $53,000 for a hybrid life insurance policy with $180,000 in long-term-care benefits and a minimum death benefit of $120,000, according to the AALTCI.

While hybrid policies generally have the same claim eligibility and similar waiting periods as traditional policies, they tend to offer lower maximum daily or monthly care payouts than similarly priced traditional policies. They can also place more limits on the services or expenses that are covered, Slome says. In addition, they often provide smaller death benefits than traditional life insurance policies do or reduce an annuity's standard payout.

They can be a good solution, though, if you may not qualify for traditional care insurance, are concerned about possible premium increases or dislike the idea of paying for a product you may never use.

SELF-FUNDING

Millions of Americans, especially higher earners and those over age 65, plan to pay for long-term-care themselves, should the need arise, rather than relying on insurance, KFF data shows.

The big question: Can you actually afford it?

Consulting firm Milliman estimates that the average 65-year-old would need to set aside $135,000 for future long-term-care needs, assuming an average annual investment return of 4.35%. CRR notes you should "increase that number if you live in a high-cost state, have a family history of dementia or other illnesses that may require a long period of assistance, or if you do not have family members who could help."

Personalizing that estimate to your circumstances is key. Start by researching the prices for different forms of care, such as a nonmedical caregiver or a room in a nursing home, in your local area (you can find a useful tool at *carescout.com/cost-of-care*). Assume those costs will rise by 3% to 5% a year until you hit your early to mid eighties, the most common time people begin needing paid care.

Next, consider your other resources. Do you have a healthy spouse, children who live nearby, close friends or other loved ones who would help out? asks Dick Weber, also of the Life Insurance Consumer Advocacy Center. Families typically provide at least half of all care hours, according to CRR.

Moving or tapping your home equity are also common contingency plans for managing long-term-care costs. "A lot of households think of their home as a kind of insurance, so that if something bad happens in retirement or they need a lot of care, they can use their equity," says Anqi Chen, associate director of savings and household finance at CRR.

One thing to keep in mind about self-funding is that it is not very tax-efficient, Vanderzanden says. "You're going to owe federal and, in most places, state tax on money you take out of retirement plans or when you sell stocks, property or other assets. So to get that one dollar of care you need, you're going to burn through $1.50 or more." In contrast, benefits from a long-term-care insurance policy aren't generally taxed.

GOVERNMENT PROGRAMS

Among those age 65 and older, 45% mistakenly believe Medicare will pay for their own or a loved one's time in a nursing home, KFF found. This incorrect assumption is a big reason why people underprepare for this expense, says Chen.

In fact, Medicare will cover up to 100 days of care in a skilled nursing facility after hospitalization, and it may provide limited home health care, such as skilled nursing or therapy, if you're homebound. But the program doesn't generally pay for long-term-care services.

Medicaid, the government health insurance program for low-income families with few assets, does cover some long-term care. Six in 10 people with $100,000 or more in investments think spending down their savings to qualify is a viable backup option if they cannot afford long-term-care expenses on their own, CRR has found. But eligibility is more challenging than many realize, and only 15% will actually end up accessing Medicaid for that purpose, CRR says.

That's because 70% of these households earn too much from Social Security and pensions to

HOW FAMILIES COPE

Without insurance, the cost of long-term care can take a heavy toll. These are the most common ways people manage.

STEPS TAKEN	PERCENT WHO TOOK ACTION
Cut back spending on food, clothing and other basic household items	56%
Used all or most of their savings	39
Went into debt (credit cards or increased mortgage debt)	34
Had trouble paying bills, such as rent or utilities	33
Delayed retirement	29

SOURCE: KFF

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make the income cutoff. Although each state has its own rules, you typically wouldn't be eligible in 2026 if your monthly income exceeds $2,982 and you have more than $2,000 in assets, excluding your home, a vehicle and personal belongings.

If you meet the criteria, state Medicaid administrators will review your financial history going back 60 months prior to your application to be sure you didn't recently give away assets or sell them for less than fair market value to qualify. Should Medicaid find a prohibited transfer, a penalty period will be imposed and you won't be eligible for benefits during that time.

Medicaid generally doesn't cover room and board at an assisted-living facility, but it will typically pay for nursing and personal care services provided there, as well as for adult daycare and home health needs. While nursing home care is usually covered, only certain facilities accept it, says Chad Karl, a CFP in Janesville, Wis., noting, "Many facilities are also already booked with Medicaid patients, which may require family members to look farther away for care."

Among people 65 and older, 45% mistakenly believe that Medicare will pay for their own or a loved one's care in a nursing home.

Bottom line: "Medicaid should be the option you're left with only if you have no other options," Weber says.

No matter what path you choose, once you've put a long-term-care plan in place, make sure to communicate it to your family and anyone else in your support network. That way, they'll know what you want and how to access the insurance or assets you've set aside for the purpose, and they won't stress about making related medical and financial decisions on your behalf without the benefit of your guidance.

Says Los Angeles CFP Joon Um, "The ultimate goal is to prevent long-term care from overwhelming your family." K

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Managing the High Cost of Mental Health Care

Cases of anxiety, depression and other conditions are rising, and so is the price of treatment. These strategies can help you get care you can afford.

BY CAMERON HUDDLESTON

IN 2023, Kent Scheibel finally found a psychologist who seemed like the perfect fit. The therapist specialized in treating people with bipolar disorder, which Scheibel, then 51, had been diagnosed with at age 20. After decades of trying to manage extreme emotional highs and lows, the treatment helped him find steadier footing at last.

The problem was the price. Scheibel was paying $175 a week out of pocket for therapy because the psychologist, like many mental health professionals, didn't accept health insurance. By 2025, the expense had become impossible to sustain.

"I was feeling pressure financially," says Scheibel, who was then self-employed as a life coach. "The first thing that goes is something like therapy. I guess you could call it a luxury even though it's actually a necessity."

Scheibel eventually took a full-time staff job selling insurance to qualify for employer-sponsored health coverage, a less expensive option than the $792 a month he'd been paying in premiums for a marketplace plan. He's found a psychiatrist in his insurance network who has prescribed helpful medication. But he has yet to find an in-network therapist who meets his needs.

"My ability to function in life has to do with the care I get," says Scheibel, now 53 and living in Marina del Rey, Calif. "I'm looking forward to having a therapist again, but it's just not feasible financially right now."

Scheibel's experience underscores a difficult reality for millions of Americans: Getting mental health care can be a challenge. Paying for it may be even harder.

Nearly one in four adults in the U.S. experienced anxiety, depression or another mental, behavioral or emotional health condition in 2024, according to the latest data from the National Survey on Drug Use and Health run by the Department of Health and Human Services. The rate climbs to one in three for young adults ages 18 to 25, a group that often depends on a parent's support—and health insurance—for care.

Nearly one in four adults in the U.S. experienced anxiety, depression or another mental, behavioral or emotional health condition in 2024.

Yet despite how common mental health issues are, getting care is problematic for many people seeking treatment for themselves or someone they love. About half of those facing a mental health challenge in 2024 didn't receive any treatment, according to the national survey. Cost was one of the top barriers, cited by nearly two-thirds of adults 18 and older. About four in 10 didn't have insurance coverage that would cover mental health treatment.

Those who do receive care often struggle to pay for it. Out-of-pocket costs for insured people who receive treatment for depression or anxiety, for instance, are almost twice as high as those for enrollees not being treated for a mental health condition, according to data from KFF, a nonpartisan health policy research organization. Among adults with medical debt, 20% said they'd borrowed to pay bills for mental health treatment, a separate KFF survey found.

"These are choices no one should have to make," says Jennifer Snow, national director of government relations and policy at the National Alliance on Mental Illness (NAMI). "You shouldn't be forced to choose between your financial stability and the essential, life-improving care that you or your loved ones need."

If your family is grappling with high out-of-pocket costs for mental health treatment, experts say there are steps you can take to help make those bills more manageable and avoid that trade-off. Here's what they recommend.

WHY AFFORDABLE CARE IS ELUSIVE

It wasn't supposed to be this tough. For decades, lawmakers at both the federal and state level have tried to require insurers to cover mental health and addiction treatment the same way as they cover physical health care—a concept known as parity.

The 2008 Mental Health Parity and Addiction Equity Act (MHPAEA), for example, required group health plans that cover mental health or substance use disorders to make treatment limits and financial requirements, such as deductibles, co-payments and coinsurance for those benefits, equal to those for medical care. Two years later, the Affordable Care Act went further by requiring most individual and small-group health plans to include mental health and substance use treatment as essential health benefits. All 50 states and Washington, D.C., also have their own parity laws.

Together, the requirements have helped millions of Americans gain insurance coverage for therapy, psychiatric care and addiction treatment. But coverage on paper doesn't always translate into care people can actually get. Evidence, in fact, is plentiful that mental health treatment is still not on par with benefits for medical and surgical care. "No question, there is a big gap," says Mark Covall, interim president and CEO of the National Association for Behavioral Healthcare.

One of the biggest challenges for people with coverage is finding mental health providers in their plan's network. Insurers have struggled to build networks of mental health providers large enough to offer the same level of access that patients typically have for medical care, says Stoddard Davenport, who has researched disparities in care as a health care management consultant at Milliman, an actuarial and consulting firm.

Part of the problem is a nationwide shortage of mental health professionals, he says. But many therapists, psychologists and psychiatrists also choose not to belong to insurance networks because administrative requirements can be burdensome, and reimbursement rates are much lower compared with what other medical providers receive.

As a result, people with insurance often go outside their plan's network to get care. A 2024 study by the Research Triangle Institute found that patients sought out-of-network care 8.9 times more often for psychiatrist visits and 10.6 times more often for psychologist visits than patients who went for medical and surgical office visits.

"Going out of network is almost always going to mean a significant increase in costs," Snow says.

Even when people do find in-network care, out-of-pocket costs still can add up quickly. That's because, despite parity laws, many insurers have continued to use stricter prior-authorization reviews for coverage, exclude key mental health and substance abuse treatments from benefits, and deny claims after treatment at a higher rate than they do for physical health care, according to a 2024 report to Congress on MHPAEA enforcement.

A 2024 federal rule addressed some of the disparity by requiring insurers to document how their mental health coverage plans work in practice and to measure outcomes, says Kaye Pestaina, a vice president at KFF, where she directs its program on patient and consumer protections. But the rule has faced legal challenges, and the Trump administration has not been enforcing some of its regulations, she says.

KNOW YOUR RIGHTS

If you have health insurance, the first step to getting mental health

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treatment at a price you can afford is understanding what your plan covers.

The MHPAEA doesn't require employer group health plans to cover mental health and addiction treatment. But if they do, those benefits must be comparable to medical coverage. That means the plans typically can't impose higher co-pays, stricter limits on appointments or separate out-of-pocket maximums for mental health services.

The parity law also applies to Medicaid plans and individual plans sold through the Health Insurance Marketplace, which are required to cover mental health and addiction treatment. It doesn't apply to Medicare, although the program does cover a range of mental health services, including an annual screening for depression and individual and group therapy, as long as the provider is certified and accepts the insurance.

Signs that your health plan may be violating parity requirements include higher costs or fewer allowable visits for mental health services than other types of care, and requiring permission to get mental health care but not for other kinds of medical treatment and services, according to NAMI. Another red flag: None of the plan's in-network mental health providers are taking new patients.

Before seeking treatment, ask your insurer about deductibles, co-pays and out-of-network reimbursement, as well as whether prior authorization is required. "You want to get as much information as possible up front about what you have to pay," Pestaina says.

Also double check with your insurer that any therapist, psychiatrist or other mental health professional you plan to see is actually in its network. Directories are often outdated and may include mental health providers who don't accept new patients or have left the network, Pestaina says. If you contact several listed providers and can't find one with availability, ask your insurer to identify an in-network provider who can see you. If one isn't available, ask whether the plan will allow you to see an out-of-network provider at the in-network rate.

If your insurer denies coverage after you submit a claim for mental health treatment, you generally have up to 180 days from the date you're notified to appeal the decision. If that's turned down as well, you can request an independent external review. The denial notice should include information about assistance programs that can help you file an appeal, Pestaina says.

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LOOK FOR LOWER-COST OPTIONS

Can't find a therapist, psychologist or psychiatrist in your health plan's network who is accepting new patients? You might have other treatment options that don't involve going out of network and being forced to pay more.

Telehealth is one of them. Your health plan might cover the cost of mental health care delivered remotely through online video conferencing. "That gets rid of geographical constraints to some extent," Davenport says.

Your small town might not have a therapist, but a big city in your state could have several providers participating in your health plan's telehealth network. Medicare also covers some telehealth services for mental health and addiction treatment.

Depending on your needs, your primary care provider might also be able to provide treatment or prescribe medication. "More mental health is seen in primary care than in the other setting," says Benjamin Miller, a psychologist and adjunct professor at Stanford University School of Medicine.

There's a growing trend known as the collaborative care model that integrates behavioral health managers and mental health clinicians into primary care practices. "It's the easiest way to be able to have kind of a one-stop-shop, more-comprehensive approach to care," Miller says.

Availability of this type of care varies by state. If your current primary care provider doesn't offer integrated care, Miller recommends checking with other providers in your health plan's network to see whether they do.

NEGOTIATE A LOWER PRICE

Therapists, psychologists and psychiatrists might be willing to adjust their rates. The key is knowing what to ask.

"Even if you have health insurance, one of the best things you can ask anybody is, Is there a difference in price if I pay cash or if I use my insurance?" Miller says. Also ask providers whether they use a sliding scale—that is, if they lower their rates based on a patient's income or if the patient is experiencing financial hardship, he says.

Another option to keep down costs, if your health permits: Ask your provider whether you can meet less frequently, says Nancy Ruddy, a psychologist and behavioral health care consultant in Portland, Maine—say, every other week instead of weekly.

EXPLORE OTHER KINDS OF SUPPORT

If the cost of traditional individual therapy is out of reach, there are other ways to get help that may be more affordable. Here are some of the approaches you might try.

Group therapy. Getting counseling in a group setting can cost half as much as one-on-one therapy, Miller says. Or there may be free peer-support groups in your community led by people with conditions similar to yours (to find out, check with community centers or the local branch of the Mental Health Association). NAMI also offers free groups for a variety of mental health conditions (find one at *NAMI .org/SupportGroups*).

Employee assistance programs. Nearly all large and midsize U.S. companies, along with many small businesses, offer this free benefit, which provides short-term, confidential counseling for employees. The program typically covers three to six sessions, and counselors can help with referrals to other mental health care providers as well. "It's a good place for people to start," especially if you don't need long-term treatment for a chronic condition, Ruddy says.

Certified Community Behavioral Health Clinics. These clinics are required to serve anyone with a mental health or substance use need, regardless of their ability to pay. The National Council for Mental Wellbeing has a list of CCBHCs by state at *thenationalcouncil.org/program/ccbhc-success-center/ccbhc-locator.* Telehealth services are available, and you don't have to live in the state where they're based to access them.

Student therapists. If you live near a university, you or your loved one might be able to see a student who is training to be a psychologist, social worker or family therapist. These clinicians-in-training typically charge much lower rates and are supervised by experienced mental health care providers, Ruddy says.

Online services. If you simply need some tips to get through a tough time, Ruddy suggests you look for therapist posts online that offer techniques to deal with conditions such as stress and anxiety. Look for videos that offer evidence-based strategies, she says. For example, mental health education platform Psych Hub has a YouTube channel (*youtube.com/c/PsychHub*) featuring mental health experts.

STAY PERSISTENT

"All of these things may feel like you're jumping through a hoop of fire backwards, blindfolded," Miller says. He suggests trying to reframe how you think about the challenge: "It's just trying to find a way you can get more timely access to the things that you have a right to get access to."

