The New York Times

MANAGING YOUR MONEY, WORK AND SUCCESS

Spending Well

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Talking Points

PETAR KUJUNDZIC/REUTERS

6.5 Million Deaths Annually Linked to Air Pollution

The International Energy Agency says air pollution has become a major public health crisis leading to around 6.5 million deaths each year. Fatih Birol, the agency's executive director, said adopting more ambitious clean air standards and more effective policies for monitoring and enforcement could help countries make major strides in reducing pollution over the next quarter-century.

Americans Pull the Plug

The most effective action Americans can take to reduce the emissions that cause climate change is to buy a more fuel-efficient car. But so far this year, nearly 75 percent of the people who have traded in a hybrid or electric car to a dealer have replaced it with an all-gas car, an 18 percent jump from 2015, according to Edmunds.com.

JOHN BAZEMORE/ ASSOCIATED PRESS

China Is a Target

Republican Donald J. Trump and Democrat Hillary Clinton are talking tough about trade policy, each promising to do more to preserve American jobs. And China — with its rising international influence — is a natural target. Both are talking about labeling China as a currency manipulator that undervalues the renminbi to help its exporters win sales in overseas markets. They want to file more trade cases against China, impose more tariffs and investigate how the government subsidizes businesses.

Chickens Basking in the Sun

Perdue Foods said its chickens — 676 million last year — will bask in sunlight as the company overhauls its animal welfare practices. Perdue will install windows, give chickens more space and may tinker with breeding to decrease the speed at which birds grow or to reduce their breast size, steps that could reduce leg injuries. Perdue, which had $6 billion in sales last year and increased production more than 9 percent, believes the standards will not be too costly for producers.

CHARLIE NEIBERGALL/ ASSOCIATED PRESS

JARED SOARES FOR THE NEW YORK TIMES

PARENTAL ADVICE **Kimberly Palmer, with her children and parents, urges parents to write a money letter to their children, as her own mother did 13 years ago.**

For the Money Talk, Try a Letter

YOUR MONEY
RON LIEBER

Lessons parents learned can help guide their children's financial lives.

The Money Talk is overrated. As with the Sex Talk, children can sense that one is coming. And if they get antsy, your words will go in one ear and out the other.

Consider the old-fashioned letter. It's long enough to tell some tales to bolster your advice, and if it's written with soul, there's a good chance the recipient will keep it.

Kimberly Palmer still has the money letter her mother wrote her and her two younger sisters 13 years ago, and in her new book, "Smart Mom, Rich Mom: How to Build Wealth While Raising a Family," she offers a template that parents or grandparents can use to pass on similar wisdom.

Quite often, the best stories are about the biggest mistakes, and so it is with Gail Shearer, Ms. Palmer's mother. Lesson No. 6 in her letter is this: Never invest in anything you don't totally understand.

How many times did she and her husband ignore this advice? "Oh, three or four," said Ms. Shearer, 65, a retired consumer health advocate. There was the tax shelter. "In the 1980s, they were the thing," she said. "We drank the Kool-Aid." And then suffered through many years of complex tax filings, which nobody tells you about during the sales pitch. Then, there was some variable life insurance. And an annuity. And an adviser who promoted a "black box" investment strategy, as if that were a good thing.

The couple did not lose a lot of money, though if they had put it all in indexed mutual funds in the first place (Lesson No. 5) as they did with most of their savings, they would have more money now. So better that their daughters avoid any such blunders.

The Palmer-Shearer clan is not the only one with a letter-writing tradition. Four years ago, John D. Spooner, an investment adviser and writer, collected an entire book of them called, "No One Ever Told Us That: Money and Life Letters to my Grandchildren."

The most memorable tale in Mr. Spooner's book is about his failure to sell his seven-figure holding in Citigroup stock before the economic collapse in 2008. As an investment adviser with the firm, he had planned to sell after any change in leadership. But the new chief executive liked him. "We can be blinded by flattery from the seats of power," he wrote. "Be aware of this in your business lives."

Selling something that is still valuable is the hardest part of any trade, he added. So if you can't name three good reasons to continue owning something, he warned, then it's time to sell. In retrospect, he did not have three good ones, but he kept the stock anyway as it fell to $1 a share. (It had been above $55.)

An idea that I'll include in my own letter someday: You could just follow Ms. Shearer's lead and invest in a variety of index funds that own every stock in a particular market, thus avoiding this sort of concentrated stock risk.

Mother Knows Best

Some of the financial advice Gail Shearer gave to her daughters.

