Experts Warn Of Market Risk From a 'Brexit'

INVESTING
CONRAD DE AENLLE

Investments in Britain and the European Union are shaky bets right now.

The British are going! Maybe.

A referendum to determine whether Britain will leave the European Union has been set for June 23. Until then, investors will have to decide whether to be in or out of assets in Britain and other parts of Europe. The referendum outcome is a tossup in polls, and analysts are divided on whether the country would be better off in or out of the 28-nation bloc.

As for the markets, British stocks have fallen in the last year, and the pound has declined against the dollar and euro. But both have been stable since Prime Minister David Cameron announced the referendum date in late February.

Investment advisers warn that the strong possibility of a vote for a British exit, or "Brexit," from the European Union and the potentially — but not necessarily — dire consequences for years to come have not been factored into prices. Advisers urge caution before investing in the country and region.

"If you thought that the vote was going to go in favor of Brexit, as a U.S. dollar investor, you would be most negative on domestic U.K. stocks," said John C. Maxwell, manager of the Ivy International Core Equity fund. "But you wouldn't be bullish on the rest of Europe, either," he added. If the British voted to leave, "it would highlight the fragility of the European Union."

It's not as if Europeans need a reminder. For several years, Greece teetered on the brink of insolvency, and the pros, cons and odds of a "Grexit" were parsed far and wide. The European Union probably could carry on without Greece. Whether the union would do without Britain is questionable.

It's difficult for investors in international stocks and bonds to prepare for the referendum because professionals have diverging opinions on the economic and political fallout of a pro-Brexit vote. Conor Muldoon, a portfolio manager at Causeway Capital Management, foresees a long, fairly benign aftermath in which "the E.U. and U.K. would negotiate favorable trade deals."

Mark C. Dowding, co-head of investment-grade credit at BlueBay Asset Management, warned to expect "a real messy divorce."

A report by the French bank Société Générale predicted a Brexit would take 0.5 percent to 1 percent a year off British economic growth for 10 years and result in an annual drop in exports of 2.5 percent. Britain's economy grew 2.2 percent last year. "It would be in the mutual interest of the U.K. and the rest of the E.U. to strike a reasonable second-best solution which would maintain access to much of the single market," the report said. "But one should not forget the need to renegotiate the U.K.'s trade relationships with the major non-European countries, as well, in particular the U.S. and China. That could be a long and painful process, with the balance of power being tilted against the U.K."

A vote in favor of leaving the European Union would drive the pound below $1.30, Société Générale predicted, compared with $1.46 on May 19. It also would propel a decline in the euro to less than $1 from about $1.12.

Mr. Muldoon predicted that the falling pound "would act as a stabilizer to any economic deterioration." Industries like tourism would improve as the weak currency drew visitors to Britain who otherwise might have traveled to the Continent, he said.

Mr. Maxwell pointed out that companies in the blue-chip FTSE 100 index derive 75 percent or more of their earnings from outside Britain. That would cushion the blow from a plunging pound. Shares of companies that could benefit from it by producing goods at home and selling them abroad might be worth an investment. "Owning things with U.K. costs and foreign revenues is good, but there are not many of those," he said, offering the beverage maker Diageo as one example.

For all their concerns about the British economy, the strategists at Société Générale have a positive outlook over all for British stocks thanks to the expected further declines in the currency. Yet they caution that British banks would be especially hard-hit in a Brexit because competing financial centers on the Continent would take over many of their activities.

Mr. Muldoon finds bank stocks worth a bet. They have been sold heavily, taking their prices to low multiples of earnings, he said.

Société Générale said the yields on British bonds would rise relative to those of core European countries like Germany. The bank envisions yield spreads widening even further for bonds in places like Italy and Spain with persistently shaky economies.

If the British do decide that they're going, "this will be negative for growth around the world," Mr. Muldoon warned, and "we're going to have volatility leading up to June 23. Given the uncertainty, you might want to invest elsewhere."