Adds NAMI's Snow, "Unfortunately, it's set up that people have to stand up and fight for what they need."

The payoff is usually worth it, says Kent Scheibel, who is all too familiar with how staying proactive about your care can make a meaningful difference in your overall well-being. "I've learned firsthand that without good mental and physical health, it's difficult to achieve and enjoy anything in life," he says. "Remember, you do have options." K

Send comments about this article to feedback@kiplinger.com.

What This Year's Biggest Medicare Changes Mean for You

Some drug prices are falling, other costs are climbing, and new rules abound. Here's what you need to know.

BY LIZ SEEGERT

IF you're among the roughly 70 million people who get health coverage through Medicare, the federal insurance program for people age 65 and older and some younger people with disabilities, you're probably already aware of some of the big changes to the system in 2026—changes that have hit budgets hard.

This year's 9.7% jump in premiums for Part B, which covers outpatient care, was the biggest increase in four years and eats up more than 25% of this year's 2.8% annual inflation adjustment for Social Security benefits. Meanwhile, cost pressures have caused some Medicare Advantage plans sold by private insurers to scale back extra benefits, such as dental, vision and hearing coverage, or eliminate others, such as allowances for transportation and over-the-counter purchases. In some cases, private insurers have shut down plans or exited markets entirely.

Those headline-grabbing shifts, however, aren't the only big changes to Medicare this year—and not all of the developments hurt your bottom line. You may benefit from new policies regarding drug pricing and telehealth services. But the new requirements for prior authorization in some areas and possible further shake-ups to Advantage plans? Not so much.

"There's a lot to think about and a lot to compare, and it can just be really overwhelming," says Lindsey Copeland, director for federal policy at the Medicare Rights Center.

Here's the lowdown on this year's Medicare changes.

SOME DRUGS ARE GETTING CHEAPER

New, lower prices went into effect on January 1 for 10 drugs covered under Medicare Part D, the first price reductions to be negotiated by Medicare directly with pharmaceutical companies under a landmark provision in the 2022 Inflation Reduction Act. The medications include blood thinners Eliquis and Xarelto, diabetes drugs Jardiance and Januvia, and heart-failure treatment Entresto.

The nearly 9 million Part D beneficiaries who take these drugs will pay about 50% less on average than in 2025, according to the Centers for Medicare & Medicaid Services (CMS). But individual savings will depend on the particular drug and drug plan, and could range from a few hundred dollars to several thousand, says Gerard Anderson, a professor in the department of health policy and management at Johns Hopkins Bloomberg School of Public Health.

Lower, negotiated prices on an additional 15 drugs, including the diabetes and weight-loss medications Ozempic and Wegovy, will go into effect in 2027. A third round of negotiations, announced in January, will cover 15 more drugs, including Botox (to treat migraines and muscle conditions, not for cosmetic purposes), the GLP-1 diabetes drug Trulicity, and several cancer medications. Those prices will take effect in 2028.

What to do: If you have diabetes or another condition commonly treated by drugs whose prices have been negotiated by Medicare, but your particular medication is not among them, ask your doctor if it would be appropriate for you to switch to one that is. A 30-day supply of diabetes medications Januvia and Farxiga now costs 79% and 68% less, respectively, than their 2023 list prices. If you currently take other medications to treat the condition, such as Mounjaro or Afrezza, you could save a bundle.

You may also qualify for a temporary program, Medicare GLP-1

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Bridge, that will cover GLP-1 drugs Wegovy and Zepbound for weight reduction this year. If you're enrolled in Part D, you'll pay just a $50 monthly co-pay for treatment between July 1 and December 31. You need pre-authorization from your doctor.

TELEHEALTH IS STICKING AROUND

Prior to the pandemic, Medicare's telehealth coverage was generally limited to rural areas and required patients to travel to a designated clinic to receive care remotely. Many restrictions were lifted during COVID, making telehealth more widely available, but those benefits have been on the government's chopping block recently.

In February, Congress extended key provisions through 2027. These include allowing beneficiaries to receive services at home by video and audio regardless of geographic location; audio-only visits for those who can't use video; and expanded coverage for remote care by physical and occupational therapists and other health providers.

"Telehealth has been an important tool to ensure that people can access the care they need, when and where they need it," says Gretchen Jacobson, vice president of Medicare at The Commonwealth Fund.

What to do: Ask your doctor's office which appointments can be handled through telehealth, such as test-result reviews or medication check-ins. Many practices that expanded services during the pandemic have kept it as an option. Telehealth can't replace all types of primary care, however, such as wellness visits, immunizations, and some urgent or acute-care needs.

YOU MAY NEED TO JUMP THROUGH A FEW MORE HOOPS

Under a six-year pilot program that launched in January, you now need prior authorization to receive certain medical services if you're covered under original Medicare and live in one of six states: Arizona, New Jersey, Ohio, Oklahoma, Texas or Washington. The 17 procedures subject to artificial intelligence–assisted prior review include some steroid injections for pain management and some nerve-stimulation techniques used to treat Parkinson's disease, incontinence and sleep apnea.

The CMS says approval decisions will be made within 72 hours and that licensed clinicians, not AI or the outside organizations running the program, will make final coverage decisions.

In some cases, private insurers have shut down plans or exited markets entirely.

But some policy experts have expressed concern over the potential impact. "The companies that have been hired to administer the approval process are incentivized to reduce spending, which means approving fewer services," says Jacobson.

What to do: If you live in one of the affected areas and your doctor recommends one of the services identified in the pilot program, make sure the provider gets prior approval. Otherwise, you could be hit with a huge bill afterward.

ADVANTAGE PLANS COULD BECOME MORE RESTRICTIVE

In January, the Trump administration issued a proposal to keep reimbursement rates to Medicare Advantage insurers nearly flat next year, compared with the 4% to 6% boost insurers had anticipated. The news prompted dire warnings about the possible impact on enrollees.

"Flat program funding at a time of sharply rising medical costs and high utilization of care will impact seniors' coverage," said Chris Bond, a spokesperson for AHIP, the national health insurance trade organization, in a statement at the time. "If finalized, this proposal could result in benefit cuts and higher costs for 35 million seniors and people with disabilities when they renew their Medicare Advantage coverage in October 2026."

In early April, CMS announced the reimbursement rate had been finalized at 2.48%, higher than the initial 0.09% proposal but probably not high enough to prevent changes in some plans for 2027.

What to do: If you're enrolled in a Medicare Advantage plan, carefully review the "annual notice of change" you get this fall for any adjustments to premiums, deductibles, co-pays and benefits. That will give you time to consider alternatives before open enrollment, which runs from October 15 to December 7.

If you sign up for an Advantage plan but then have second thoughts, you'll have another shot at choosing during the separate Medicare Advantage open-enrollment period from January 1 to March 31. During this time, you can switch to a different plan or to original Medicare. Says Jacobson, "It's important to remember you have options." K

Send comments to feedback@ kiplinger.com.

THE RULES OF ROTH CONVERSIONS

The editor of *The Kiplinger Tax Letter* responds to readers asking about converting a traditional retirement account, funded with pretax money, to a Roth IRA. **BY JOY TAYLOR**

I am thinking about doing a Roth IRA conversion this year. What adverse tax impacts should I know about? The converted funds will be subject to income tax for the year of the conversion. And if your Roth IRA assets go down in value soon after the conversion, you cannot undo the conversion. The 2017 Tax Cuts and Jobs Act ended so-called recharacterizations of Roth conversions.

Note that the additional income from converting can trigger higher adjusted gross income on your 2026 tax return. A higher AGI could preclude you from taking deductions that have AGI threshold limitations—and there are lots of these types of deductions. For example, the One Big Beautiful Bill Act, passed last year, provides several new deductions, including a $6,000 senior deduction for filers who are 65 and older as well as deductions for qualified tips, qualified overtime compensation and auto loan interest. These all have AGI thresholds that are aimed at preventing individuals with higher income levels from using these breaks. A higher AGI could also affect your ability to deduct medical expenses if you itemize on Schedule A.

For Medicare recipients, the additional income from a Roth conversion can trigger higher premiums. Individuals with 2024 modified AGI over $218,000 for joint filers and $109,000 for single filers pay a monthly surcharge in 2026 for Parts B and D coverage on top of their regular premiums. Income from converting from a traditional IRA to a Roth IRA is included in the calculation of modified AGI.

My husband owns one traditional IRA. He turns 73 this year and wants to wait until the first quarter of 2027 to take his first annual required minimum distribution. Can he do a Roth conversion in 2026 before taking his first RMD in early 2027? No. Traditional IRA owners who are 73 and older must take annual RMDs. People of RMD age who are considering a Roth IRA conversion must first take their annual RMD for the year before doing the conversion. A person who turns 73 in 2026 can wait until April 1, 2027, to take the first RMD. But that first RMD, even if delayed, is still an RMD for 2026 and is based on the IRA balances as of December 31, 2025.

Your husband has two choices: He can take his 2026 required minimum distribution from his traditional IRA this year and then do a 2026 Roth conversion. Or he can defer taking his 2026 RMD until no later than April 1, 2027, and do the Roth conversion after that date.

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I have four traditional IRAs. I want to convert a part of one of my IRAs to a Roth this year. I know I have to take my annual RMD for 2026 before I do the Roth conversion. How does this rule work in my case? It can be tricky. If a person has multiple traditional IRAs, the total aggregate RMD for the year must be withdrawn during the year before doing a Roth conversion from any of the traditional IRAs. (Note that this doesn't include RMDs from 401(k)s or other workplace retirement plans.)

For example, say your 2026 aggregate RMD from your four traditional IRAs is $68,526. If you want to do a Roth conversion from any of those IRAs in 2026, you must first take your aggregate RMD from any of the traditional IRAs that you choose and then do the Roth conversion for the year. Note that this RMD twist involving Roth conversions and multiple traditional IRAs is relatively new, enacted in late 2022 in the SECURE 2.0 Act.

Can a nonspouse beneficiary of an inherited IRA convert it to a Roth IRA? No. The beneficiary can, however, take taxable distributions from the traditional IRA over time and contribute the post-tax money to a Roth IRA, subject to the Roth IRA annual contribution limits, provided the person has sufficient taxable compensation and the person's AGI in the year of the contribution doesn't exceed certain limits.

For 2026, the Roth IRA contribution limit is $7,500, or $8,600 for individuals age 50 and older. The AGI limits start at $153,000 for single filers and $242,000 for joint filers.

I understand that to withdraw money from a Roth IRA without paying tax or a penalty on the investment earnings, the account owner must have had the money in the Roth IRA for at least five years and be age 59½ or older. If contributions are made over several years, when does the five-year clock start? Also, do the rules differ for Roth IRA conversions? There are two five-year rules that apply to Roth IRAs. The first applies to Roth IRA contributions, including rollovers and conversions, and determines whether distributed earnings are tax-free to you. Under this rule, distributions of earnings after age 59½ aren't taxed if at least five tax years have passed since the owner first contributed to a Roth IRA.

For this first five-year rule, the five-year clock starts the first time that money is deposited into any Roth IRA that you own, through either a contribution or a conversion from a traditional IRA. The clock doesn't start again for later Roth contributions, for conversions or for newly opened Roth IRA accounts.

The second five-year rule applies specifically to Roth IRA conversions and determines whether the 10% early-distribution penalty hits payouts received before age 59½. Under this rule, if someone who is younger than 59½ does a Roth conversion and later takes a distribution within five years of the conversion and before turning 59½, then the amount of conversion principal that is withdrawn is subject to the 10% penalty. Once you turn 59½, you needn't worry, even if you take a payout before your conversion meets the five-year period.

This rule is designed to prevent people who are younger than 59½ from circumventing the early-withdrawal penalty that would apply to their distribution from a traditional IRA by first doing a Roth conversion and soon thereafter taking the money out of the Roth IRA. The rule doesn't apply to new contributions to Roth IRAs, but to conversions of pretax income from traditional IRAs to a Roth.

Under this second five-year rule, each conversion has its own separate five-year period, which differs from the first five-year rule discussed above. For instance, if you do multiple Roth IRA conversions, there will be multiple five-year time periods, even if each conversion is done into the same Roth IRA account that you have owned for years. K

Have a tax question? Send it to askkiplinger@futurenet.com. Joy will reply and, with your permission, she may use your query in a future article. To see more tax questions and answers, go to kiplinger.com/tag/ask-the-editor.

Cards With Rental Car Insurance

BY ELLA VINCENT

BEFORE you book a rental car for your next trip, check the collection of benefits that your credit cards offer. Many cards provide insurance to protect you financially if a vehicle that you rent is stolen or damaged in a collision. Coverage for towing the vehicle following an accident is commonly included, too.

To take advantage of this perk, you must pay for the rental car with the credit card and decline the rental company's collision or loss damage waiver. Note, however, that injury to others and theft or loss of personal belongings in the car are not typically covered with insurance through a credit card. And card coverage may be limited to rental periods of about 15 days in the U.S. and 31 days abroad. Rentals in certain countries may be excluded.

RATE UPDATES

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

Most cards offer secondary rental car insurance, which pays out only after your personal auto insurance policy. Some cards, however, provide primary insurance, which applies before other coverage. By relying on primary insurance from a credit card, you may be able to bypass filing a claim with your auto insurer—and avoid a potential increase in your premium.

Check out these cards. Chase scored most highly among card issuers for its rental-car coverage in a study from personal finance site WalletHub. In particular, ***Chase Sapphire Reserve ($795 annual fee)*** offers outstanding benefits, with up to $75,000 in primary insurance. Unlike most other cards, it includes coverage even for expensive and exotic vehicles. ***Chase Sapphire Preferred ($95)*** also offers primary insurance, with up to $60,000 in coverage. The no-fee ***Chase Freedom Flex*** and ***Chase Freedom Unlimited*** cards provide $60,000 in secondary coverage. Among cards from other issuers, ***Capital One Venture X ($395)*** provides primary coverage of up to $75,000.

Reach the author at Ella.Vincent@futurenet.com.

TOP-YIELDING SAVINGS

Taxable Money Market Mutual Funds	30-day yield as of March 24	Minimum investment	Website
Gabelli U.S. Treasury MF (GABXX)	3.66%	$10,000	gabelli.com
DWS Govt & Agency MF (DTGXX)	3.59	1,000	dws.com
AB Govt MMP (AEYXX)*	3.54	2,500	alliancebernstein.com
DWS U.S. Treasury MF (IUSXX)	3.51	2,500	dws.com

Tax-Free Money Market Mutual Funds	30-day yield as of March 23	Tax eq. yield 24%/35% bracket	Minimum investment	Website
Schwab AMT Tax-Free MF (SWWXX)*	1.96%	2.58%/3.20%	$1	schwab.com
Fidelity Municipal MMF (FTEXX)	1.91	2.51/3.12	1	fidelity.com
T. Rowe Price Tax-Ex MF (PTEXX)*	1.87	2.46/3.06	2,500	troweprice.com
Fidelity Tax-Ex MMF (FMOXX)*	1.84	2.42/3.01	1	fidelity.com

Savings and Money Market Deposit Accounts	30-day yield as of April 1	Minimum amount	Website
Pibank (Fla.)†	4.60%	$0	pibank.com
Axos Bank (Calif.)†	4.21	0	axosbank.com
Quontic Bank (N.Y)†#	4.00	100	quontic.com
Brilliant Bank (Kan.)†#	4.00	1,000	brilliant.bank

Certificates of Deposit 1-Year	Annual yield as of April 1	Minimum amount	Website
E*Trade from Morgan Stanley (Va.)†	4.10%	$0	us.etrade.com
Limelight Bank (Utah)†	4.10	1,000	limelightbank.com
Popular Direct (N.Y.)†	4.05	10,000	populardirect.com
AmeriCU (N.Y.)&	4.00	1,000	americu.org

Certificates of Deposit 5-Year	Annual yield as of April 1	Minimum amount	Website
Advancial FCU (Texas)&	4.14%	$1,000	advancial.org
Mountain America CU (Utah)&	4.05	500	macu.com
Utah First FCU (Utah)&	4.00	2,000	utahfirst.com
Sallie Mae Bank (Utah)†	4.00	2,500	salliemae.com

*Fund is waiving all or a portion of its expenses. †Internet only. #Money market deposit account. &Must be a member; to become a member, see website or call. ‡CD term is 14 months. SOURCES: Bankrate, DepositAccounts, Money Fund Report (iMoneyNet).

