DON TAYLOR
Ask Dr. Don

PLAN TO RETIRE? GET TO WORK

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Escape from debt without bankruptcy

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Section B

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Monday, January 10, 2005

Mini currency futures contract carries risk for engaged couple

Q. Is there a way to limit exposure to the weakening dollar? I'm getting married in December in Ireland and expect the cost to be about 15,000 euro. We are working in the U.S., saving for the wedding. At the current exchange rate (1.3) we need about $20,000, but some "experts" predict it could reach 1.6, meaning we could need up to $25,000. We have about $6,000 saved and plan on saving about $1,500 a month. No predictions see the dollar gaining in the next year.

A. Here's the rub: You want to hedge a year's worth of currency exposure with only 30 percent of the money currently on hand. You can leverage your dollars today by buying a mini currency futures contract that is long on the euro and short dollars. That would allow you to control up to 200 times the amount of money in your margin account.

At 200-times leverage, a $250 margin deposit can control a $50,000 futures contract. If the currencies behave as you expect, you're drinking Dom Perignon at your wedding. If the market moves against you, you're forced to elope to South Bend, Ind., instead.

I'm not a fan of this approach. Options on currency futures also exist and would limit the maximum loss to the price of the option. You can convert wedding dollars to euros as the money is available and invest in euro-denominated short-term CDs or a money market account.

EverBank does this in the domestic U.S. market. You're on your own if you want to invest in euro CDs from a European bank. You may also want to consider what wedding expenses you can pay early.

Q. My personal information, along with my Social Security number, was stolen from Wells Fargo Education Financial Services. They informed me of the problem and gave me a year's subscription to their ID Theft protection service.

I went through the process of signing up for their service and now it has been over two months and I have not received any services offered and I still do not know if someone has used my personal information illegally. After many complaints, they are now asking for a recorded message asking that I request my information again. What can I do?

A. I can appreciate your expectation of Wells Fargo to do the right thing and work with you to make sure that no one misuses your stolen information, but it's time to take matters into your own hands.

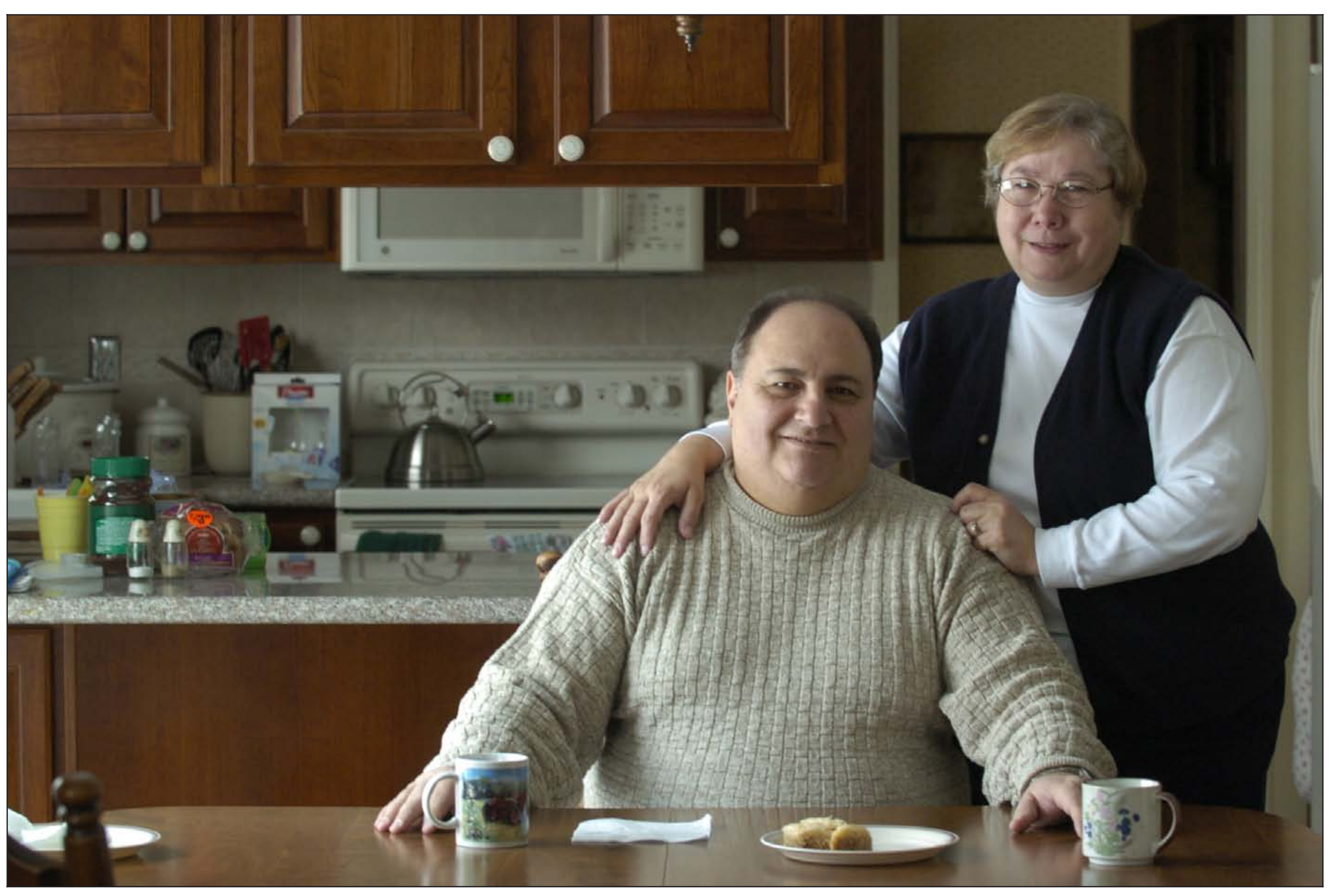
Start out by putting a fraud or security alert on your account at one of the three major credit bureaus: Equifax, Experian or TransUnion. Bankrate provides the contact information.

