The New York Times

MANAGING YOUR MONEY, WORK AND SUCCESS

Spending Well

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Talking Points

ANNIE TRITT FOR THE NEW YORK TIMES

In Retirement, Time For Healthier Habits

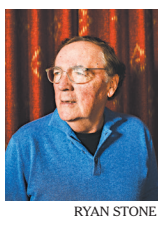
Retirement may be good for your health, a new study suggests. Australian researchers followed a group of 27,257 men and women, 3,106 of whom retired during the three-year study period. They found that retirees walked more, exercised more and slept more. Women retirees were more likely to quit smoking than their still-working peers. "This points to a happier picture," said the lead author, Melody Ding of the University of Sydney. "It allows people to look at retirement optimistically."

Slow Start for Chip Cards

New terminals that can accept credit and debit cards with embedded digital chips, a feature intended to reduce fraud, must be certified before they can be turned on. In some cases that has taken months, pushing costs on retailers. Since Oct. 1, merchants that cannot accept chip cards have had to pay the cost of fraud. Some consumers have not yet received new cards, and many merchants have not bought the updated equipment. In some cases, the new system has generated confusion.

More, Faster, Shorter Books

Last year, James Patterson and his team of writers had 36 books on the New York Times best-seller list. He has published 156 books that have sold more than 325 million copies worldwide. Now he plans to release more novels that cost less than $5 and, at 150 pages or less, can be read in a single sitting. The books are aimed at those not interested in a 400-page novel or those who do not read at all. One survey reported that 27 percent of Americans had not read a book in the last year.



RYAN STONE

50 Million Boxes Later

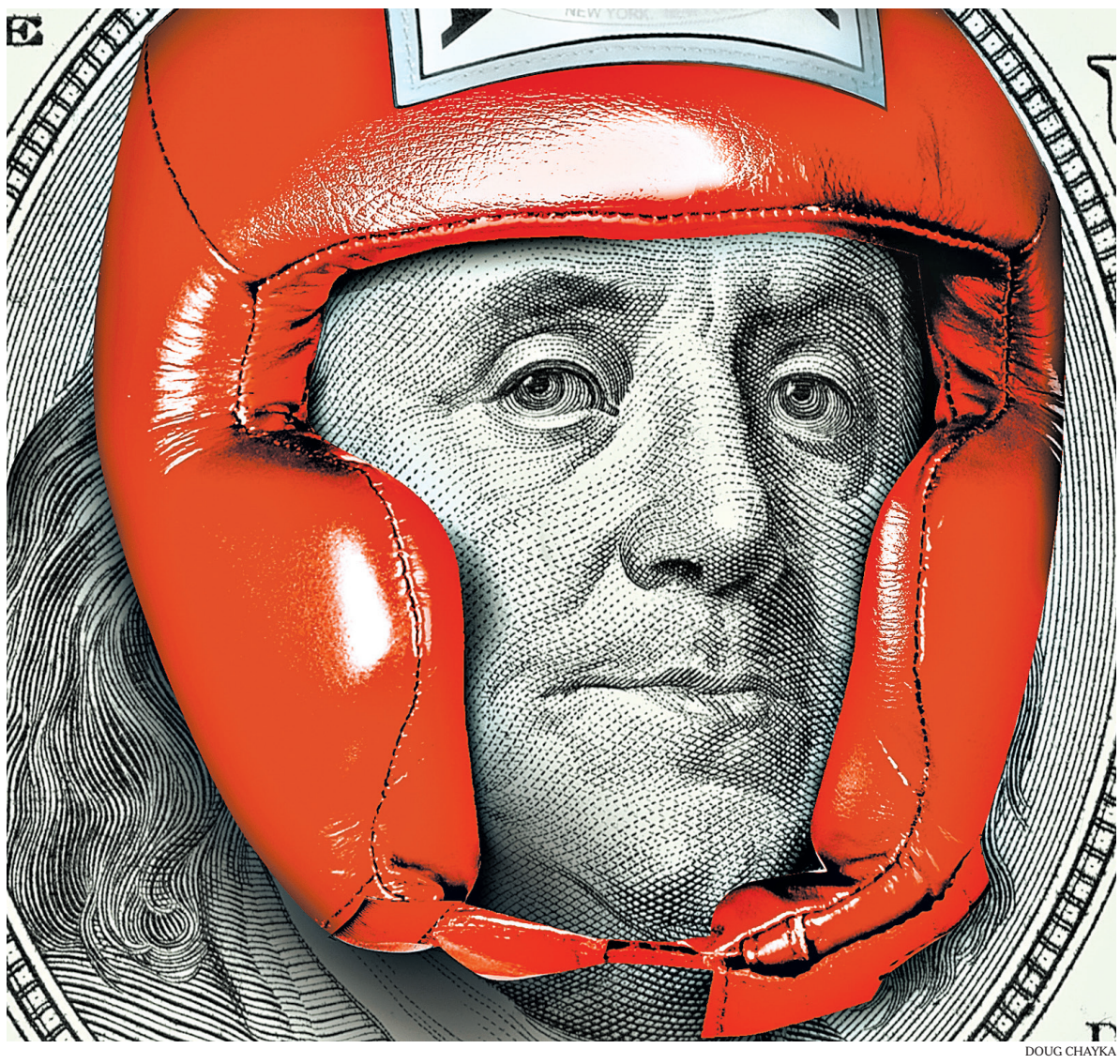
Kraft announced last April that it planned to switch its formula for mac and cheese to remove artificial ingredients for a combination of paprika, annatto and turmeric. But when the new version hit shelves in December, only customers reading the ingredients would have known. "We've sold well over 50 million boxes with essentially no one noticing," said Greg Guidotti, a vice president at Kraft Heinz.