TOP-YIELDING CHECKING Must meet activity requirements*

Account Issuer	Annual yield as of April 1	Balance range^	Website
Genisys CU (Mich.)&	6.75%	$0–7,500	genisyscu.org
CU of New Jersey (N.J.)&	6.00	0–25,000	cunj.com
Oklahoma Central CU (Okla.)&	6.00	0–10,000	oklahomacentral.creditunion
Andrews FCU (Md.)&	5.25	0–25,000	andrewsfcu.org

*To earn the maximum rate, you must meet requirements such as using your debit card several times monthly and receiving electronic statements. ^Portion of the balance higher than the listed range earns a lower rate or no interest. &Must be a member; to become a member, see website. SOURCE: DepositAccounts.

YIELD BENCHMARKS

	Yield	Month ago	Year ago
U.S. Series EE savings bonds	2.50%	2.50%	2.60%
U.S. Series I savings bonds	4.03	4.03	3.11
Six-month Treasury bills	3.72	3.60	4.23
Five-year Treasury notes	3.97	3.51	3.91
Ten-year Treasury notes	4.33	3.97	4.17

As of April 1, 2026. 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. Source for Treasuries: U.S. Treasury

Kiplinger

READERS' CHOICE AWARDS 2026

We asked readers to evaluate brokers, wealth managers, credit cards, insurance companies and other financial providers. These are the products and services that stand out from the crowd.

BY RACHAEL GREEN AND SEAN JACKSON

FOR the fourth year, we're pleased to present the winners of our annual Readers' Choice Awards. In a survey we conducted on Kiplinger.com in January and February, more than 4,200 readers rated the financial products and services they use in 13 categories, from credit cards and banks to brokers, wealth managers and annuity providers. The results here offer valuable insight into Kiplinger readers' everyday experiences with their financial providers.

Respondents made their judgments on criteria such as their interactions with customer service, the likelihood they would recommend the product or service to others, and their overall satisfaction with it. They also had the option to leave comments about their providers, and we have shared some of them here (remarks may be lightly edited for length and clarity).

For each category, we've listed an overall winner that earned the highest total score as well as other providers that earned above-average ratings for the various criteria that readers assessed. (For more on our methodology, see the box on page 89.) Our thanks to all of you who participated in the survey.

Due to a technical issue during 2026 data collection, some of the providers that readers evaluated in certain categories were ranked using patterns from 2025 survey data; the affected categories are marked with an asterisk. All results represent actual Kiplinger reader feedback. For further detail, see the box on page 89.

BROKERS*

We asked survey participants to rate brokerage firms that provide a range of services, whether online, by phone or through in-person assistance at physical branches. Readers evaluated their experience in three areas: the quality of their broker's customer service, the likelihood they would recommend the firm to others and their overall satisfaction with it.

→ **OVERALL WINNER**
Fidelity Investments
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ For the fourth year running, Fidelity triumphs as the reader favorite among brokers. Survey respondents heaped praise on the firm for plenty of reasons, including its low fees, strong research tools, well-trained professionals and easy-to-use platform. "The best of the many that I have used. I have suggested it to family and friends," says one reader.

Many readers also find Fidelity's customer support responsive and helpful. As another respondent remarked: "They've been my broker for over 30 years, and I've never had a problem or complaint. Whenever I needed assistance or help from them, they have exceeded my expectations." Fidelity has more than 200 branch offices throughout the U.S., and the firm's representatives are available 24/7 by phone.

Charles Schwab
Outstanding for:
- Most recommended
- Overall satisfaction

→ A full-service brokerage, Charles Schwab offers the gamut of investment and retirement accounts, and it has plenty of satisfied customers among Kiplinger readers. "I have been a client for over 30 years. I look

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every year to see if there's something better, but for my needs it is perfect," one reader says. Some respondents mentioned that they like Schwab's Thinkorswim online trading platform, which offers robust tools for charting and analysis; readers also like the broker's YouTube channel. If you need in-person assistance, you can visit any of about 400 Schwab branches nationwide.

Edward Jones
Outstanding for:
- Customer service
- Most recommended

→ Edward Jones has a reputation for building healthy relationships with investors, serving more than 9 million people with $2.2 trillion in investments. Readers appreciate that they can meet with advisers at the firm's 16,000 branch locations, and they say that the broker's educational resources are top-notch. One reader notes, "My adviser offers suggestions and will research and explain the pros and cons of any investment that I am considering." Says another, "Edward Jones has provided outstanding customer service in addition to impressive returns on my portfolio."

JPMorgan Chase
Outstanding for:
- Overall satisfaction

→ JPMorgan Chase provides a full suite of investment options, from self-directed brokerage accounts to personalized adviser services for high-net-worth investors. Some readers especially like JPMorgan Chase's user-friendly platform. Says one: "Easy-to-execute trades via either the website or the mobile app. Excellent phone customer service."

Raymond James
Outstanding for:
- Customer service

→ A number of respondents commented on the superior service they get from the professionals at Raymond James, with one reader citing a "long-term and wonderful relationship with my broker and her office staff" and another saying their broker is "amazingly available and very responsive." Raymond James also gets nods in the wealth management and IRA provider categories.

WEALTH MANAGERS

A wealth manager takes a holistic look at your financial health, from investment strategies to debt management and beyond. We asked readers to rate their wealth management firm based on five criteria: the quality of financial advice they receive, the trustworthiness of the advisers, the quality of retirement planning services, how likely they would be to recommend the firm to others and their overall satisfaction with the wealth manager.

→ **OVERALL WINNER**
UBS Wealth Management
Outstanding for:
- Quality of advice
- Trustworthy advisers
- Retirement planning services
- Most recommended
- Overall satisfaction

→ UBS earns high marks from readers in all of our criteria, with one reader complimenting the firm's "excellent service and advice." UBS helps its clients develop a personalized and comprehensive wealth management plan to achieve each one of their near- and long-term financial goals. This process starts by addressing five key questions that get to the root of what your wealth means to you: What do you want to accomplish in your life? What do you want your legacy to be? How do you plan to achieve your life's vision? Who are the people that matter most to you? What are your main concerns?

UBS has also focused on building out its digital tools so that clients can, among other things, review accounts, access cash, and find financial statements and documents in one convenient online portal.

Morgan Stanley Wealth Management
Outstanding for:
- Quality of advice
- Trustworthy advisers
- Most recommended
- Overall satisfaction

→ Morgan Stanley offers both traditional, in-person advisory service and virtual consultations. Whichever way you prefer to work with your adviser, the team at Morgan Stanley can help you put together a personalized plan in areas such as retirement and college savings, tax efficiency, generational wealth, and philanthropy.

Raymond James
Outstanding for:
- Quality of advice
- Trustworthy advisers
- Overall satisfaction

→ Raymond James ranked just behind UBS for quality of advice and trustworthiness. The full-service financial firm, which has about 8,900 advisers and $1.8 trillion in client assets, helps clients increase their wealth, plan for retirement, manage their estate and more.

Fidelity Wealth Management
Outstanding for:
- Retirement planning services
- Most recommended

→ Fidelity Wealth Management earned high praise from readers. Among the comments: The firm is "easy to work with" and its "online retirement planning tool is brilliant."

One respondent even reported switching to Fidelity because it won the Kiplinger Readers' Choice award for the best overall wealth manager last year. The reader says that since switching, they "have never been happier with a provider. The difference is astounding."

Vanguard Personal Advisor Services
Outstanding for:
- Most recommended
- Overall satisfaction

→ Along with its self-directed investing options, Vanguard offers multiple tiers of advisory services, including Personal Advisor Select, which includes access to a dedicated certified financial planner, and Personal Advisor Wealth Management, which caters to high-net-worth investors. One survey respondent raved about Vanguard's "low cost and damn good service."

Bank of America/Merrill Wealth Management Services
Outstanding for:
- Quality of advice

→ The wealth management services from Bank of America and Merrill have repeatedly won accolades here, earning praise for responsive and dedicated advisers. "They are a highly trusted partner and meet with us quarterly," one reader says. "They are always available to us to answer questions or discuss strategy."

Fisher Investments
Outstanding for:
- Retirement planning services

→ Fisher Investments is a "great company to work with," says a survey respondent. The wealth management firm earned high marks for its retirement planning services in particular, with another reader noting that the firm helped ensure they were "on a path that would provide peace of mind in my retirement years." Fisher lists estate and tax planning as well as strategizing to maximize Social Security benefits among its comprehensive planning services.

IRA PROVIDERS

Savers enjoy tax benefits when they use an IRA to stash away money for retirement. We asked readers to rate their IRA provider on the investment choices available, strength of customer service, how likely they are to recommend it to others and their overall satisfaction with it.

→ **OVERALL WINNER**
UBS
Outstanding for:
- Investment choices
- Customer service
- Most recommended
- Overall satisfaction

→ Readers are satisfied in all areas

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with their IRAs from UBS, which also took the top spot for its wealth management services. "My portfolio continues to grow even in uncertain economic times," says one reader. You can work with the firm, founded more than 160 years ago, online or through branches in more than 50 countries.

Fidelity Investments
Outstanding for:
- Investment choices
- Most recommended
- Overall satisfaction

→ Fidelity is a reader favorite for IRAs and other accounts, thanks in part to its responsive assistance. One respondent says, "I'm very pleased with the investment options and telephone help provided over the last 35 or so years." You can manage your accounts yourself or get assistance through Fidelity's advisory services.

Raymond James
Outstanding for:
- Customer service
- Overall satisfaction

→ One reader cites "excellent advice, service and performance for 40 years" as the reason they've remained loyal to Raymond James. The firm, which also received honors in the brokerage and wealth management categories, has more than 3,000 locations in the U.S. and Canada for those who want in-person assistance.

Ameriprise
Outstanding for:
- Customer service

→ With more than 10,000 advisers, Ameriprise offers its clients wealth and retirement planning solutions, including IRAs. The firm takes a hands-on approach, through one-on-one coaching and regular meetings, to ensure that you're confident in your choices and on course to achieve your goals.

Charles Schwab
Outstanding for:
- Investment choices

→ Readers point to easy-to-use tools and exceptional investment choices as standout features of Schwab as an IRA provider. One remarks, "Very user-friendly mobile app and website, great selection of funds available for investment." Another highlights its selection of low-cost index funds in particular. Schwab is also among readers' top broker picks, and its internet banking services beat the rest.

E*Trade From Morgan Stanley
Outstanding for:
- Most recommended

→ E*Trade, a robust online trading platform, offers a digital IRA selector tool to help you choose the type of account that meets your needs, and the firm's representatives stand ready to assist. "Representatives were especially helpful when I moved all my accounts and set up my IRAs," says one reader.

LPL Financial
Outstanding for:
- Most recommended

→ Wealth management firm LPL Financial offers IRAs through its network of 32,000 financial advisers, who serve 8 million Americans. You can work with LPL's professionals virtually or meet with them in person to plan your retirement strategy.

Vanguard
Outstanding for:
- Investment choices

→ Vanguard offers plenty of resources for do-it-yourself investors, as well as low-cost advice for those who want a professional's perspective. One reader recommends Vanguard's IRAs because of the company's "exceptional ETF lineup and low expense ratios."

Another expresses appreciation for the firm's wide selection of funds, adding: "I trust them with my investments. I like their website. Excellent customer service. I have encouraged four family members to open retirement accounts at Vanguard."

CASH-BACK CREDIT CARDS*

→ If you favor simplicity with your credit card rewards, consider these top choices among cash-back cards. We asked survey respondents to rate their primary cash-back card based on the quality of their interactions with customer service, how likely they are to recommend the card to others and their overall satisfaction with the card.

→ **OVERALL WINNER**
Fidelity Rewards Visa
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ The Fidelity Rewards Visa earns top honors among cash-back cards for the fourth consecutive year. As one reader says, "it's simple and straightforward," offering 2% back on all purchases—provided you deposit the rewards into a qualifying Fidelity account, such as a health savings account, brokerage account, IRA, donor-advised fund or 529 college-savings plan. You can even deposit your rewards into an eligible account belonging to a friend or family member, such as a grandchild's 529 plan. And travelers receive a credit of up to $100 when they use the card to pay the application fee for TSA PreCheck or Global Entry to get expedited security screening at the airport.

Discover It
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

Discover's perks have kept some customers satisfied for decades. Says one reader: "We've used Discover for over 30 years. There have been changes, but their low APRs, top-notch customer service, added features, and quarterly 5% rewards categories (which are timely, such as gas during summer months) are the best. We do use other cards, but only for specific purposes. Discover is our main card, and we hope to keep it that way."

Discover It's main draw is the 5% back it offers on up to $1,500 spent each quarter in rotating categories. All other purchases earn 1% back.

Costco Anywhere Visa by Citi
Outstanding for:
- Most recommended
- Overall satisfaction

→ Readers love the Costco Anywhere Visa by Citi card for its simplicity and generous rewards. One reader notes, "This card has always offered a great rewards system, with multiple cash-back tiers, appropriately high credit limits, and easy fraud alerts and resolution."

With Costco's credit card, you'll earn 5% cash back on fuel purchases at Costco stations and 4% back on other gas purchases and electric-vehicle charging. (These rewards apply to the first $7,000 in combined annual spending; once you reach that threshold, gas and EV-charging purchases earn 1% back.) You'll also earn 3% back on restaurant and travel purchases (including Costco Travel), 2% on other Costco purchases, and 1% on everything else.

U.S. Bank Cash+ Visa
Outstanding for:
- Customer service
- Overall satisfaction

→ Cardholders choose two categories that earn 5% back on the first $2,000 in combined quarterly spending. Eligible categories include fast food, home utilities, department stores, cell-phone services, electronics, furniture stores and more. You also pick one among three possible categories to earn 2% back: grocery stores, restaurants or gas stations. All other purchases earn 1% back.

American Express Blue Cash Everyday
Outstanding for:
- Customer service

→ Readers appreciate American Express's responsive service: "Great customer service with a real person to speak with!" one survey respondent says. Cardholders earn 3% back at supermarkets and gas stations, as well as on online purchases from U.S. retailers; the 3% rewards are capped at $6,000 spent yearly in each category. All other spending, including spending in excess of the $6,000 limit, earns 1% back.

Citi Double Cash
Outstanding for:
- Most recommended

→ Citi Double Cash is well liked for its simple structure, without multiple categories to track. "Extremely easy to use," one reader comments. Says another, "Very easy to redeem cash back in a variety of ways."

Cardholders earn an unlimited 1% back when they make a purchase and another 1% back when they pay the bill, for a total of 2% back on their spending. Plus, you can get 5% cash back on attractions, car rentals and hotels booked through the Citi Travel portal.

