The New York Times

MANAGING YOUR MONEY, WORK AND SUCCESS

Spending Well

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Talking Points

TYLER BISSMEYER FOR THE NEW YORK TIMES

Sizing Up the Bottom Line Of Health Care Reform

Information about the benefits of Obamacare has been slow to emerge, but a few recent studies suggest that people have become less likely to have medical debt or to postpone care because of cost. They are also more likely to have a regular doctor and to be getting preventive services like vaccines and cancer screenings. One study, published in JAMA, found that low-income people in Arkansas and Kentucky, which expanded Medicaid insurance to everyone below a certain income threshold, appear to be healthier than those in Texas, which did not expand.

Social Security, Meet Extra Security

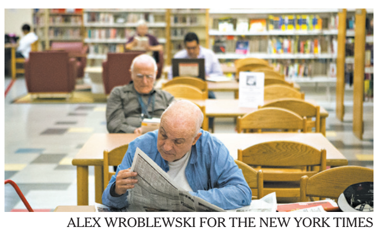
People seeking to manage their federal Social Security benefits online can no longer do so unless they provide a cellphone number so they can receive an access code by text each time they log on. The change, which took effect July 30, is part of an effort to improve online security, according to the Social Security Administration. About 78 percent of people 65 and older own a cellphone, compared with 98 percent of 18- to 29-year-olds, according to the Pew Research Center.

JAY DIRECTO/AGENCE FRANCE-PRESSE — GETTY IMAGES

AMIR COHEN/REUTERS

Neutral on Oil and Gas

The oil and gas industry has argued that ending its federal subsidies would leave the United States more dependent on foreign energy, and environmental activists have countered that such a move could lead the nation toward a future free of fossil fuels. But a new report by Gilbert Metcalf, an economist at Tufts University, suggests that eliminating the $4 billion subsidies would do neither and would instead have a very limited impact on the production and consumption of these fuels.



ALEX WROBLEWSKI FOR THE NEW YORK TIMES

Keep Reading, Live Longer

Reading books is tied to a longer life, according to a new report in Social Science & Medicine. The study of 3,635 people over age 50 found that compared with those who did not read books, those who read for up to three and a half hours a week were 17 percent less likely to die over 12 years of follow-up, and those who read more than that were 23 percent less likely to die. Book readers lived an average of almost two years longer than those who did not read at all. Researchers found a similar association among those who read newspapers and periodicals, but it was weaker.

Buying First, Then Borrowing

REAL ESTATE
VIVIAN MARINO

In competitive markets, some pay cash for a home to complete a deal quickly.

NANCY DONIGER FOR THE NEW YORK TIMES

Anthony Corbisiero wanted a quick sale on his pied-à-terre in Manhattan, as he planned to use part of the proceeds for his daughter's looming college expenses.

So he and his wife, Julie, who live in Brooklyn, were thrilled when three bids emerged within a week. Two were all cash. "The other buyer preferred to do it with financing," Mr. Corbisiero said. "But why should I wait for them to get a mortgage?"

The sale closed in March, just two months after the unit was listed. It went to one of the mortgage-less buyers, who paid $20,000 above the $1.195 million asking price.

In any competitive market, all-cash offers typically win out. In neighborhoods and at price points where inventory is tight and bidding wars almost a certainty, the financing-free strategy at the bargaining table has become more commonplace — and more or less imperative, some real estate brokers say. A key advantage is that these deals are done more quickly than financed transactions. There is no lender red tape to slow down the process.

Of course, not everyone has the means to make such a hefty purchase with cash, and even those who do may not want to deplete their savings and investment accounts for a single deal. Nationwide, cash sales accounted for a little more than a third of all home sales at the start of 2016, according to the research firm CoreLogic.

One solution for the reluctant cash buyer is to delay financing: Buy using all cash, but borrow soon after. Delayed financing can help buyers stay competitive in hot housing markets, and even negotiate a better deal, without tying up their assets for too long.

There are different ways to use this strategy. For more modest purchases, the Fannie Mae program that took effect five years ago allows certain buyers without mortgages to obtain a cash-out refinance soon after closing on a home. (Before the delayed-financing program began, borrowers had to wait at least six months.)

"These policies were instituted after the real estate meltdown, to help get the market moving again," said Steven A. Milner, the chief executive of the US Mortgage Corporation in Melville, N.Y. The intent was to provide a borrowing option for problem properties that might not initially qualify for a mortgage, but likely could qualify after they were fixed up and maintained.