ANDREW SCRIVANI

To Ease Inequality, Insure Wages

ECONOMIC VIEW
ROBERT J. SHILLER

Assistance could reduce the pain of job loss and spur innovation.



DOUG CHAYKA

Wage insurance may not be on your radar, but it should be. It helps people who have lost their jobs and cannot find new ones that pay as well. That assistance can reduce economic inequality while providing incentives for unemployed people to go back to work quickly.

What's more, wage insurance has bipartisan support, at least in its current limited form. We ought to expand it, both through government and in the private sector.

Canada experimented with wage insurance in 1995, and six years later Lori G. Kletzer, now of Colby College, and Robert E. Litan, adjunct senior fellow at the Council on Foreign Relations, advocated its use in the United States in an aptly named paper, "A Prescription to Relieve Worker Anxiety." The idea caught on: President George W. Bush and Congress embraced it in 2002, and last June President Obama extended a form of wage insurance through 2021.

There is a catch, though. The Bush-Obama insurance is limited to people who have lost their jobs to foreign workers. If a computer is now doing the work you used to do, this insurance won't help you.

The current insurance has other limits, too. It is restricted to American workers over the age of 50 who have been earning wages up to $50,000 a year, were employed full time and had to take a different, lower-paying job. For people in such circumstances, the insurance provides an amount equal to half the difference in pay, for two years, capped at a total of $10,000.

By some measures, the $50,000 earnings cutoff is fairly generous: It is almost twice the median annual earnings of American women in 2014, $28,000. The insurance is administered by the states.

President Obama recognizes that the current program does not go far enough. In his State of the Union address and in his budget for fiscal year 2017 he proposed an expansion. While maintaining the $50,000 income threshold, he would drop the age requirement and the link to job loss because of foreign competition.

These changes are critical. After all, most working people in the United States are under 50, and most job loss cannot be clearly attributed to replacement by foreign workers. Technology is making some jobs obsolete, and factors like recessions and shifts in demand for products and services eliminate jobs. In this expansion, wage insurance would help many people who desperately need it. We can expect some opposition to it simply because it would increase the role of government.

In a vibrant capitalist economy, expanding insurance makes sense on theoretical grounds since it is a type of risk management. Rational people would want to pay for this benefit so that they could take promising but risky employment opportunities. It could help spur innovation in the economy.

Like Social Security, an expanded wage insurance system might best be financed by a payroll tax. To be fair, people with wages just below the $50,000 limit should pay higher premiums.

There is another objection to wage insurance. It can create a moral hazard — an incentive to take a lower-paying, maybe less demanding, job than the one the person lost. Limiting benefits to two years safeguards against this.