TRAVEL REWARDS CREDIT CARDS*

When you make purchases with a travel rewards card, you'll typically earn miles or points that you can redeem for travel reservations. Many cards offer extra perks, too, such as statement credits for certain hotel or airline purchases or access to airport lounges. We asked readers to rate travel rewards cards on the strength of customer service, the likelihood they would recommend the card to others and overall satisfaction.

→ **OVERALL WINNER**
Capital One Venture Rewards
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ This card hits the mark for travelers who prefer to avoid a complicated rewards structure, providing two miles per dollar on all purchases. And when you book hotels, vacation rentals or car rentals through Capital One Travel, you'll earn five miles per dollar. "I actually do recommend this card to everyone," says one reader. "Their customer service is exceptional! Far above any other card I have ever had before this." Another reader praised the simplicity of redeeming miles for rewards: "Very easy to do."

Cardholders, who pay a $95 annual fee, also receive a $50 experience credit (usable for such purchases as spa treatments or dining) for every stay with hotels in Capital One's Lifestyle Collection, and a statement credit of up to $120 every four years to reimburse the application fee for TSA PreCheck or Global Entry.

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Chase Sapphire Preferred
Outstanding for:
• Customer service
• Most recommended
• Overall satisfaction

→ "I recommend this credit card to coworkers and friends all the time. It is a solid card to have in your wallet," says a satisfied reader. The card, which has a $95 annual fee, provides five points per dollar on purchases you make through Chase Travel; three points per dollar on dining and takeout, online grocery orders, and select streaming services; two points per dollar on all other travel purchases; and one point per dollar spent on everything else.

One valuable option to redeem your points is transferring them to partner loyalty programs, including those of Hyatt, Marriott, Southwest and United. "The ability to transfer points to lots of hotels and airlines is a big plus," says a survey respondent.

Platinum Card From American Express
Outstanding for:
• Customer service

→ "In 2025, we realized tremendous value from having this card—well beyond the $895 annual fee," one reader remarks. "Further, Amex always has our back when a merchant doesn't deliver or an attempted fraud occurs. We are fans for life!"

Among Amex Platinum's many benefits are annual credits of $600 for bookings with select hotels, $200 in incidental fees with one airline of choice, $209 for a CLEAR+ membership (providing accelerated airport-security screening), $400 for restaurants that participate with the Resy platform, and $300 for purchases at athletic-apparel retailer Lululemon. Plus, you get $200 yearly in Uber Cash (which you can use for Uber rides and Uber Eats orders), as well as complimentary access to a network of more than 1,500 airport lounges worldwide.

AIRLINE CREDIT CARD REWARDS PROGRAMS*

If you're a frequent flier, it can pay to have a credit card from your preferred airline. These cards may offer elevated loyalty status, free checked baggage, and extra miles on all flights you book. We asked readers to rate their airline card based on the strength of customer service, whether they'd recommend the card to others and overall satisfaction.

→ **OVERALL WINNER**
Southwest Airlines Cards
Outstanding for:
• Customer service
• Most recommended
• Overall satisfaction

→ Southwest's credit card program is a three-time overall winner in the Readers' Choice Awards. "Strong benefits, especially if Southwest is your primary airline. Helps me get to A-list and Companion Pass status," one reader says.

Southwest offers three consumer credit cards linked to its Rapid Rewards loyalty program. Each card features different annual fees, bonuses and benefits, which become more plentiful as the fee rises. The Rapid Rewards Plus card ($99 annual fee) gives you 3,000 points on your yearly cardmember anniversary. The Premier card ($149) has a 6,000-point anniversary bonus, and the Priority Card ($229) offers a 7,500-point anniversary bonus. All three cards provide a free checked bag for you and up to eight other passengers on your reservation, as well as 25% back on in-flight purchases.

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Alaska Airlines Cards
Outstanding for:
• Customer service
• Most recommended
• Overall satisfaction

→ Alaska Airlines has two consumer cards with excellent perks. The Atmos Rewards Ascent Visa Signature card has a $95 annual fee, and its benefits include an annual companion fare of $99 (plus taxes and fees) each year you spend $6,000 or more on the card—a perk you "can't beat," according to one reader—and a free checked bag for you and up to six passengers. The Atlas Rewards Summit Visa Infinite card offsets its $395 annual fee with generous perks, including eight yearly visits to the airline's airport lounges and a statement credit of up to $120 every four years to pay for a Global Entry or TSA PreCheck application.

Delta Air Lines Cards
Outstanding for:
• Customer service
• Most recommended
• Overall satisfaction

→ Delta's program features four consumer credit cards issued by American Express: Delta SkyMiles Blue, Gold ($150 annually, waived the first year), Platinum ($350) and Reserve ($650). "My Delta rewards credit card always has my back. On the rare occasion it was necessary to change my reservation, I received prompt and accurate service," says one survey respondent.

The benefits vary among the cards, with Reserve providing the most extensive perks, including a companion certificate (allowing a second passenger to fly with you once per year on a round-trip flight within the U.S., Mexico, the Caribbean or Central America, paying only taxes and fees), access to Amex's Centurion airport lounges, and 15 annual visits to Delta Sky Club lounges. "The benefits we get exceed the annual fee," says a reader who uses the Reserve card.

JetBlue Cards
Outstanding for:
- Overall satisfaction

→ JetBlue offers a few credit cards issued by Barclays: the JetBlue Card, JetBlue Plus ($99) and JetBlue Premier ($499), with varying rewards rates and benefits. All cardholders receive 50% off JetBlue in-flight purchases. If you have the Plus or Premier card, you also earn 5,000 bonus points each year on your cardmember anniversary, and you get a free checked bag on flights, among other perks.

NATIONAL BANKS*

These traditional, brick-and-mortar banks have branches in a number of states, making them great choices if you prefer to do your banking in person. We asked readers to rate their bank based on its customer service, how likely they are to recommend it to others and their overall satisfaction with it.

→ **OVERALL WINNER**
First Citizens Bank
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ First Citizens Bank has more than 500 branches in 23 states, with many in California, Florida, Georgia, North Carolina, South Carolina and Virginia. "Excellent service at local branches on the rare occasion I need them. Online banking is very easy to use," one reader comments.

The bank offers a few checking accounts, including the basic Primary Checking, which charges no monthly fee if you sign up to receive electronic statements, and the premium Prestige Checking, which waives its $25 monthly fee if you meet certain criteria, such as having monthly direct deposits of at least $6,500 or a combined average daily balance of at least $25,000 among all your deposit accounts with the bank. The perks include unlimited reimbursement of out-of-network ATM surcharges and free cashier's checks and money orders. Among the bank's savings options, the five-month CD recently stood out for its 3.45% yield ($5,000 minimum deposit).

KeyBank
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ KeyBank has almost 1,000 branches stretching across 16 states, including Colorado, Connecticut, Idaho, Maine, New York, Ohio, Pennsylvania, Utah and Washington. "I have been with KeyBank for decades and am quite satisfied with their services," says one reader.

KeyBank offers a handful of checking accounts, including two free ones and two that offer more benefits and waive the fee if you meet certain balance or deposit requirements. The bank also has savings and CD accounts. Recently, you could earn a 3.5% yield on a six-month CD, provided you deposit at least $10,000 and have a qualifying checking account with the bank.

U.S. Bank
Outstanding for:
- Most recommended
- Overall satisfaction

→ With 2,000 branches in 26 states, including California, Minnesota, Missouri, Ohio, Wisconsin and Washington, U.S. Bank has a large footprint. The bank's Smartly checking account is free if you have monthly direct deposits of at least $1,500 or meet other requirements, and you'll earn cash back on certain purchases as well as discounts on loans from U.S. Bank. Among U.S. Bank's savings options, the CD Special recently offered a 3.5% yield for five months with a minimum deposit of $1,000.

Fifth Third Bank
Outstanding for:
- Customer service

→ Fifth Third operates about 1,100 branches in more than a dozen states; among them are Florida, Georgia, Illinois, Kentucky, Michigan, North Carolina and Ohio. The bank has some loyal customers among Kiplinger readers. One says, "I've been with them over 30 years and speak highly of them." A couple of other survey respondents commended Fifth Third for excellent service.

Fifth Third has a few checking accounts, including the free Momentum Checking as well as the premium Preferred Banking, which provides plentiful perks. Customers who keep at least $100,000 in deposit and investment accounts with the bank avoid Preferred's $25 monthly fee. Some of the CDs offer attractive rates, including a recent

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yield of up to 3% on a four- or eight-month promotional CD ($5,000 minimum deposit).

INTERNET BANKS*

Generally, internet banks offer higher savings yields and lower fees than their brick-and-mortar counterparts, and customers can manage their accounts online or through a mobile app. Survey respondents judged these institutions on customer service, how likely they would be to recommend the bank to others and how satisfied they are overall with the bank.

→ **OVERALL WINNER**
Charles Schwab Bank
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ Charles Schwab Bank, which has claimed the number-one spot among internet banks in three of the four years we've run the Readers' Choice Awards, is particularly attractive for customers who want to streamline their banking and investment services. "Costs nothing and works well," says one reader. "Also nice that everything is connected to your investment accounts."

Schwab's free checking account is built for investors, allowing you to transfer money instantly between it and your Schwab brokerage account. There are no foreign-transaction charges when you use your debit card overseas, and you get unlimited refunds of out-of-network ATM surcharges worldwide. Account holders also get free standard checks and 24/7 customer support. "Absolutely the best in customer service, hands down!" a reader remarks. "I can't see anyone beating them in convenience and service!"

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Ally Bank
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ Many Kiplinger readers are pleased with Ally Bank's solid customer service and low-cost accounts. "Best online banking available. Comprehensive account choices. Prompt, accurate transactions. Live, knowledgeable and thorough customer service agents," says one respondent.

With Ally's free checking account, you have access to 75,000 fee-free ATMs nationwide, and you are reimbursed up to $10 monthly in out-of-network surcharges. Ally also offers a savings account, money market deposit account and certificates of deposit with no minimum balances required. The one-year High Yield CD recently featured a 3.7% rate, and the savings and money market accounts offered a 3.2% yield.

Capital One
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ Although Capital One still has brick-and-mortar branches, it also operates a popular internet bank. One reader summed up its capabilities this way: "App is easy to use and functional. Love the ability to see all accounts, including credit cards, in one place. Easy to deposit checks virtually and transfer money between accounts. Bill pay is also effective."

Capital One's 360 Checking requires no monthly fee or minimum balance, and customers have access to more than 70,000 fee-free ATMs nationwide. The 360 Performance Savings account recently yielded 3.2%, and CD rates were as high as 4.1% for an 11-month term, with no minimum deposit required.

USAA
Outstanding for:
- Customer service

→ USAA offers a full suite of financial products, including a free checking account that reimburses up to $10 in monthly out-of-network ATM surcharges, savings accounts, and CDs recently yielding as much as 2.25%. USAA also offers a youth checking and savings account, which is fee-free, and the accounts come with parental controls and the flexibility to transition to an adult account at age 18.

USAA membership is open to military servicemembers and veterans, as well as the spouses and children of USAA members.

ANNUITY PROVIDERS*

Annuities are contracts that allow you to pay an amount up front or over time in exchange for the opportunity to create a steady stream of income in retirement. Often used as a way to hedge retirement portfolios against future market risks, the features and costs can vary widely. We asked readers to rate their annuity provider based on its customer service, how likely they are to recommend it to others and their overall satisfaction with the company.

→ **OVERALL WINNER**
Prudential
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

Prudential proved to be the prime choice among annuity companies in this year's awards. According to one reader and Prudential customer, "I took this annuity when I retired, and it provides a secure payment every year."

You can choose among a comprehensive set of Prudential annuities to fit your personal risk tolerance and income needs, including options with good downside protection and flexible withdrawals. The types available include variable annuities, fixed annuities, fixed indexed annuities, registered index-linked annuities and more. Prudential has a reputation for financial staying power, earning an A+ financial-strength rating from AM Best, a global credit rating agency.

MassMutual
Outstanding for:
- Customer service
- Most recommended
- Overall satisfaction

→ MassMutual scored highly for all three criteria we asked readers to rate. One survey respondent says, "The service and product are outstanding." The company offers a range of annuity types, including variable annuities, deferred fixed annuities, fixed indexed annuities, registered index-linked annuities and immediate annuities.

New York Life
Outstanding for:
- Most recommended
- Overall satisfaction

→ New York Life took home the crown for overall winner among annuity providers last year, and many readers still deem it a great choice, with one expressing confidence that "New York Life will be able to withstand any market downgrade." That trust in an annuity provider's long-term financial strength is crucial for those who are depending on it for guaranteed retirement income. "New York Life is the gold standard," another respondent says. "I would not use anybody else."

TIAA
Outstanding for:
- Customer service
- Most recommended

→ TIAA offers fixed and variable annuities to fit the retirement goals of a wide variety of customers. The company offers wealth management services, too, for those who want additional guidance on their retirement-income strategy and other aspects of their financial plan.

Nationwide
Outstanding for:
- Customer service

→ Nationwide makes it easy to set up an account, and the company offers a range of tools and calculators to help you decide which type of annuity makes sense for you and how it should fit into your overall financial plan. Nationwide's array of products includes fixed annuities, fixed indexed annuities, registered index-linked annuities and variable annuities.

HOMEOWNERS INSURANCE COMPANIES

We asked readers to judge their homeowners insurance provider according to how competitive the rates are, how positive the experience has been when filing a claim and how likely they would be to recommend the company to others. Companies that earned top marks on home insurance tended to be highly rated for auto insurance, too.

→ OVERALL WINNER
USAA
Outstanding for:
- Competitive rates
- Claims experience
- Most recommended

USAA received top scores and rave reviews from many Kiplinger readers, who praised the company for its competitive rates and smooth claims experience. One reader called USAA "the gold standard for service," while another said they check quotes every year and "USAA is always the best coverage for the money."

USAA offers home insurance nationwide, but you must be a military servicemember, a veteran, or the spouse or child of a USAA member. For those eligible, USAA is often the best deal around when it comes to affordable premiums and top-notch customer service. Many Kiplinger readers reported sticking with the provider for decades, with no plans to leave anytime soon.

Erie
Outstanding for:
- Competitive rates
- Claims experience
- Most recommended

→ One Kiplinger reader called Erie "great to work with when you need to make a claim." The company's home insurance policies were highly rated across all the criteria we asked about, making it a close second to USAA and an excellent choice for those who don't qualify for USAA membership. But you must live in one of the 12 states where Erie offers coverage: Illinois, Indiana, Kentucky, Maryland, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and Wisconsin. Washington, D.C., residents can also get a policy from Erie.

Amica
Outstanding for:
- Claims experience
- Most recommended

→ Readers appreciate Amica's home insurance especially for its top-notch claims experience. The insurer earned the highest score on that criterion, and many readers commended the quality of service. One reader says: "Amica customer service is exceptional. We were newly returned customers after several years bouncing between other insurance companies, and we filed a house claim the first year. Their estimator was quick to respond, fair in their assessment and payment. Our premiums did not increase due to the claim."

AAA
Outstanding for:
- Competitive rates

→ AAA is well known for its emergency roadside assistance, members-only discounts and other perks of joining the auto club. But it also offers home insurance, which readers rated highly for competitive rates. And the rates may be even better when you bundle your homeowners policy with AAA's auto insurance. Readers also praised AAA auto insurance for its affordable premiums this year.

Farm Bureau
Outstanding for:
- Claims experience

→ The American Farm Bureau Federation is an agricultural organization with farm bureaus located in all 50 states, providing a wide range of insurance policies and services. This makes it a uniquely useful choice for homeowners with niche insurance needs—such as the ability to insure large acreage or a farm—that can be hard to find from other insurers. And, says one reader, "the customer service is excellent."