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>
> **KRISTIN THOMAS-SENIOR,**
> *who used delayed financing when buying a condominium*

To participate in the Fannie Mae program, borrowers must show, among other things, that there are no liens against the home and must document the sources of the cash for the purchase. They must also prove that the sale was at "arm's length," meaning they didn't buy the property from a relative or close business associate. Borrowers, however, are limited in how much they can cash out, depending on whether the property is a primary or second home. A maximum of 70 percent of its appraised value is allowed, according to Fannie Mae, up to local conforming loan standards.

For larger purchases, in which the maximum-percent cashout would exceed the amount in the conforming loan standards, cash buyers can opt for delayed financing through non-agency "jumbo" loans that are not subject to borrowing limits and the conventional rules.

Unlike the situation at the very high end of the market, "when you go down the ladder, it becomes more competitive in terms of offerings — there are a lot less of them," said Michael Graves, a broker at Douglas Elliman, referring to homes for sale. For that reason, he advises the sellers he represents not to accept offers contingent on the buyer's obtaining a mortgage. "In the last six years, there has been only one deal where we accepted a finance contingency. It's not up to us where the cash comes from, but it must be cash."

While it's fairly common for buyers to forgo a financing contingency these days, the all-cash, delayed-financing strategy has been slow to catch on, partly because many home buyers simply aren't aware of the option.

"If I hadn't been a real estate broker, I probably wouldn't have come up with the idea," said Kristin Thomas-Senior, an associate broker at Compass, who used the delayed-financing strategy when buying a three-bedroom condominium with her wife, Fern Senior, a marketing manager, in Brooklyn,in late 2013. "I saw how so many of my clients had been outbid."

The pair came up with $1.425 million in cash by selling off their stocks, bonds and mutual funds. Then, about two and a half months after closing, they took out a $675,000, 10-year adjustable-rate mortgage with Citibank.

"This turned out to be a good move," Ms. Thomas-Senior said, "because the property has since appreciated."

Why the Stock Market Is So High

INVESTING
JEFF SOMMER

SPENCER PLATT/GETTY IMAGES

NEW HIGHS **The fuel that is making the stock market soar seems to be coming from outside, especially the bond and foreign exchange markets.**

The American stock market has reached new highs this summer for some unsettling reasons.

Since the sharp decline set off in late June by the British vote to leave the European Union, stocks have recovered smartly, reverting to an upward trend that has prevailed since 2009. That wasn't unexpected: Relief rallies often have occurred after market shocks.

But many of the factors that typically propel a rising market are absent: Corporate earnings aren't strong, the economy isn't booming, and stock prices aren't cheap.

None of those fundamental indicators have been auspicious, but it hasn't mattered because the fuel that is making the stock market soar seems to be coming from outside the stock market entirely.

In fact, it appears that we need to thank the bond and foreign exchange markets for providing the underpinnings for the stock rally.

Bonds have risen sharply in value, and their yields, which move in the opposite direction, have plummeted. That has made stock prices look cheap and dividends generous. The average dividend for the Standard & Poor's 500-stock index is about 2.1 percent — much higher than the yield on a 10-year Treasury note. Many investors have moved to stocks in search of a better deal.

That has helped make stocks rise, even though stock valuations aren't particularly appealing after seven years of price increases.

"On a historical basis, the overall stock market has become expensive, but not relative to bonds," said David A. Rosenberg, chief economist and strategist at Gluskin-Sheff in Toronto. "People have been looking in the stock market for yield, in the form of dividends, because the bond market has become so expensive and bond yields have gotten so low."

But there's more. Not all parts of the stock market are being affected in the same way. Another factor, the strong dollar, has made stock sectors that are fairly impervious to exchange-rate shifts attractive. When foreign earnings in, say, euros or pounds translate into fewer dollars, American stocks with predominantly domestic revenue streams usually benefit.

That's why American utility and phone company stocks — which both pay high dividends — have been soaring.

"These stocks have hit a sweet spot," said Craig Moffett, a senior analyst at MoffettNathanson, who focuses on telecom companies. Mr. Moffett is skeptical about the prospects for the sector's stocks. Many of them are overvalued, he said.

Stock investors may want to seek guidance from these markets, especially the bond market, which has moved into unusual territory.

The 10-year Treasury note, for example, has had an average yield of more than 6 percent since 1965 but has fallen to less than 1.5 percent today, and that counts as a solid yield in the current global market. More than $13 trillion in government bonds around the world carry negative yields. Buy a bond and you will lose money — unless yields drop even further into the negative zone, driving up bond prices.

Negative yields attest to severe global economic weakness. Central banks have held interest rates low to try to stimulate the economy, and with inflation at very low levels, bond investors have accepted minuscule or negative yields. Still, among the world's major economies, the United States is perhaps the strongest now, and the Federal Reserve signaled recently that it remained open to a rate increase this year.