1 **Avoid credit card debt.** It is very important to learn to live within your means, even BELOW it. It is better to use CASH for things you need.

2 **Start saving for retirement early and save as much as you possibly can.** If you start saving in your 20's you will have twice what you would have if you started in your 30's because of compound interest.

3 **Buy term life insurance, not whole life or universal life.** In order to buy as much insurance as you need to protect your dependents (kids), you need to buy term life insurance.

It may be tempting for any of Ms. Shearer's daughters to gloss over Lesson No. 8, where she exhorts them to keep track of their spending. How boring, right? But she seizes on one of the least understood, yet most essential, pieces of money wisdom. "When Daddy and I first got married, we kept the roughest of notebooks and would sit down once a month and try to figure out what happened to our finances," she wrote. What you spend says a lot about what you stand for, and if you don't like what your own notebook says about you, try to make it look different next month.

Fortunately for Ms. Shearer and her husband, Christopher Palmer, 68, a filmmaker and professor, they mostly agreed on what they should see. Saving for their daughters' education was the big goal, and retirement was a close second. They managed the first. As for the second, they're waiting until age 70 to collect Social Security.

Ms. Shearer's money letter is now a public document, thanks to her daughter's own writing. Ms. Palmer, 36, writes letters to her children. And her book is a sort of open letter, urging mothers to take a leading role in their family's financial lives.

As part of Lesson No. 6, Ms. Shearer encouraged her daughters to read good personal advice books. What she did not anticipate, however, was that she would inspire her eldest to write her own.

Take a Deep Breath as Market Gyrates

INVESTING
RON LIEBER

The impulse when the stock market abruptly plunges, as it did after Britain voted to leave the European Union (Brexit), is to do something. Anything. Our life savings are often on the line, after all.

But that's the thing: Stocks are most useful for long-term goals. So unless those goals have changed recently, it doesn't make much sense to overhaul an investment strategy based on a blip of market activity. So consider the following.

1. You are not the stock market.

Chances are, your portfolio and net worth consist of a diverse mix of assets. If you have a home in the United States, its value hasn't fallen. Some bond and commodity funds may even have risen.

2. If you have been investing in a global portfolio of stocks in the last seven years, you are most likely a winner.

It's generally a bad idea to look at your investment statements too often, but take a quick peek. That gain you see is one reason you are in stocks in the first place. Plenty of research shows that if you miss just a few days of the market's biggest gains, your long-term portfolio will suffer. If you decide to put your money in cash, how will you know when to get back in the market? You'll be looking for a sign, and that sign will be the very rebound days that you will have missed. (After falling for several days in the wake of the Brexit vote on June 23, stocks did rebound.)

3. At some time in the past, when you were not scared, you made a decision to construct your portfolio a certain way.

You knew that stocks involved risk and that the returns they have traditionally delivered, above and beyond what cash and bonds do, was the reward for persistence.

Nothing about the Brexit vote suggests that the fundamentals of capitalism have changed. So neither should your confidence in long-term ownership of the pieces of the for-profit enterprises.

Nobody knows where the stock market will be tomorrow, or next week. But if you are a regular, long-term investor putting money in each pay period, you'll be buying more when prices are lower.

4. Long-term investors have time to recover.

I know too many 70-year-olds who sold all of their stocks in 2009 and are healthy enough to live to 100. They'd be going on a lot more vacations now and be worrying less about long-term care if they had held firm.

Worried about a 529 college savings plan for a 12-year-old? Hopefully, you weren't 100 percent in stocks with six years to go before needing money for tuition. Still, you have at least nine years for a portion of that portfolio to recover. If that 12-year-old is the oldest of at least two children, you could use cash to pay some tuition bills for the oldest and let some of the account ride even longer for the next child.

5. Not everyone can handle the stress of investing in stocks.

You can't say that nobody told you there'd be volatile markets. There will be surprises. So give the situation in Europe some time to work itself out, and consider the alternatives. There are few investments that can deliver the kinds of returns that global stocks can without their own accompanying anxiety and uncertainty.

An alternative is to save more in safer investments like cash or certain bonds. But settling for lower returns will mean working longer and living modestly, forever.

6. This is what markets do.

Again, there is absolutely nothing abnormal about what is going on. Most of us have to save somewhere, and history suggests that stocks are the most accessible route to get the returns you'll need to retire. It would take decades of systemic economic and political erosion to prove otherwise, and recent declines do not suggest that anything like that is upon us.

RUSSELL BOYCE/REUTERS

BREXIT STRATEGY **It's best not to make any rash moves with your investments in a volatile market. A London trader after the Brexit vote.**