POOL PHOTO BY FACUNDO ARRIZABALAGA

BIG DECISION **Prime Minister David Cameron holding a question-and-answer session in April with employees of PricewaterhouseCoopers about the June 23 referendum on Britain's membership in the European Union.**

Potential Brexit Effects

Société Générale made economic predictions about Britain if it votes to leave the European Union.

0.5 to 1%
The percentage that British economic growth would decline annually for 10 years.

2.5%
The percentage that exports would drop annually.

$1.30
The British pound would drop below this amount in U.S. dollars, compared with $1.46 on May 19.

It's Group Therapy, but Now for Medical Care

HEALTH
CONSTANCE GUSTKE

A remedy for those disappointed with a rushed 15-minute visit.

Want to spend more quality time with your doctor? Maybe you should try joining a group.

Paradoxical as that may sound, it works well for Bill Swain, 69, who began going to shared medical appointments several years ago after his doctor suggested the idea. Now he attends quarterly sessions for eight to 15 people that usually last 90 minutes. A digital white board lists group members' vital signs, such as blood pressure and weight. Mr. Swain, who doesn't like falling behind his peers, especially likes the accountability and the extra medical attention.

"Yearly physicals can mean sliding too far back," said Mr. Swain, who is retired and lives in Ellensburg, Wash. "I had a lump on my neck a few months ago. It turned out to be nothing, but I might have put it off until my physical. This way, I have the physician's ear four times per year."

Shared medical appointments are still relatively rare, but they are slipping into a system rife with 15-minute doctor visits, nearly doubling in popularity in the last 10 years, according to the American Academy of Family Physicians. And they are being seen as one weapon for fighting fast-rising diseases like diabetes.

Several studies show that group visits are effective at keeping chronic illnesses in check. Typically, recent lab results are discussed and patients can schedule individual time with doctors if they need it. Nurses are also on hand to refill prescriptions or take vital signs.

Some experts see shared medical appointments as one antidote to the increasingly rushed typical medical visit, which doesn't provide enough time to discuss chronic illnesses or overall wellness care. An aging population will intensify the need for new solutions in coming years, experts say.

The idea of structured group visits is generally considered the brainchild not of a physician but of Edward Noffsinger, now a semi-retired California psychologist. Though he had a life-threatening illness, Dr. Noffsinger said, he had difficulty getting an appointment to see his doctor, and even when he did, visits were too rushed.

"I wanted to give people more time with their doctors," he said. "And then there's the opportunity to share with other patients. People feel responsible to others, but not their doctor."

Byron Haney, a family physician and Mr. Swain's doctor, sees group visits as a powerful prescription. Patients are able to take over more of their own care. The results are startling, such as greater patient satisfaction and sustained weight loss.

"People leave knowing that recovery is possible and that they're not alone," Dr. Haney said.

Dr. Haney also uses shared medical appointments to help prevent diabetes. "I've never had a prediabetic convert to diabetic in a group setting," he said.

Nevertheless, shared medical appointments are not a panacea.

Dr. Marianne Sumego, an internist and director of shared medical appointments at the Cleveland Clinic, acknowledges that group visits are not right for some people.

"This is patient-centered," Dr. Sumego said. The visits provide more timely prevention and treatment in many cases, while other patients do better with one-on-one sessions with their doctor, she said.

Mr. Swain is pleased with his results. Cheered on by his peers, he has given up chocolate ice cream and sugar in his coffee.

"They encourage me to take the best care of myself," he said.

RUTH FREMSON/THE NEW YORK TIMES

SHARED APPOINTMENTS **Dr. Byron Haney, a family physician in Ellensburg, Wash., examining one of the patients at a group meeting.**

What If You Forgo Stability?

SKETCH GUY
CARL RICHARDS

CARL RICHARDS

The American dream was this machine we built to create security. It's the white picket fence, the job and the minivan. It may not be exciting, but at least it's stable.