Mercury
Outstanding for:
- Competitive rates

→ Mercury offers home insurance in select states, and offerings vary. But if you live in a state where Mercury is available, consider bundling your home policy with the company's equally affordable auto insurance for even better rates. "I live in Southern California, and the home insurance rates have skyrocketed in recent years. I bundle my auto and home policy with Mercury, and it appears to be the best deal I can find," says a Kiplinger reader.

AUTO INSURANCE COMPANIES

Readers rated their auto insurance provider based on how competitive the rates are, their experience with filing claims and how likely they are to recommend the insurance company to others. These companies stood out from the pack in our survey.

→ **OVERALL WINNER**
USAA
Outstanding for:
- Competitive rates
- Claims experience
- Most recommended

→ For the second year in a row, USAA is the top choice among Kiplinger readers for both auto insurance and home insurance, earning plaudits for its affordable rates and exceptional customer service. Overall, readers appreciate how responsive and knowledgeable the customer service team at USAA is, as well as how easy it is to get a human on the phone when you need them. "You never have to call back later to inquire about some part of the policy. You always get someone to talk to immediately," says one respondent.

Given that readers report a similar satisfaction with the provider's home insurance, many said they have both policies through USAA to take advantage of a bundling discount. And some said that they go so far as to get all of their insurance policies through USAA. USAA's nationwide membership is available to military servicemembers and veterans, as well as the spouses and children of USAA members.

Erie
Outstanding for:
- Competitive rates
- Claims experience
- Most recommended

→ Erie rivaled USAA across the criteria we asked readers to rate, tying the overall winner when it comes to affordable premiums and coming in a close second with how likely readers are to recommend the insurer. One reader mentioned Erie's "excellent and immediate service" when filing a claim, and many reported that Erie often offered the lowest rates when they shopped around to compare quotes.

Amica
Outstanding for:
- Claims experience
- Most recommended

COURTESY OF USAA

Amica tied USAA when it came to claims experience this year, with one reader praising Amica's "high-quality, responsive customer service," and another deeming Amica's handling of claims "superb." The care that agents show clients counts, too: "Amica agents are kind," a respondent says. "My car was totaled in a horrible accident about seven years ago, and their main concern was always my well-being. Their rates are good, and they are easy to work with."

AAA
Outstanding for:
• Competitive rates

→ For AAA members, getting a quote on car insurance from the auto club just makes sense. According to Kiplinger readers, AAA often wins out on rates, and some also pointed to strong customer service. Says one respondent, "I've had at least four claims handled with outstanding efficiency and great outcomes. The network of mechanics, body shops and service centers that you can pick is extensive."

Farm Bureau
Outstanding for:
• Claims experience

→ Farm Bureau offers a wide variety of insurance policies, and both its auto insurance and its home insurance policies rated highly for a positive claims experience among Kiplinger readers. According to one reader who had to file a car insurance claim last year, "Farm Bureau was absolutely top-notch, handling everything efficiently and with great communication throughout the process. 'Seamless' is the best description I can come up with."

Mercury
Outstanding for:
• Competitive rates

→ Among the auto insurance winners, Mercury earned the highest score for offering affordable premiums. With prices going up all around, opting for an insurer that stands out for low rates can be a good way to keep monthly costs down. Mercury offers coverage in 11 states.

TAX SOFTWARE*

→ Tax-preparation software guides taxpayers through the complex process of preparing and filing an accurate income tax return. A good program should be easy to use and give users confidence that they've maximized all the tax benefits available to them. We asked readers to rate their preferred tax-filing software based on ease of use, how likely they would be to recommend the service to others and overall satisfaction with the software.

→ **OVERALL WINNER**
FreeTaxUSA
Outstanding for:
• Ease of use
• Most recommended
• Overall satisfaction

→ FreeTaxUSA is Kiplinger readers' top choice for the fourth year in a row. One reader says that it is "low-cost, accurate and user-friendly," while another appreciates that they experienced no "bait and switch" on the pricing. Preparing a federal return really is free, and the prices for state returns and any other services are transparent and up front. Readers also repeatedly praised the tax software for how simple it is to use and how easily they could pull up data from previous years when filing out their return.

TaxAct
Outstanding for:
• Ease of use
• Most recommended
• Overall satisfaction

→ Readers called TaxAct's software "easy to navigate" and "efficient, thorough and accurate." Those are important features to look for in any tax-prep program. TaxAct offers a range of pricing and service add-ons, including the option to get unlimited help from an expert while you prepare your return.

H&R Block
Outstanding for:
• Ease of use
• Overall satisfaction

→ H&R Block excels in support options for tax filers, especially those with tricky or niche tax situations. "I stay with it because it is easy to use and handles every kind of tax situation I've had," says one Kiplinger reader. "It finds tax savings that I would not have found on my own and has prevented errors I would have made," reports another.

PEER-TO-PEER PAYMENT SERVICES

Peer-to-peer payment services make it easy to send and receive money among friends and family members from your smartphone. We asked readers to weigh in on their preferred payment app, based on ease of use, the likelihood they would recommend it to others and their overall satisfaction with the service.

COURTESY OF FREETAXUSA

→ **OVERALL WINNER**
Cash App
Outstanding for:
- Ease of use
- Most recommended
- Overall satisfaction

→ Cash App unseated the reigning peer-to-peer champion, Apple Cash, this year, receiving outstanding scores across all criteria we asked about. Survey respondents were satisfied with how simple the app is to use as well as the "quick and easy payments."

Most peer transfers are free, but you'll pay a 3% fee if you use a credit card as the payment source. When you move money from your Cash App balance to your external bank account, standard transfers of one to three business days are free; you'll pay a fee of up to 2.5% for an instant transfer.

Cash App also offers financial services such as direct deposit of your paycheck to your account, a high-yield savings option and a debit card tied to your Cash App balance.

Zelle
Outstanding for:
- Ease of use
- Most recommended
- Overall satisfaction

→ Kiplinger readers overwhelmingly praised Zelle for its convenience. Built into the apps of many major banks, Zelle is easy to access without downloading a separate app. Survey respondents also appreciated that there aren't fees for sending or receiving money, which arrives directly in the recipient's bank account within minutes.

Apple Cash
Outstanding for:
- Most recommended
- Overall satisfaction

→ Apple Cash was a three-time overall winner in past years, and it still earned high scores from our readers this year. "Easy, secure," says one reader. "Love that it links to a bank account and that I can use it to pay at stores." K

HOW READERS CHOSE THE WINNERS

Kiplinger readers were invited to take the Readers' Choice Awards survey on Kiplinger.com between January 22 and February 19, 2026. The survey asked respondents to choose the financial product or service that they most frequently use in 13 categories: brokerage firms, wealth managers, IRA providers, cash-back credit cards, travel rewards credit cards, airline credit card rewards programs, national banks, internet banks, annuity providers, homeowners insurers, auto insurers, tax software and peer-to-peer payment services.

We asked readers to rate each provider they selected on a scale of one to 10 based on a few criteria. In many categories, readers rated the strength of customer service, how likely they would be to recommend the product or service to others, and how satisfied they are overall with the provider. In some categories, we included more nuanced criteria. With wealth management firms, we asked respondents to rate the trustworthiness of a firm's advisers and the quality of its financial advice and retirement-planning services. For IRA providers, respondents assessed the mix of investment choices available to them. For peer-to-peer payment apps and tax software, respondents evaluated ease of use, and for auto and home insurance companies, readers judged the competitiveness of rates and strength of the claims experience.

We calculated an average (mean) score for each criterion with each provider. We also calculated an overall mean score for all providers for each criterion we asked readers to judge. We compared individual provider mean scores with the overall mean, and the three highest-scoring providers that had a score above the overall mean won an "outstanding" accolade; in cases of a tie, more than three providers are named, and if fewer than three qualifying providers achieved an above-average score, only those providers are named "outstanding." In each category, providers are generally listed in descending order by the number of criteria for which they received the "outstanding" designation—so a product or company that is deemed "outstanding" in three areas, for example, is listed before a provider with one or two "outstanding" awards.

To choose an overall winner in each category, we added together the mean scores for each criterion rated for each product or service. The provider with the highest total score in each category took the prize for overall winner.

Because of a technical issue during 2026 survey data collection, some providers that readers evaluated in certain categories, marked with an asterisk, were ranked using patterns from 2025 consumer survey data. Affected were three of 18 brokerage firms, six of 20 cash-back credit cards, two of 15 travel rewards credit cards, one of 13 airline credit card rewards programs, three of 33 banks, two of 14 annuity providers, and one of eight tax-software products. All other categories fully reflect 2026 data. All results represent actual Kiplinger reader feedback.

RETIREMENT

HOW TO HANDLE LOVE AND MONEY THE SECOND TIME AROUND

The financial stakes are higher and the potential pitfalls more plentiful when you say "I do—again."

BY MP DUNLEAVEY

GETTY IMAGES

SECOND marriages have long been called a triumph of hope over experience—a line rooted in the assumption that remarriage simply repeats the dynamics of a first union. But that notion is increasingly outdated.

Today's second marriages are so distinct from what first unions entail that they almost deserve a moniker of their own ("conscious recoupling," anyone?). For one thing, people who remarry tend to be older almost by definition, with the fastest rate of growth in second unions happening among men and women ages 65 and up. And because they've had years of building a life separately before joining forces, these new partners typically come into the relationship with their own—sometimes sizable—assets and obligations, well-established careers and financial habits, often children and maybe ex-spouses from their previous marriage, and perhaps some emotional baggage as well.

That all makes navigating remarriage complex, especially where managing money is concerned.

"You have to come into a second marriage knowing that you're two fully formed entities, personally and financially," says Jonathan Kolmetz, a financial therapist and certified financial planner with Oaks Wealth Management in Houston. "And you need the appropriate amount of planning to reflect that complexity."

It's a challenge that millions of older adults are managing as they head toward and through retirement. According to Bowling Green State University's National Center for Family & Marriage Research, 28% of 45- to 64-year-olds and 31% of those 65 and older are remarried—the largest percentage of any age group.

To make sure you and your new spouse live in a state of marital and financial harmony, here's what experts suggest.

DECIDE WHAT'S YOURS, MINE AND OURS

One of the first and most consequential choices you and your spouse need to make is how to structure your financial life together. To start, how

do you handle the assets and liabilities you bring into a second marriage?

It's a complicated question, says Stacy Barrett, a lawyer in Napa, Calif., and an editor at Nolo.com, a publisher of legal guides and software. About two-thirds of divorced couples go on to remarry, according to Pew Research Center, which means one or both spouses in that new union may still be financially entwined with an ex, from support payments to joint expenses for any children they had together. Remarried couples are also likely to have more investments than people bring to first marriages, such as savings and retirement accounts, which they may not want to share, at least not entirely, with their new partner. And spouses may not want to be on the hook for the other person's prior debts or financial obligations, such as paying for a child's college education or helping adult kids with the cost of a wedding or down payment on a house.

"In many cases, you have to balance the desire to take care of your new spouse and build a life together, while still preserving your assets for your children or grandchildren," says Barrett.

The other reason to set up a legal distribution of your assets is the risk of what will happen if you don't. "Without the appropriate documents, your property is subject to the default rules of your state, or federal law, if you divorce or die," Barrett says.

Worse, many people aren't familiar with what those default rules are. What would happen if your second marriage ends in divorce (60% of second unions do) or if you die without a will? In the latter case, the surviving partner might get, say, half of the deceased spouse's estate, with the remaining assets divided between his or her children, although the specific guidelines depend on where you live. When the second spouse passes away, those inherited assets would go to his or her heirs—perhaps the stepkids of the first spouse to die, not that person's own children.

"It's important to brush up on the basics, so you can decide whether you want to adopt the default rules, which vary by state, or come up with your own plan," Barrett says. (You can find a list of state rules governing the division of assets after a spouse dies at *findlaw.com* or in case of divorce at *divorcenet.com*.)

A bespoke plan will cost anywhere from a few hundred dollars to several thousand, depending on the documents you need, the complexity of your financial circumstances, and whether you work with a marital or estate-planning attorney or do it yourself using a legal website such as Nolo, LegalZoom.com or RocketLawyer.com. But the price is worth it, Barrett says, to give you more control over the outcome. She recommends using several tools, including a prenuptial agreement, estate plans and trusts, and updated beneficiaries and titles on important accounts and assets.

"Using a combination of strategies allows you to be very specific about how you want your property divided," Barrett says, "and it can help avoid conflict later on."

HARNESS THE POWER OF PRENUPS

When Sarah Fields remarried in 2019, for example, she and her new husband felt it was best to keep their income and assets completely separate. "What he brought into the marriage was his; what I brought into the marriage was mine," she says.

But the couple hit a speed bump when they decided to combine their newly blended family (she had two teens; he had a younger son) and move into the home outside of Boston that Fields had purchased after her divorce.

Fields, 53, wanted to keep the house titled in her name, but her husband balked. "He didn't want to feel like a tenant in his own home, understandably," says Fields, a historian. "But for me, keeping the house was a point of pride and independence. And I wanted to make sure my kids inherited it."

The couple agreed to sign a prenuptial agreement that would spell out the terms they decided were equitable for them. Among the items: She would pay the mortgage and any repairs on the house, and she would remain as the legal sole owner. Her husband would cover the utilities. And they would each handle their own personal expenses and any costs related to their kids.

Prenuptial agreements get a bad rap. But for couples in second marriages, like Fields and her husband, they offer important protections, says Michael Craven, a partner who focuses on family law with Harrison LLP, a national wealth-planning law firm based in Chicago. "Prenups protect your assets and your income, and they can protect you from your new spouse's debts and obligations."

They seem to be gaining traction. Some 20% of married couples report having a prenup, up from just 3% in 2010, according to a 2023 Axios/Harris poll. And 50% of U.S. adults say they are open to the idea.

The evolution of do-it-yourself legal platforms may be helping to fuel this trend. HelloPrenup and Trusted Prenup are online platforms that can help you create a state-specific prenup for a flat fee of about $600, for example. Or you can hire a lawyer. For those looking to manage costs, Barrett suggests a hybrid approach: Use a DIY service to draft the prenup, then have your lawyers review

IS MARRYING AGAIN A MONEY-SMART IDEA?

A growing number of divorced or widowed older adults in committed relationships are choosing to say "I don't" to remarrying. Money is often a big reason. If you're grappling with the decision to wed for a second time, these are some of the financial factors to consider.

Retirement benefits. "An upside of not getting remarried is that you can preserve certain benefits from your first marriage," says Stacy Barrett, a lawyer in Napa, Calif., and an editor with legal publisher Nolo.com.

If you're divorced and remarry, for instance, you will no longer be entitled to receive Social Security benefits based on your ex-spouse's work record, if he or she is still alive and those benefits are bigger than what you would be entitled to based on your own earnings. The rules are different, though, if your former spouse has died or you're widowed, and they depend on the age you remarry: Tie the knot again before you turn 60 and you typically won't be able to collect Social Security survivor benefits based on a deceased spouse's record. But you may be entitled to those benefits if you remarry when you're 60 or older, as long as you meet other eligibility criteria. (For instance, if you're divorced, you must have been married for at least 10 years to qualify for benefits based on a former spouse's earnings.)

Some pension or military benefits that accrue to a divorced or widowed spouse might also go away if you remarry, depending on your age and other factors. The terms of these benefits are complicated, Barrett says, so it's essential to get help reading the fine print from a lawyer or another financial professional if you're thinking of remarriage.

Support payments. If you're divorced and receiving alimony from your former spouse, those payments will most likely end if you remarry. Often these payments end upon your ex's retirement, in any event.