For social insurance, governments have a significant advantage in putting into place big ideas that are difficult to market. That was true for federal Old-Age, Survivors and Disability Insurance in the Social Security system starting in 1935, which was followed by an explosion of private pension, life insurance and disability plans. Government is needed again now.

But ultimately, there should be two insurance systems, a government one limited to assisting lower-income workers and a private one that allows everyone to buy insurance against wage loss.

Keeping Pay Intact

A government program could be expanded to protect more workers who lose their jobs.

$50,000
The yearly income limit for a worker over age 50 to receive wage insurance. They also must have been displaced by a foreign worker and forced to take a lower-paying job after working full-time.

$10,000
Maximum amount wage insurance will provide to those who qualify.

$28,000
The median annual earnings of American women in 2014.

In my book "The New Financial Order," I proposed a private sector form of wage insurance that I called livelihood insurance. It would be an extension of disability insurance. It would just add specified job market problems to the list of covered disabilities. For example, it might include a decline in income for, say, nurses, or a decline in the number of people employed in nursing, or some combination of the two, with payments for as long as the condition persisted. Such insurance would be based on objective factors for an occupation, reducing the possibility that the insurance might encourage people to take less demanding jobs.

If the private sector offered livelihood insurance, people in riskier careers would be charged higher insurance premiums. By reducing wage risk, the insurance would encourage people to be more adventuresome and entrepreneurial. Employers in risky industries might buy livelihood insurance for their employees as a benefit.

Expanding government wage insurance now might clear the way for the private sector. At a time of rising economic inequality and job dislocation, wage insurance makes a great deal of sense.

A Growing Optimism About Oil

INVESTING
CLIFFORD KRAUSS and MICHAEL CORKERY

It was one of the darkest periods of the oil market slump. The global economy was showing fresh signs of slowing, and crude prices were collapsing.

But when Diamondback Energy went out to raise $226 million worth of new stock in January, the oil and gas company found more buyers than it could accommodate. It nearly doubled the amount of shares it sold, to four million. Since then its share price has increased 22 percent.

Across the oil industry, investors have been placing their bets that prices have hit bottom. Risk-seeking investors like hedge funds and private equity firms are among those to have smelled opportunity in a potential comeback. Yet some of the biggest and most successful bets on oil are being wagered by mutual funds and index funds.

With production slowing, oil prices have rallied. On March 11, the International Energy Agency reported that "there are signs that prices might have bottomed out," citing progress among leading oil producing nations about a production freeze and supply outages in Iraq, Nigeria and the United Arab Emirates.

Investors are betting that energy stocks are primed for a comeback.

Many analysts caution that the recent recovery in prices could reverse itself. They argue that the tentative agreement between Saudi Arabia, Russia and a few other producing countries to freeze output at January levels will probably make little difference to global supplies.

Prices are more than 40 percent higher than their lows in mid-February. And that has made investors more optimistic about energy.

Oil and gas companies have issued about $11 billion in equity in the first two months of this year, according to the data provider Dealogic. Among the companies that have been able to secure capital from the equity markets are many midsize exploration and production companies that have been leaders in the shale revolution, like Marathon Oil, Devon Energy, Pioneer Natural Resources, Concho Resources, Parsley Energy, RSP Permian and Diamondback.

The stock offerings are helping the companies maintain their oil fields, meet payrolls and keep up with debt payments. While that adds flexibility for the strongest companies, more than 100 mostly small oil and gas companies have been forced into bankruptcy.

Many equity issuers are active in the Permian Basin of West Texas and New Mexico, the source of more than 20 percent of the nation's production. Production in early February exceeded two million barrels a day, up from 1.4 million barrels a day two years ago. Even the strongest companies are not immune to pressure. Diamondback, for instance, had to discount its stock 3.5 percent from the market price when it issued new shares in January.

Rebounding oil prices have at least temporarily quelled speculation by analysts that many more companies will go bankrupt or look to merge with larger competitors. There are tentative signs that the oil market is beginning to regain its balance between new supply and demand, but there is still a large glut of oil worldwide.

MICHAEL STRAVATO FOR THE NEW YORK TIMES

BACK TO THE OIL FIELDS **Many of the energy companies selling new stock are active in the productive Permian Basin of West Texas and New Mexico.**