But there's a group of people who have said, "Forget that. I want to focus on experiences instead."

So people go out and spend a bunch of money to participate in adventure races like the Tough Mudder. Instead of buying a new television, people buy skis and lift tickets. People pay to go to the rock climbing gym instead of paying to go to the movies. More and more, the economy is moving in this direction.

But the idea that you can leave a stable job, a 401(k), sell your house, retrofit your van and spend a couple of years living out of it is something completely different. It is not an experience-over-stuff decision about recreation on your weekend. It is the choice of experience over security. And that is a fascinating development in our culture.

The more I learn about people bucking convention and living incredibly interesting alternative existences, the more I find myself wondering, "If they can do it, can I?"

O.K., so you don't want to live in a van. Maybe you don't have a dream locked up inside your own little Pandora's box. That's fine.

But if you do, I am telling you to at least consider that one, simple question: "What if?"

In considering the possibilities, consider also that according to this new set of values, the uncertainty and the insecurity that you feel trying something adventurous is all part of the reason for doing it. That's the hard part of the adventure race, the mud in your face and the suffer-fest.

Maybe you'll lose some money in selling the house. Maybe you'll make less income if you quit your job. But that's part of the adventure. If you would make the same experience-over-stuff choice weekend after weekend, maybe it's time to think about making the experience-over-security choice. At the very least, you might want to ask yourself, "What if?"

Savings Accounts for the Disabled

YOUR MONEY
ANN CARRNS

People with disabilities will be able to open new, tax-free savings accounts under at least two programs offered nationally this summer.

The state-sponsored accounts are known as 529 ABLE, or 529A, accounts. Authorized in 2014 by the Achieving a Better Life Experience Act (ABLE Act), the accounts are modeled loosely on 529 college savings accounts.

The main benefit of the new accounts is that they allow disabled people to accumulate significant savings without jeopardizing their eligibility for need-based government help like Supplemental Security Income or Medicaid. Disabled people, their families and friends can contribute as much as $14,000 a year without putting federal benefits at risk.

Nebraska has announced that it will be among the first states to offer the accounts to a national audience, on June 30. Ohio has been testing enrollment in its accounts and expects to make the program available nationally this summer, but has not announced a firm date..

Florida expects to start an ABLE program by July 1, but will restrict enrollment to state residents, according to the program's website. Additional states are expected to begin offering the accounts later this year or next year. The National Down Syndrome Society tracks states' progress on its website.

Nebraska, which calls its program Enable, will offer mutual fund investment accounts through Vanguard and savings accounts insured by the Federal Deposit Insurance Corporation. Deborah Goodkin, the program manager for Enable, said it would offer several investment accounts, depending on a participant's risk tolerance.

Families should consider any fees associated with the accounts when making a choice. The website for Ohio's program, called Stable, for instance, says state residents will pay $2.50 a month to maintain an account, plus fees based on a percentage of their assets, depending on which type of investment they choose. Residents of other states will pay more.

Advocates continue to work to enhance the accounts. Currently, for instance, ABLE accounts are available to those who became disabled before age 26. But in March, the sponsors of the original law proposed legislation to expand eligibility to those disabled before age 46. The ABLE Age Adjustment Act is pending in committee, according to Congress.gov.

Q & A

¶ Where can I learn more about 529 ABLE accounts?
The Able National Resource Center has a website with information about the accounts.

¶ How does a 529 ABLE account differ from a special needs trust?
A special needs trust, also called a supplemental needs trust, can be used to shelter a disabled person's assets, but can be expensive to establish and maintain. ABLE accounts are intended to offer a simpler, less costly option, advocates for the disabled said. But they have at least one possible drawback: Unlike funds in properly structured trusts, funds remaining in an ABLE account may be tapped to help repay state Medicaid costs after a beneficiary's death.

¶ May I have more than one ABLE account?
No. Unlike 529 college savings accounts, you may have just one ABLE account.