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Spending Well

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MANAGING YOUR MONEY,
WORK AND SUCCESS

Talking Points



KIM RAFF FOR THE NEW YORK TIMES

Despite Health Care Act,
Employers Keep Insurance

The Affordable Care Act was aimed at giving people better options for buying health insurance on their own. There were predictions that employers would leap at the chance to drop coverage. But those predictions were largely wrong. Most companies, and particularly large employers, that offered coverage before the law have stayed committed to providing health insurance. And health care remains an important recruitment and retention tool as the labor market has tightened.

An Ivy League Sweep

As Augusta Uwamanzu-Nna, a senior at Elmont Memorial High School in Long Island, checked her phone recently for the results of her college applications, she was overcome by disbelief. One by one, each relayed the same news: Harvard. Yes. Dartmouth. Yes. Princeton. Yes. The University of Pennsylvania. Yes. Cornell, Yale, Columbia, Brown: yes, yes, yes, yes. She had swept all eight Ivy League schools. "It's so surreal," Ms. Uwamanzu-Nna said Wednesday. "It's still hard to actually believe that this has happened to me."



Starz Goes Streaming

Starz, the premium TV network, introduced a stand-alone app available on Apple and Google devices aimed at the 20 million homes that pay for broadband but not the full cable TV bundle. The new streaming service, which costs \$9 a month, will offer Starz original series like "Outlander" and "Power," as well as thousands of TV episodes and movies, including Disney's blockbuster "Star Wars: The Force Awakens" later this year. Starz has surpassed its rival Showtime to become the second-largest premium TV network in the country behind HBO.

Stress and Heart Disease

Stress in childhood may be linked to hardening of the arteries in adulthood, according to Finnish researchers who studied 311 children 12 to 18 years old. They tracked the family's economic circumstances and the



MARK MAKELA

emotional environment in the home to calculate a stress score.

When the members of the group were 40 to 46, they used computed tomography to measure coronary artery calcification, a marker of atherosclerosis and a risk factor for cardiovascular disease. The study found that the higher the childhood stress score, the greater the risk for coronary artery calcification.

Higher Wages Put to the Test

ECONOMIC VIEW
NOAM SCHEIBER
and IAN LOVETT

Economists worry about possible job losses as pay minimums are increased.

California is making itself a guinea pig in a bold economics experiment.

By raising the statewide minimum wage to \$15 an hour by 2022, the state could be raising living standards for millions of workers. But it could also be increasing unemployment among some of the very same economically marginal workers the wage increase is intended to help.

Many economists, even some on the left, worry that a potential loss of jobs in a number of cities where wages are comparatively low could largely offset, and perhaps even more than offset, the boon of higher incomes at the bottom of the wage scale.

"Just as the benefits of this policy are likely to be greater because it covers a greater share of the work force than for past minimum wage increases, the risk of these costs is also higher," said Ben Zipperer, an expert on the minimum wage at the liberal Washington Center for Equitable Growth. "It's very unclear how that's going to stack up."

San Francisco and San Jose, both high-wage cities that have benefited from the tech boom, are likely to weather the increase without so much as a ripple. The negative consequences of the minimum wage increase in Los Angeles and San Diego — large cities where wages are lower — are likely to be more pronounced, though they could remain modest on balance.

In lower-wage, inland cities like Bakersfield and Fresno, however, the effects could play out in much less predictable ways.

That is because the rise of the minimum wage to \$15 over the next six years would push the wage floor much closer to the expected pay for a worker in the middle of the wage scale, affecting a much higher proportion of employees and employers there than in high-wage cities.

"This is a big experiment," said Arindrajit Dube, an economics professor at the University of Massachusetts at Amherst whose work has shown that modest minimum wage increases typically have limited effects on employment. "In areas like Fresno, a majority of workers are likely to be directly or indirectly affected."

Gov. Jerry Brown, announcing details of an agreement on the plan with legislators and labor leaders, acknowledged the potential hardships of giving California the highest minimum wage of any state in the country.

"If you took the wages down and cut them in half, it would make it easier for certain businesses," he said. "But you can't function that way, because we're a community."

Mr. Brown said the risks were

How Salaries Compare

Ratio of minimum wage to median wage in 2022

Rough consensus among economists sympathetic to minimum wage increases:

- BELOW 50% (mostly beneficial)
- 50% to 60% (may create difficulties)
- 60% to 70% (serious concerns)
- ABOVE 70% (potentially disruptive)



Source: Bureau of Labor Statistics

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MONICA ALMEIDA/THE NEW YORK TIMES

A STATE GAMBLE A law signed by Governor Jerry Brown will raise the minimum hourly pay to \$15 by 2022. Some say the rise could have a negative effect in smaller cities. A Skechers center in Moreno Valley, outside Los Angeles.

worth it. "It's a matter of economic justice," he said, "and it makes sense."