Estate plans. By not remarrying you're spared the need to expend time, energy and money on legal documents to protect your assets and your heirs, says Barrett. If you're single and die without a will, your assets will simply pass to your children or closest relatives under your state's default inheritance rules.

Being able to skip the legal documents common to remarriages, however, cuts both ways. As an unmarried partner, you'd forgo your right to automatically inherit your partner's 401(k) or other assets.

Debt. Another potential plus to staying legally separate: You won't be on the hook for your partner's medical bills or other debts, the way a married spouse would be.

Legal protections. There is one major downside to staying single, Barrett says: "You don't have next-of-kin status, so you don't have the legal authority to make medical decisions for your partner, if needed, or access their medical information."

That said, it's possible to remedy most marriage-related gaps through other legal means. Becoming your partner's health care proxy and having power of attorney can give you more control over what happens to them and their finances if they fall ill. And while there's less pressure on unmarried couples to do so, each partner could decide to name the other in their will and estate plan for the other person's long-term benefit.

"These steps aren't automatic, like they would be if you were married," says Barrett. "But it's possible to make spouse-like arrangements without the need to get remarried at all."

it. "This helps ensure that the agreement does what you intend, and it's enforceable if challenged," she says.

Barrett notes that prenups offer an added benefit for couples getting married for the second time: "A valid prenup requires full financial disclosure from both partners," she says. Given how challenging some financial conversations can be, Barrett says, "a prenup kind of forces you into it—so you know where you stand."

MAKE YOUR WISHES LEGALLY BINDING

As she and her husband went through their own prenup process, Fields found that it was important for them to put a human lens on these formal documents. "You want to make sure there's room for kindness and goodwill," she says. "These are people you love."

To that end, Fields updated her estate plan to ensure that her husband and stepson could continue to live in the home for a period after she dies; then the house would pass to her own children via a trust.

Barrett notes that this coordination of documents is an important step in the process. The intentions you set forth in a prenup have to be reflected in other key documents as well. "Otherwise the assets you earmark for your kids in the prenup won't be transferred to them," she says.

The same is true for how your assets are titled, says Natalie Perry, an estate-planning lawyer also with Harrison LLP. "Many people don't realize that your designated beneficiaries on certain accounts, and how your assets are titled, can trump what's in your estate plan."

In that vein, trusts are an important estate-planning tool that can help ensure that assets avoid probate and are bequeathed to your children or grandchildren, and not your surviving spouse, if that's your intention.

A common solution when you're trying to balance financial security for your spouse while also preserving your children's inheritance is a qualified terminable interest property, or QTIP. This type of trust can provide lifetime income for your surviving spouse—an important consideration for older couples when one spouse wants to make sure that after they die the surviving spouse lives comfortably—while preserving the underlying principal asset (such as a home or an investment account) for your children and grandchildren.

The benefit of this arrangement is that the surviving spouse cannot touch the principal asset; it passes intact to the next generation upon their death.

UNPACK YOUR FINANCIAL AND EMOTIONAL BAGGAGE

Putting the right legal and financial structures in place protects your future, but it's the here-and-now daily money decisions where tension tends to surface most for remarried couples, says Terry Gaspard, a therapist in Portsmouth, R.I., who specializes in divorce and remarriage and is author of the book *Let's Talk About Money: Low-Conflict Conversations for Couples*. "Assuming you have your own children, and so does your spouse, you have to decide who's going to pay for what," she says. "How do you manage not only spending, but also saving for retirement and joint expenses like vacations?"

For most remarried couples, these aren't just financial questions but emotional ones, too. As Sarah Fields puts it, "You're not just dealing with a balance sheet that's from a bank, you're dealing with a balance sheet that's in your heart."

Coming up with an effective cash-flow system often means finding a way to address the emotional baggage that arises simultaneously, says Kolmetz—especially if money was a source of tension in a previous marriage for one or both partners. He says, "If you can have the cash-flow conversation in a healthy, structured kind of way, that can support other, more difficult conversations."

Start by anticipating certain trouble spots that are common to many second marriages. Spending habits, investing styles, and giving strategies to charities or family members are common breeding grounds for conflict, Kolmetz says.

It's not that couples in first marriages don't grapple with these issues too; they do. But in second marriages, spouses may be set in their ways, reluctant to be accountable to a new set of rules, or—particularly for older couples—feel there is less room for error, because there is simply less time to recover from financial setbacks.

In second marriages, one way to cope with these conflicts is to avoid anchoring on what one spouse said or did—or plans to do. Instead, put your spouse's offending behavior in the context of their complex financial history, Kolmetz says. "It's not that they are wrong, per se. Their choices reflect their relationship to money."

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Spending habits, investing styles, and giving strategies to charities or family members are common breeding grounds for conflict.

One spouse may resent the other's extravagant taste in travel, say, or how much money they give to one of their kids. The key is to coax out the underlying emotion (fear, worry, a desire to protect) so you can talk about it. You don't have to resolve the conflict 100%, Kolmetz says, but rather "create opportunities for uncomfortable conversations—and get help when you need it."

When Fields remarried, she was well aware of the baggage she was carrying from her divorce. Although she and her ex had always merged their money during 20-plus years of marriage, "untangling things during our divorce was really unpleasant," she says. "I knew I would never commingle my finances again."

While she and her new husband agreed to keep their assets and expenses separate, "I think I had the delusion that it would always be neat and tidy," she says. "But you can't keep a Berlin Wall between your finances."

Over the past few years of their marriage, she says, they've largely kept their personal and kid-related expenses separate but have learned to improvise as needed. For a recent family trip, Fields paid for the plane tickets and accommodations. Her husband covered all the meals. "I didn't do the math to see if it added up, but it felt fair," she says.

Similarly, when her husband needed a $3,000 dental procedure unexpectedly, she fronted him the money until his insurance kicked in. She says, "As we get older, this is going to happen more—more medical expenses, more procedures, more prescriptions. We have to figure it out."

SET UP A WORKABLE SPENDING SYSTEM

Unless you've decided to keep your money completely siloed, you'll need a reliable way to pay household bills and save for joint expenses. "You're combining two separate entities, to some degree," Kolmetz says, "and you have to find a way to pay for gas and groceries, the mortgage and insurance."

Many find that a "three pot" system works best, says Gaspard. That means a shared account for household expenses, paired with individual accounts for personal spending. This can be set up so that each spouse contributes proportionally based on their income, which can reduce resentment if one spouse earns substantially more than the other.

Even with a three-account system, most couples will still need to be transparent about common flashpoints, such as costs associated with kids (including adult children) and grandkids. "Competing priorities around money are an ongoing hazard with blended families," Gaspard notes.

To work through financial sore spots, the standard advice for most couples is to have regular money check-ins with each other. But Kolmetz suggests upgrading that strategy for second marriages. He says, "Owing to how complex it can be to combine so many separate ingredients in one marriage, it makes sense to get regular help from a third party, such as a financial adviser or a counselor."

Fields agrees that finding some way to reflect on what's working and what's not is essential when there are so many personal and financial dynamics overlapping. "One thing I've learned from being married twice is that you need to let go of the ups and downs, and remember you have each other's interests at heart," she says. "That's what any successful marriage is about."

Send comments about this article to feedback@kiplinger.com.

BREAKING UP IS HARD TO DO

The decision to sell a stock isn't easy. Here's a guide.

PRACTICAL PORTFOLIO BY NELLIE S. HUANG

WHEN uncertainty rises in the stock market, panic can set in, and few things fuel anxiety more than war. The inclination to head for the exits is understandable, but fear is a bad reason to sell stocks. There are, of course, instances when it makes good sense to unload shares. We'll walk you through some of them and share strategies for selling if you decide it's time to let go.

But first, any moves should be made within the context of an investing plan that considers your risk tolerance, your time horizon and your investment goals, says Jonathan Lee, a wealth management adviser at U.S. Bank. That "becomes your North Star and can help with the discipline around selling stocks."

Second, try to tune out your emotions. They can get in the way of making judicious investing decisions, says Ekta Patel, head of client advisory services and financial planning at Altfest Personal Wealth Management in New York City. Not only do you not want to sell in a panic, but you also don't want to be stubborn about holding on. "Don't fall in love with a stock," she says.

Finally, the pros will tell you that there are few hard-and-fast rules about when to sell a stock. "It's more of an art than a science," says John Buckingham, editor of *The Prudent Speculator*. That means in some instances, though some signals are flashing "sell," you may choose to hold on anyway for other reasons. And that's okay. "Like most things in life," says U.S. Bank's Lee, "you have to take a mosaic of information and circumstances to make the best investment decision."

It's not you, it's the stock. When contemplating the sale of a stock, go back to the beginning: Why did you buy it in the first place? Does the reasoning still hold? If not, "you should sell," says Ross Mayfield, an investment strategist in Baird's private wealth management division, "and that's regardless of whether the stock has tripled in price or has been cut in half."

TUNE OUT YOUR EMOTIONS. YOU DON'T WANT TO SELL IN A PANIC OR BE STUBBORN ABOUT HOLDING ON.

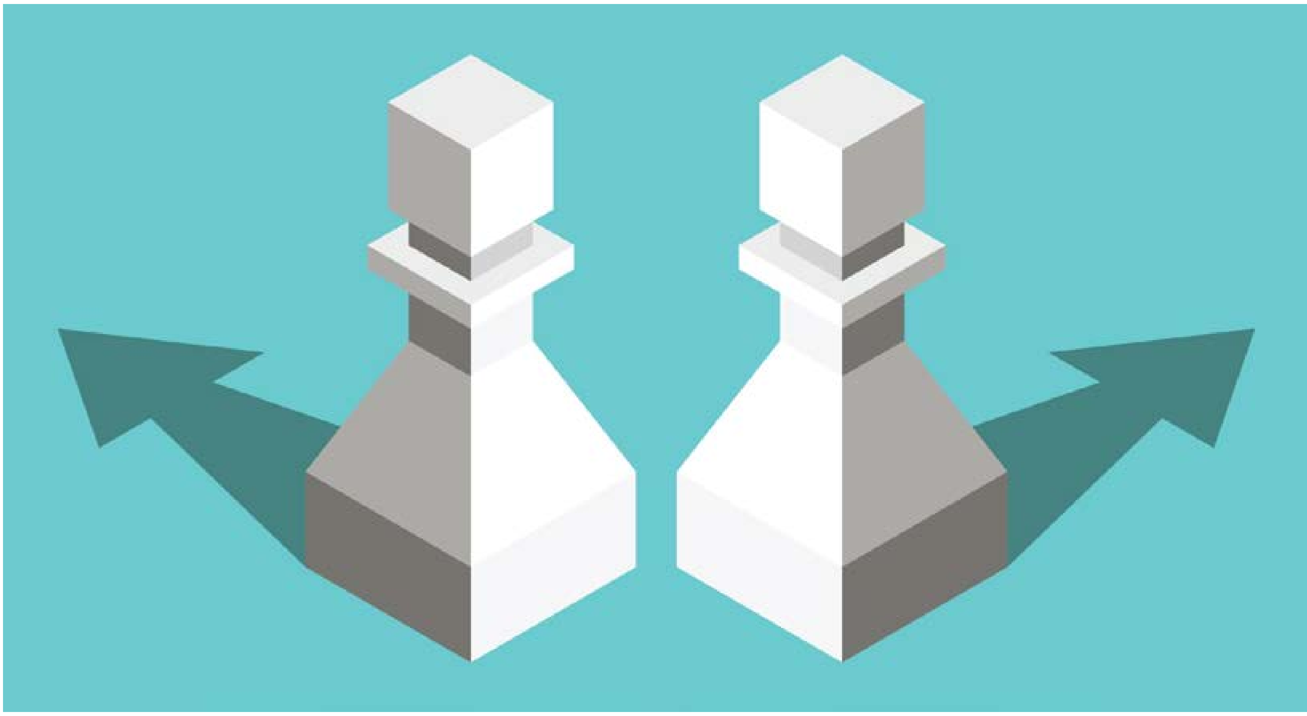
If you bought the stock for its dividend, for instance, but the company has recently trimmed or suspended its payout, that's reason to let the stock go. These kinds of corporate moves often point to bigger problems. Walgreens Boots Alliance halved its dividend in early 2024, only to suspend it a year later, laden with debt and shrinking cash flow. Investors who got out in early 2024 made out better than those who held on. A private equity firm eventually took Walgreens private in August 2025—for about half what shares were worth when the initial dividend cut occurred.

Or perhaps you bought a company prized for a certain product, but its sales are slowing. During the pandemic, for instance, sales soared for iRobot's Roomba, a self-driving vacuum cleaner. But the company failed to keep pace with intense competition, and in 2025 it filed for bankruptcy.

Has a new chief executive arrived? If the old CEO was one of the reasons you bought the stock, that may be a material reason to at least reevaluate the holding, says Baird's Mayfield, if not shed some of your stake while you watch how the new team fares. The transition to a new chief can be a tumultuous time for companies and their stocks. Starbucks and Under Armour have seen significant CEO turnover in recent years; both stocks have lost ground over the past 12 months.

Of course, it's easy to forget, especially if it was years ago, why you bought a stock. So adopt a practice of making a note of why you're buying a stock and what you hope or expect to happen three or four years down the road, says Mayfield. You can refer to it later if you need to reassess your investment thesis and whether it has played out as you thought it would.

Actually, maybe it *is* you. Sometimes, a good reason to sell a stock has more to do with your situation and your



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portfolio than the company itself.

If your asset allocation is off target, for instance, you'll need to rebalance your portfolio by selling assets that have performed well and investing the proceeds in assets that have underperformed.

If a single stock makes up a large portion of your portfolio—more than 10% of your stock holdings, say—it's a good time to trim your shares. "A single stock can move more sharply than the broad market," says Mayfield, which can rattle your nerves as it impacts your portfolio.

Cash needs are another valid reason to sell a stock. For example, an investor may have aged out of a certain risk-tolerance profile and now needs to reduce the risk in their portfolio or build up cash for an imminent retirement.

Selling strategies. If you must sell, unload shares in smart ways. There's no need to sell the whole lot, for starters. "There's a middle ground," says *The Prudent Speculator's* Buckingham. "Sell a little, keep a little."

Should you sell over time or all at once? The answer depends on how active an investor you are, for the most part, and the reason you're selling. If you're tweaking your asset allocation—raising cash, for example—you can start by trimming some of your biggest gainers and selling a few batches of shares over time. "Dollar-cost averaging your way out is a good way to minimize risk," says Mayfield.

Or, if the stock is climbing and you're whittling a stake to cash in on gains, for example, sell over time, on days the price is up. If you're cutting back on a holding that's done well to rebalance your portfolio, on the other hand, it may make sense to sell in one go. But mom-and-pop investors needn't overthink this part. "Most people do not live to manage their wealth," says U.S. Bank's Lee. "They manage their wealth in order to live."

You do need to be aware, however, of any potential tax bill if the stock you're selling sits in a taxable account. Profits on stocks held longer than one year are considered long term and are taxed at a top rate of 20%, depending on your income; short-term gains are taxed as ordinary income. To minimize taxable gains, consider selling shares with the highest cost basis (the lowest gain) first. You can offset any potential taxes on gains by selling shares in another stock at a loss, assuming you have a dud you've decided to unload. Line up like gains with like losses (pair long-term losses with long-term gains and short-term losses with short-term gains).

In the end, the question of whether to sell a stock boils down to whether you'd buy the same stock today, says Steph Guild, chief investment officer of Robinhood Strategies, the wealth-management side of online broker Robinhood. "If you're truly investing for the long term, ask yourself the question, Would I still buy it today? Because not selling is essentially buying it," she says. K

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Navigate the New Landscape of Student Loans

Changes that take effect this summer will reshape how students and parents borrow and repay their federal loans.

FAMILY FINANCES BY REYNA GOBEL

FEDERAL student loans are undergoing an overhaul. Starting July 1, new students who take out a loan will have fewer repayment-plan options, and some families who already have loans will be forced to select a different repayment plan. Parents who take out federal loans to help their children pay for college may be subject to new borrowing limits. And for those starting a new graduate or professional degree, Graduate PLUS loans will no longer be available. The One Big Beautiful Bill Act (OBBBA), signed into law last year, ushered in these changes.

If you or your child is already paying off student loans, or if your family is planning to borrow for college in the future, there's a good chance some of these updates will affect you. Here, we offer details on what you should know, as well as strategies for families to make the best choices.

UNDERSTANDING THE REPAYMENT PLANS

The OBBBA narrows to two the options for students taking out a loan on or after July 1. One is an income-based plan known as RAP (Repayment Assistance Plan). Under this new plan, payments range from 1% to 10% of the borrower's adjusted gross income, with a minimum payment of $10 a month. Lower-income borrowers pay a smaller percentage; the maximum 10% applies to those with an AGI of $100,000 or higher, and there's no dollar limit on the monthly payment. RAP deducts $50 from the monthly payment for each of the borrower's dependents. After 30 years, any remaining balance is forgiven.

The other option for new borrowers is the Tiered Standard Plan, with fixed payments over the course of 10, 15, 20 or 25 years, depending on your federal loan balances. If your loan balances add up to less than $25,000, the repayment term is 10 years. For loans of $100,000 or more, the term is 25 years. Borrowers may prefer this option if they want fixed, predictable payments, if they would like to pay off their loan more quickly than they might with RAP, or if their payment with this plan is lower than it would be with RAP.

The Public Student Loan Forgiveness program remains in place. Those who have direct loans and work for a government or nonprofit employer, such as firefighters, teachers and first responders, can have remaining balances forgiven after 10 years of repayments on either plan. To minimize the amount they pay before forgiveness, those who may qualify should evaluate

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each year whether RAP or the Tiered Standard Plan results in a lower monthly payment.

Choices for those who borrowed before July 1. The OBBBA brings an end to three income-based repayment options: SAVE (Saving on a Valuable Education), PAYE (Pay As You Earn) and ICR (Income-Contingent Repayment). Borrowers who are in one of these plans will have to choose among the remaining options—and those on the SAVE plan will have to make a decision soon.

The SAVE plan was designed to be more affordable than other income-based plans, in part by preventing unpaid interest from accumulating enough to cause the loan balance to grow. Borrowers enrolled in SAVE will need to change plans in the coming months, with their servicer providing information on the deadline. They can choose among existing plans, but if they go with PAYE or ICR, they'll have to switch again before those plans sunset in 2028. Starting July 1, 2026, SAVE borrowers can also select among the new repayment-plan options.

Before July 1, 2028, borrowers on the PAYE or ICR plan will have to switch to the new RAP or Tiered Standard Plan, or they can choose IBR (Income-Based Repayment), the sole remaining option among existing income-based plans. IBR caps monthly payments at 10% or 15% of your discretionary income, depending on when you first took out the loan. Payments can be as low as $0, with a repayment time frame of 20 to 25 years.

Because IBR limits your payment based on income, it may be the best choice for borrowers with higher income and debt levels. For instance, with $100,000 in loans and a salary of $80,000, the monthly payment on IBR would be $334. For a RAP borrower with no dependents, it would be $534. Borrowers with lower debt and income may be better off with RAP. For example, someone with $30,000 in debt and $50,000 in income who has two kids would have a $25 payment with RAP, compared with $84 with IBR.

STRATEGIES FOR PARENTS

Parents who take out a PLUS loan before July 1 can borrow up to the cost of their child's attendance, minus the amount of any grants, scholarships and federal loans made directly to the student. For loans disbursed on or after July 1, parents can borrow up to $20,000 per student annually, with a total limit of $65,000.

If your student was enrolled in school before the 2026–27 school year, you can maintain access to Parent PLUS loans under the previous borrowing standard for three years, as long as your child's school and degree type don't change and they don't take a semester-long break from classes other than for an approved medical reason. If your child is scheduled to start school this fall, you may be able to access Parent PLUS loans under the pre–July 1 borrowing limit if they enroll in classes for the summer 2026 session. If you go this route, apply as early as possible for summer financial aid on the 2025–26 Free Application for Federal Student Aid, or FAFSA (the federal deadline is June 30, 2026). The courses your student takes must count toward their degree and add up to at least half-time status.

Before you take on debt to fund your child's education, however, make sure you have a solid plan for your own financial security. "I discuss holistically with clients how student loans will affect their retirement, vacations, ability to buy a new home and other personal life goals before they decide how much to borrow," says Jack Wang, a wealth adviser and host of the Smart College Buyer podcast. To prevent both students and parents from getting in over their heads, families may need to consider such cost-cutting strategies as focusing on affordable schools or having the student start at a community college and then switch to their preferred school later.

BEFORE YOU TAKE ON DEBT TO FUND YOUR CHILD'S EDUCATION, MAKE SURE YOU HAVE A SOLID PLAN FOR YOUR OWN FINANCIAL SECURITY.

Repaying parent loans. Under the rules in effect before July, parents have a few ways to repay their PLUS loans, including a plan with fixed monthly payments for 10 years. Borrowers who owe more than $30,000 can use a plan that spreads fixed payments over 25 years. Parents who consolidate PLUS loans from different school years into a single federal loan are also eligible for an income-based plan, which could lower their payments, with any remaining balance forgiven after 25 years. But starting in July, new parent borrowers have access only to the standard repayment plan, with fixed payments that are spread over 10 to 25 years.

If you act quickly, you may still have time to consolidate your PLUS loans and then enroll in ICR before July, at which point the new law cuts off this strategy. Even if your payments are manageable now, you may want to do this if income-based payments could benefit you at some point—say, because you expect to be paying off the loans in retirement, when your income may be lower than it is now. As long as you make one payment in ICR first, you can then change programs to IBR.

Note that if you take out a new Parent PLUS loan on or after July 1, you'll lose access to the income-driven repayment option, even on any loans you consolidated before that deadline. To avoid that scenario—and reduce your borrowing—consider other funding options. Most schools offer low-fee tuition-payment plans that allow you to make payments throughout the year.

MOST SCHOOLS OFFER LOW-FEE TUITION-PAYMENT PLANS THAT ALLOW YOU TO MAKE PAYMENTS THROUGHOUT THE YEAR.

UPDATES FOR GRADUATE AND PROFESSIONAL STUDENTS

Until July 1, students earning a graduate or professional degree can access two types of federal student loans: unsubsidized loans and Graduate PLUS loans. With unsubsidized loans, you must pay interest while you're in school. These loans charge lower interest rates than Graduate PLUS loans, so borrowers should turn to unsubsidized loans first.

For students who can't cover all their education expenses with unsubsidized loans, Graduate PLUS loans can bridge the gap up to the full cost of attendance. But starting July 1, borrowers can no longer take out Graduate PLUS loans. Students can still take out unsubsidized loans, but with some new caps on how much you can borrow. Graduate students (including those earning a master's degree as well as those in most PhD programs) will be subject to a lifetime cap of $100,000 for unsubsidized graduate loans; the annual limit is $20,500. For students in eligible professional programs, such as medical, dental, law and pharmacy school, the unsubsidized-loan limit is $50,000 annually. The lifetime limit, not including undergraduate loans, is $200,000.

If you were enrolled in graduate or professional school before July 1 and haven't taken out a federal student loan yet, consider getting one for the spring or summer session if you think you may need one in the next three years. If a direct loan is disbursed before July 1, 2026, you can keep borrowing Graduate PLUS loans for up to three years while completing your program. Taking out even a $100 loan gives you the option to borrow more later, if you need it.

Scheduled to start your graduate or professional program this fall? Call admissions and see whether you can apply for the summer 2026 session, starting your program early and potentially allowing you to get a Graduate PLUS loan before the July 1 deadline. Confirm it will not affect any other financial aid you're scheduled to receive in the fall and spring terms. You'll need to enroll in enough summer coursework to be designated at least a half-time student (and apply for financial aid that is disbursed before July 1, 2026), to be grandfathered into the PLUS loan program, says Sarah Austin, policy analyst for the National Association of State Financial Aid Administrators.

Options beyond federal loans. With Graduate PLUS loans off the table, some borrowers may consider private loans. Generally, however, private loans don't come with the same protections or income-driven repayment options that federal loans do, so you'll need to weigh the decision carefully. And it's best to limit your overall student debt as much as possible. A financial adviser can go over a post-graduation budget with you, factoring in your expected salary.

If you determine that you can afford to take on some private loan debt, consider national nonprofits such as MEFA (*mefa.org*) or EdvestinU (*edvestinu.com*), says student loan expert Colleen Krumwiede. These providers can offer options for borrowers who may not qualify for other loans because they have a thin credit history or don't have a cosigner. She also recommends looking for lenders that specialize in certain majors. For instance, a lender that focuses on medical student needs may also lend money for residencies.

Check for state lending programs, too. "A small number of states already run their own student-loan programs, some dating back decades," says Thomas Harnisch, vice president for government relations at the State Higher Education Executive Officers Association.

Send comments to feedback@kiplinger.com.

THE LOWDOWN ON SMARTPHONE INSURANCE

A protection plan can provide peace of mind but may not be worth the cost.

BASICS BY EMMA PATCH

BUYING a new smartphone can set you back significantly. Americans spend an average of $634 on a phone, according to a 2025 survey from Reviews.org, and premium models of the iPhone, Samsung Galaxy and other popular devices run more than $1,000. Those costs are likely one reason that people are hanging on to their phones for a while before upgrading, keeping them for nearly two years and five months, according to the Reviews.org survey.

To protect your pricey device, you can buy phone insurance. With these plans, which you may be able to purchase through your wireless carrier, the phone manufacturer or from insurance companies, you can submit a claim if your phone is damaged, lost or stolen. After you pay a deductible, which may range from about $50 to $250, you'll get a repair or replacement. Many insurance plans cost $10 to $20 per month.

Some credit cards offer phone insurance as a free benefit if you pay your wireless bill with the card; among them are ***American Express Platinum*** ($895 annual fee), ***Capital One Venture X*** ($395), ***Chase Freedom Flex***, and the ***Wells Active Cash*** and ***Autograph*** cards, which are all included in our list of the best rewards credit cards (for more, see *kiplinger.com/kpf/rewardscards*). As with other plans, these come with deductibles, and they impose coverage limits of $600 to $800 per claim. Keep in mind, however, that if your wireless carrier offers a discount for automatic payments, the discount may not apply if you use a credit card.

Weigh the options. Consumer advocates say that the math often favors skipping phone insurance, if you have to pay for it. "When we gamed it out, you basically came out ahead in almost all situations without paying for the insurance," says Nathan Proctor, senior director of the Right to Repair campaign for U.S. PIRG, a nonprofit consumer advocacy organization. Most people won't file enough claims to make paying the premium and deductible worthwhile, Proctor says.

Still, in some cases, getting insurance may make sense. "If you're spending $1,500 or $2,000 on a smartphone—even if you're a careful user—I would recommend opting for some sort of smartphone insurance," says Louis Ramirez, deals editor-in-chief for tech-review site Tom's Guide.

Additionally, if you frequently use your phone in places where you're at higher risk of damaging or losing it—say, at the gym or while working outdoors—or if you're the parent of a teenager who is less than careful with their phone (or of a young child who likes to get their hands on your device), opting for insurance may not be a bad idea.

If you sign up for insurance, be sure to read the fine print. Check details such as the deductible amount and how many claims you can make per year; often, the cap is two or three claims. Also review the rules that determine whether your device will be repaired or replaced, as well as any coverage exclusions. Most plans don't include normal wear and tear, for example.

If you forgo insurance and damage your phone, going to an independent repair shop can be an efficient and affordable option. The cost of replacing a screen, for example, averages about $300, and you may pay less than that, depending on the model and availability of parts. But more-advanced repairs, such as fixing a broken camera with complex features, may not be available at a shop, says Ramirez. In those cases, you may need a protection plan from the manufacturer, which can cover the gamut because it has unrestricted access to parts and knows the device inside and out.

Send comments to feedback@kiplinger.com.

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CUT THE COST OF PET CARE

Use our guide to spend less on veterinary visits, medicine, food and more.

BY ELLA VINCENT

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PETS are an important part of many Americans' lives—and often an expensive one, too. The lifetime costs of caring for a dog can run anywhere from $16,440 to $52,075, depending on its breed, size and ongoing health conditions, according to a survey from online pet-care marketplace Rover. Cat owners can expect to cover expenses in the range of $10,725 to $61,520, with the cat's size and life span influencing the overall costs.

Luckily, there are ways to reduce how much you spend on your pet without sacrificing the quality of their care. Try these tips to lower your costs.

HEALTH CARE

The average cost of a veterinarian visit for a dog is $220, and for a cat, it's $202, according to the American Veterinary Medical Association. Despite the expense, you shouldn't skip routine vet visits, which are vital to reduce your pet's health care costs in the long run. Regular checkups can help catch illnesses early and avoid expensive medical procedures, says Sarah Wooten, a veterinarian in Silverthorne, Colo. She also recommends taking preventive measures, such as ensuring that your pet exer-

cises and eats a healthy diet in appropriate portions.

During a checkup, ask your veterinarian to outline your pet's estimated medical expenses for the year, Wooten says. That may include vaccines, dental cleanings, geriatric screening for older animals, and other medical exams and services. Wooten recommends setting aside some money to make sure you can cover these expenses, in addition to unexpected illnesses and surgeries.

Ask whether your vet offers a wellness plan that offers a bundle of discounted services, such as vaccinations and routine exams, split into fixed monthly payments, suggests Rebecca Greenstein, a veterinary adviser for Rover. Typically, you don't have to undergo a credit check or pay interest to use one of these plans. However, they don't include emergency veterinary needs, and not every vet clinic offers them. If you want coverage for emergencies and illnesses, you'll need a pet-insurance policy that covers those events; for more on pet insurance, see *kiplinger.com/kpf/pet-insurance*.

For some questions and non-emergency issues, you may be able to use virtual or telehealth options. At *iams.com/petconnect-by-iams*, for example, pet-food company IAMS offers a free web-chat service through which you can discuss your pet's nutrition, well-being and behavior with nutrition advisers and licensed veterinary technicians. Pawp (*pawp.com*) offers 24/7 access to veterinary professionals, who create a personalized care plan for your pet. A yearly membership is $99—or, if you have a Walmart+ membership ($12.95 monthly), which provides free shipping from Walmart along with other perks, Pawp membership is free. (And if you charge a Walmart+ membership to an American Express Platinum credit card, you get reimbursed for it; the card is one of the honorees in our 2026 Readers' Choice Awards, on page 78.) But you should take your pet for an in-person vet appointment if it has a recurring illness or serious injury, Bailey says. Annual exams should be done in an office, too.

For affordable vaccines, check out ShotVet, an organization that offers pop-up veterinary clinics at retailers such as PetSmart and CVS (find a local clinic at *shotvet.com/find-a-clinic*). ShotVet also performs some tests, such as for heartworm disease and Lyme disease. Through its Love Care program, Petco offers free vaccines by partnering with local shelters and animal-welfare organizations; search for one near you at *petcolove.org/care/vaccine-information*.