Cities in other states, like Seattle and Chicago, recently enacted significant wage increases, and Gov. Andrew M. Cuomo of New York is pressing a plan to increase the minimum wage to \$15 in New York City by 2019 and statewide by 2021.

The California law delays by one year the schedule of wage increases for businesses with 25 workers or fewer, and allows the governor to pause an increase for one year if the economy weakens or the state's budget deteriorates.

Craig Scharton, the owner of a

farm-to-table restaurant called Peeve's Public House in downtown Fresno, said he was still smarting from a recent increase in the minimum wage from \$9 to \$10 an hour.

He said the increase had forced him to close on Mondays and Tuesdays and played a role in reducing his staffing to a dozen from 18 two and a half years ago.

Mr. Scharton was at a loss to explain how he will absorb the new increase. "We're trying our best to revitalize downtown," he said. "This just kind of kicks our legs out from under us."

The Fresno example illustrates the challenge of raising the mini-

um wage to the same level across cities that, in economic terms, have little in common beyond the same state government.

Cities with high real estate prices are typically better able to withstand minimum wage increases than cities with low prices, because wages represent a smaller fraction of a business's overall cost in those cities and therefore have a smaller effect on the bottom line.

But in Fresno, real estate is cheap and wages are by far the biggest cost for the typical service sector business. Mr. Scharton estimates that labor is about 40 percent of his costs, versus about 6 percent for real estate.

Likewise, businesses in cities with large tourist industries often find it easier to pass along higher costs to customers, as tourists tend to be less price-sensitive than locals. But Fresno, unlike Los Angeles or San Francisco, is not a tourist hub.

The benefits of the higher wage may be more than purely economic.

Dave Regan, president of SEIU-United Healthcare Workers West, which represents more than 85,000 hospital workers in California, said that even if there were potential economic downsides the effect of empowering workers to influence their own fates could be transformative politically.

"There's so much cynicism, anger," Mr. Regan said. "To have the governor and legislature responding in a positive and constructive way to our members is really important. It shows, 'Wow, what we do really does matter.'"

Couple Takes a Semester Abroad

RETIRING
DEBORAH L. JACOBS

When our only child started college in September, my husband and I embarked on our own semester abroad.

To pay for it, we rented our Brooklyn townhouse for three months and rented smaller quarters in rural France. A favorable conversion of the dollar against the euro lowered our cost of living.

As our base, we chose the Loire Valley, about two hours southwest of Paris. We would shop in open-air markets, cook with seasonal ingredients and communicate with peo-

ple in their own language.

After searching HomeAway, VRBO and Airbnb, we rented a cottage in Amboise. It sounded idyllic and would cost \$9,000 for three months. A liquid market for short-term rentals is making people "much more flexible in their transition to retirement," said Terry Baum, a broker with Warren Lewis Sotheby's International Realty in Brooklyn.

But though the cottage got rave reviews online, we arrived to find the beds unmade, the cabinets filled with moldy food and a strong smell of mildew in the living room. In response to our complaints, the American owners wired a refund.

Somewhat shellshocked, we abandoned the idea of spending three months in one place and charted a more itinerant journey. Our second rental was a five-bedroom Victorian in Le Puy-Notre-Dame, a tiny Loire Valley village surrounded by vineyards. At \$106 a night via Airbnb it was our best travel deal, and we stayed an extra week.

Although it was charming, we felt like caretakers at times, unclogging a drain and getting an electrician to fix a tripped circuit. We left as the family arrived to celebrate the grape harvest.

Ready for warmer weather and a change of scene, we drove 500 miles south and west, to Basque Country

to stay in Sare. There, we were tenants at a 17th-century mansion that once belonged to shipbuilders. Furnished with antiques, it had views of fall foliage and grazing livestock. Although it cost \$175 per night, it was still within our budget. We stayed for six weeks.

After a morning of writing, I

Wandering in France,
staying in villages and
eating local food.

would join my husband for an excursion — walking on the beach at Biarritz or St. Jean-de-Luz, eating tapas in San Sebastián, or attending one of the many autumn festivals. We became regulars at the Saturday market in Bayonne, where we

bought apple cider and sheep's milk cheese, and slurped down a plate of oysters before heading home.

From there we went to Paris, where terrorists struck Nov. 13, midway through our two-week rental (\$150 a night) in the Denfert-Rochereau neighborhood. Our flat was in an Art Deco apartment building behind a wrought iron gate. Despite frequent turnover, the Tel Aviv-based owner hadn't replaced the grungy bedding.

We came home to find our house spotless but needing minor repairs, which our tenants attributed to "normal wear and tear."

As travelers who enjoy going off the beaten path, we have learned to welcome the unexpected. Had we been happy in the winemaker's cottage, we would have missed out on everything that came after it.

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