Another alternative to visiting a traditional veterinary office that could save you money: Take your pet to a local university's veterinary school, where students or residents provide care under the supervision of licensed and credentialed veterinarians.

Spend less on medicine. You can make moves to reduce how much you pay for your pet's medications. When your vet orders a prescription, ask whether a generic version is available. Generic medications have the same active ingredients and achieve the same effect as a brand-name version, but at a lower cost.

Look into online pharmacies, which may offer more-affordable medications than your veterinary office or local drugstore. Use an online pharmacy that is accredited by the National Association of Boards of Pharmacy, such as GoodRx for Pets, PetMeds.com, PetCareRx or VetRx-Direct. You can check the legitimacy of an online pharmacy using the tool at the NABP's *safe.pharmacy* website.

Check for discounts from the pharmacy. If you sign up for automatic shipments from PetMeds, you get 35% off your first order of eligible items and 5% off deliveries after that. Along with its online pharmacy, GoodRx for Pets (*goodrx.com/pets*) offers coupons that can save you from 26% to 67% on medications that you purchase at brick-and-mortar pharmacies, such as CVS, Walgreens and Walmart.

FOOD

Post-pandemic disruptions in the supply chain and rising costs for ingredients have precipitated a steep climb in pet-food prices. Average prices for food and treats have soared by more than 20% over the past four years, according to consumer price index data from the U.S. Bureau of Labor Statistics.

Purchasing food in bulk can help trim your overall spending on it. Recently, for example, Petco sold a 40-pound bag of Purina Pro Plan Sensitive Skin and Stomach dog food for $74.98, for a per-pound price of $1.87, compared with $12.41 for a 4-pound bag, or $3.10 per pound. If you buy food in large quantities, keep it fresh by storing it in sealed containers or refrigerating it, depending on the type of food.

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Purchasing food in bulk can help trim your overall spending on it.

Participating in store loyalty programs can help you save on food and treats, too. With the free version of Petco's Vital Care membership, you get access to members-only pricing and offers; dog and cat owners who pay $25 monthly for Premier get 10% off food purchases, $15 in monthly store credit and other benefits. If you have a membership with online pet-supply retailer Chewy ($79 annually after a 30-day free trial), you get free shipping, 5% rewards on every order, and other special discounts and offers.

Some retailers offer discounts if you sign up for automatic deliveries. Chewy, for example, gives you 5% off eligible items if you set up automatic shipments. With Amazon's Subscribe & Save service, you'll typically get a 5% discount on automatic deliveries of qualifying pet food, or as much as 15% if you have five or more items auto-delivered at once to your address.

If you want to take a do-it-yourself approach to feeding your pet, consider preparing meals and treats at home. For example, you may spend about $50 a month making dog food out of chicken, rice and carrots, compared with $80 to buy high-end kibble, according to pet-supply company Houndsy. But first, consult with your veterinarian to ensure the meals won't trigger your pet's allergies or other chronic health conditions, advises Michael Q. Bailey, president of the American Veterinary Medical Association. You'll also want to ask your vet for guidance on making food that's nutritionally sound for your pet. Use a food scale to make sure you get the portions right, and follow the recipe's storage instructions.

TOYS, BOWLS AND BEDS

You may spend less on toys, bowls, beds and other supplies by shopping at discount retailers, such as Marshalls, HomeGoods or Walmart, instead of pet-supply stores. Walmart, for example, recently sold a medium-size dog bed with support bolsters on the sides for $20, compared with a $45 price tag for a similar bed at Petco.

You might score free or low-price supplies secondhand on sites such as Facebook Marketplace or eBay. Items such as hard plastic crates and metal bowls are generally the safest to buy used. Soft toys, beds and plastic food bowls are more likely to carry bacteria and pet odors and to have tears and stains. Make sure to thoroughly clean previously owned items with pet-safe disinfectants, and place them in sunlight to help kill germs.

If you want to get creative, try making your own pet beds. You can find instructions on how to make them—no sewing required—at *anticruelty.org/no-sew-pet-bed*.

TRAINING AND GROOMING

If you're up for the task of training your dog yourself, you can save the expense of having a professional do it. Try free online dog-training resources, such as those from Rescued by Training (*rescuedbytraining.com/free-downloads*) and the American Kennel Club (*akc.org/expert-advice/training*).

There are times, however, when a professional trainer is better equipped for the job. For instance, Ali Smith, a dog trainer in Westminster, Md., and founder of dog-training website Rebarkable.com, suggests that dog owners contact a trainer for a persistent problem, such as biting or ignoring commands.

A group training session with other pet owners may be more affordable than one-on-one training. Smith charges $15 to $40 per group session, while individual training classes are $50 to $80 a session. You can find a dog trainer who is certified by the Certification Council for Professional Dog Trainers at *ccpdt.org* or through the Association of Dog Trainers (*apdt.com*). You can also search for trainers and compare their fees on sites such as Rover (*rover.com/training/search*) and Bark (*bark.com/en/us/in/dog-trainers*).

As with training, grooming can be a do-it-yourself activity for tasks such as bathing your pet, trimming its nails or cleaning its ears. But you should take your pet to a professional groomer if it has sensitive skin, skin infections or severely tangled fur, says Bailey. Professional groomers can also find parasites, ticks or abnormalities that you may miss, he says.

Dog groomers often charge from $30 to $150, depending on the dog's size and breed and the services included. Salon dog groomers typically charge $40 to $100 per visit, while a session with mobile groomers, who travel to your home and perform services out of a van, may be in the range of $70 to $150.

TRAVELING

If you're flying with your pet, keep in mind that bringing it into the airplane's cabin with you typically comes with a fee of up to about $150. Among lodging options, some pet-friendly hotel chains, including Kimpton, Motel 6 and Red Roof Inn, don't charge extra fees if you bring a pet.

Leaving your pet at home? See whether your neighbors who own pets are willing to form a group who can provide free pet-sitting for one another. If you need to hire a pet sitter, try looking for one on a site such as Rover.com or Wag (*wagwalking.com*). Sitters on these sites set their own rates, with Rover sitters charging an average daily rate of about $22 for a drop-in visit, $55 per day to pet-sit in your home or $49 daily to board a dog in their own home. K

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THE BEST SMART DEVICES FOR YOUR HOME

These gadgets add comfort and convenience to your living space—and some can even save you money.

BY MIKE PROSPERO

WITH the right smart devices, you can upgrade your home, making it safer and easier to control—and more enjoyable to live in, too. While smart speakers are great for listening to music, for example, they're capable of a lot more, allowing you to receive notifications, place calls and even manage other smart devices in your home, such as your appliances or lights. Some devices, such as certain smart thermostats, can even learn from your habits and help cut your energy bills—say, by adjusting the temperature when you leave the house.

But not all of these devices are as reliable or as smart as they claim. The experts at tech-review site Tom's Guide tested dozens of gadgets across various categories, from security cameras to lightbulbs. Their top picks are below. Prices reflect those listed on Amazon in late March.

SPEAKER

Amazon Echo Dot Max

$75

The Echo Dot Max is the best speaker for most people, not because it stands out in any one area, but because it can do so many things well. Starting with its performance as a speaker, it punches above its weight and delivers a nice, meaty boom for its size. It doesn't have an audio jack, so you can't plug anything into it directly. But you can use it with a Fire TV streaming stick to create an ad hoc home theater system, which worked well in testing.

The speaker has what Amazon calls Omnisense technology, which detects environmental factors such as temperature and human presence to better enable smart-home routines—say, turning on lights or warming up the house. It's compatible with Alexa+, Amazon's AI-enhanced smart assistant, which is far better than the standard version of Alexa at responding to your requests, setting reminders, scheduling things, creating smart-home routines and more. Alexa+ is free for those who have an Amazon Prime membership ($139 annually); otherwise, it's $20 monthly.

THERMOSTAT

Ecobee Smart Thermostat Premium

$232

The Ecobee Smart Thermostat Premium looks much better than previous generations, with its zinc case and larger touchscreen, and it's even smarter on the inside. It has an air-quality sensor built in, giving you an idea of whether you need to open a window or turn on a fan. And its display will show you the weather forecast for the week.

The Ecobee's best feature is its remote sensors, which you can place in various rooms, making it easier for you to manage the temperature throughout your entire home. The device also has Alexa built in, and if you have an Apple HomePod or HomePod mini speaker, you can talk to the Siri virtual assistant through the thermostat. The built-in speaker is not great for listening to music, but it's a way to get a smart speaker in a room where you don't want to place an Echo Dot.

HOME SECURITY CAMERA

Google Nest Cam (battery powered)

$170

The battery-powered Nest Cam is well designed, and it's one of the simplest home security cameras to install, thanks to its magnetic base. With 1080p resolution, its camera captures sharp images day and night, and its microphone and speaker make conversations with outdoor visitors a breeze.

The Nest Cam also offers three hours of rolling video storage for free, and you can set it up

PHOTO COURTESY OF ECOBEE

to alert you if it detects a person, vehicle or animal. If you sign up for a Google Home Premium subscription (starting at $10 a month), you'll also get familiar-face detection, in which the camera learns to recognize the faces of people you know and notifies you if it detects someone it doesn't recognize. Premium also provides the ability to store up to a month's worth of video.

PHOTO COURTESY OF GOOGLE

VIDEO DOORBELL

Google Nest Doorbell (wired, third generation)

$175

The third-generation Google Nest Doorbell features a 2K camera—a big jump in resolution from the previous model—and a wider, 166-degree field of view, allowing you to see more of what's going on in front of your house. Daytime and nighttime video is excellent, although it would be even better with color night vision. Google offers six hours of video history for free.

Google has also added AI features, which provide much richer descriptions of recorded events and let you search through your footage using more precise language. But to get those features, you have to subscribe to Google Home Premium Advanced, which may not be worth the $20 monthly fee unless you need to comb through thousands of hours of footage.

LOCK

Yale Assure Lock 2

Starting at $99

This no-fuss smart lock won't befuddle you when it comes to installing or using it, and it works with just about every smart-home platform—Alexa, Google Home, Apple Home, SmartThings and Matter. The lock comes in several finishes and configurations. You can get a basic model with a keypad, or you can get one with a touchscreen or fingerprint reader. Apple users will also like that it supports Apple Home keys, allowing you to use your iPhone or Apple Watch to unlock the door merely by tapping on it.

LIGHTBULB

Philips Hue White A19 Starter Kit

$55

This kit includes two bulbs and a hub to connect them to other smart-home devices. While you can't change these bulbs' colors, you can adjust their brightness (up to 800 lumens), and you can add up to 50 bulbs to a single hub. Philips's bulbs also work with a wide range of smart-home systems, including Alexa, Apple Home, Google Home and Nest.

With the Philips Hue Sync app, you can synchronize your smart bulbs with multimedia content on your Mac or Windows PC. For example, you can set your lights to flash and change color in time with music, video and movies being played on your computer.

PLUG

Kasa Smart Plug Ultra Mini

$9

This smart plug is just as compact as competing options, and it works with all the major smart assistants. It has a physical button you can press if you don't want to use your voice or an app to switch an appliance that's plugged into it on or off. It also has a clever "away" mode, which can turn a lamp on and off intermittently, making it look as though you're home even when you're not.

SMART-HOME HUB

Amazon Echo Hub

$180

A smart hub acts as a control center for your home's devices. The Echo Hub's always-on, 8-inch smart display can be mounted to your wall or placed on a surface, and each of your devices gets their own live widget so their current status and controls are accessible from the main screen. This makes it easy to adjust your smart thermostat on the fly, look at up to six security camera feeds simultaneously or dim your lights without hopping through menus. The interface is customizable, allowing you to rearrange the layout or add widgets such as a to-do list or calendar.

You can use the Echo Hub to play music throughout your whole home with a smart-speaker audio setup, watch your favorite TV shows, and pin reminders, such as a family chore list, to the screen. It also makes for a great intercom panel to speak through your home's other Echo devices, but keep in mind that it lacks a camera for making video calls. ■

Send comments to feedback@kiplinger.com.

Your Turn

Readers share their insights and advice.

What steps do you take to lower your health care expenses?

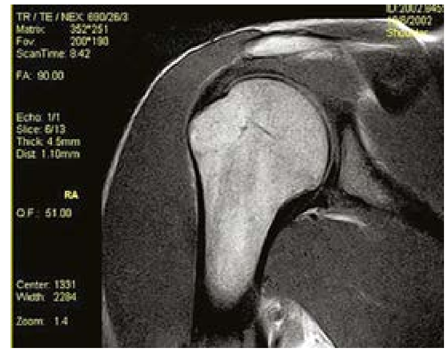

PHOTO COURTESY OF EXSCANUK.CO.UK

It's simple: Just exercise and eat healthy. (I said it was simple, not easy.)
R. Allen, Johns Island, S.C.

I keep up with preventative health care. It is so important to find a good primary-care doctor and schedule yearly physical exams, including blood work and labs as needed.
Cindy Stillings, New Port Richey, Fla.

As a dentist, I wish people knew that almost all dental disease—and expense!—is preventable. To cut down on cavities, avoid sugary food and drinks, and brush with fluoride toothpaste at bedtime (don't rinse it out with water). If you floss carefully every day, you will decrease gum disease.
Jan Mitchell, via e-mail

If you get a notice from a medical provider that you owe a certain amount and do not have an itemized bill, request one and make sure that any Medicare reimbursement (if applicable) and any secondary insurance (if applicable) have been addressed before you pay the bill.
Sheldon Kimel, Northfield, Ill.

My wife, as a knowledgeable and frugal registered nurse, reviews our receipts and explanations of benefits and has saved us from incorrect medical charges or benefits that weren't initially approved due to medical coding errors. It required some time to contest the charges, but it was worth it.
John Levander, South Elgin, Ill.

Radiology charges are negotiable. If you wish to bypass your insurance, find out the cash price. A shoulder MRI cost me $250 out of pocket, and I got it done the same day. Rates that insurers deem usual and customary for the same procedure range from $1,000 to $2,000 and up.
B.J.B., Tucson, Ariz.

When my insurance agency did its annual review of my Medicare Part D plan five years ago, I asked whether my coverage would be better if my premium went up. They found that I could save $250 in out-of-pocket costs with an increased premium. I told someone else about this approach, and he saved $750 out of pocket. A lower premium doesn't always save you money. You need to look at the total picture.
Valerie Menges, Brookfield, Wis.

I met my husband's grandmother when she was 98. She lived for another eight years and was in varying levels of care at an assisted-living facility. Visiting her every Saturday was a true gift because it has made my husband and me much more aware of how important it is to do simple things, like eat unprocessed foods, exercise every day, drink water and keep up with our annual health exams. We've also saved and invested in long-term-care policies, so we'll have the ability to hire in-home caregivers as needed.
C.E. Rodriguez, Highland, Calif.

For drugs that Part D fails to cover or that remain very expensive even with coverage, I suggest using GoodRx or GoodRx Gold [starting at $10 monthly] to find discounts. And Mark Cuban's CostPlusDrugs.com is an excellent resource. One medication that would have cost me $700 per month through Part D is only $60 for a 90-day supply on this site.
Atul Bhankharia, via e-mail

I fully fund my health savings account. The funds go in pretax, accumulate tax-free and are withdrawn tax-free for medical expenses. I invest 100% of the balance and have witnessed some very nice growth!
Paul Zdrojewski, Loveland, Ohio

ANSWER OUR NEXT QUESTION:

→ **Where have you chosen to live in retirement, and why?**

Send an e-mail to **yourturn@futurenet.com** with your response, which we may publish on this page in a future issue. Please include your name (initials will be used on request) as well as your city and state. Responses may be edited for clarity and space.