They should provide you with a free copy of your credit report as part of this process. You'll also have the ability to put a victim's statement on your credit reports

A fraud alert enjoins creditors to carefully validate personal information before approving a credit application. It will make getting a credit card or loan a little more time consuming but will be worth it for your peace of mind. If you find that you've been a victim of fraudulent activity, Bankrate.com offers several articles that can help you through the steps you need to take to protect yourself and your credit.

Don Taylor is a chartered financial analyst who also holds a doctorate in finance. Submit questions to him on the web at www.Bankrate.com.

MONEY MAKEOVER



Robin Buckson / The Detroit News

George and Susan Namy of Northville, both 61, made tough financial decisions about 14 years ago when semi-retired salesman George Namy went on disability. Their discipline will pay off when they are both retired.

Northville couple's nest egg just needs to get a new shell

■ Portfolio balance, 457 (b) plan funds, and an updated will helps in retirement.

By Karen Dybis
The Detroit News

As much as George Namy loves to dabble in investing, he loves someone else much more: his wife of 34 years, Susan.

That is why the 61-year-old salesman felt crushed when his portfolio started to lose money a few years ago. At one point, the Northville couple saw their seven-figure future cut in half.

"I was caught like a deer in the headlights. People kept saying I should hang in there, that it would get better. But it never did," George Namy said.

Some of the stocks have recovered, but the Namys worry they are still holding onto an alarming number of volatile mutual funds and individuals stocks. George, who is semi-retired because of a disability, wants to make sure Susan, 61, will have enough money to live comfortably in retirement.

"I'm really mostly concerned about taking care of my wife," George Namy said. Thanks to their thrifty natures, long-term savings and other retirement plans, the Namys should have enough cash flow to last well into their 90s, said Jim Knaus, a certified financial planner in Troy. However, they must rebalance their portfolio and invest in a diverse group of mutual funds to ensure their nest egg doesn't turn into a goose egg.

They also should take advantage of the tax-deferred savings plan through Susan's employer, which will lower their annual tax bill and give them some extra money to fall back on. Knaus also recommends the Namys update their will, which they established shortly after their two children were born in the 1970s.

Knaus checked via a software program where the couple stands when they begin to collect Social Security at age 62, George's pension from a previous employer at age 65 and money out of their investments.

"Based on the computer's projections, you've got in my opinion adequate cash flow to provide a cash stream for the rest of your lives," Knaus said.

That is assuming the Namys' portfolio provides a relatively conservative 7 percent annual rate of return. Right now they're getting about 6 percent, "If I'm lucky," George Namy noted.

To achieve this goal, the couple should have an equal mix of stocks and fixed-income investments in their portfolio, said Knaus' associate, Michael Krencicki, who also is a certified financial planner with LaBrecque, Jackson, Price & Roehl LLC in Troy.

Keeping some money in equities will increase the portfolio's return. Krencicki believes they need some growth through stocks to ensure that inflation and rising health care costs don't eat up their cash.

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The subjects

George Namy, 61
Occupation: Semi-retired
Susan Namy, 61
Occupation: Library assistant
Their objective: To balance their investments, maintain a steady income during retirement and ensure the financial stability of a surviving spouse over the long term.

The expert

Jim Knaus
A certified financial planner practitioner with LaBrecque, Jackson, Price & Roehl LLC in Troy. Knaus also is an instructor and faculty chairman for the personal financial planning program at Oakland University. He is a former member of the Certified Financial Planners Board of Governors.
His advice: The Namys must sell off their sizable investments in high-risk yet underperforming equities. They also should update their will, consider a trust and establish savings for future generations.

PLASTICS

Card firms unleash new deals on AmEx

■ Card firm speeds up offers of credit, though it is accepted in 10% fewer places.

By Ron Lieber
The Wall Street Journal

This year, almost everyone with even a shred of creditworthiness will be getting a pitch for a new type of American Express card.

For the first time in the U.S., major credit-card issuers other than AmEx are rolling out AmEx cards. Credit-card giant MBNA is already offering them. Just last month, Citigroup's Citibank announced it was getting into the game, too.

As if American consumers didn't already have enough bank cards — the average household has at least five — the new offerings are likely to trigger a broad new battle for a place in your wallet. The chief weapon will be loading up the new cards with perks and features in an effort to get people to defect from MasterCard and Visa.

Banks like the idea of issuing AmEx cards because an American Express generally pays them more than a Visa or MasterCard. But for consumers, AmEx has its limitations: It's not as widely accepted by merchants.

That fact was hammered home recently, when Walgreens — the nation's biggest drug store chain — announced it wouldn't accept American Express cards anymore. AmEx hits retailers with higher average service fees than MasterCard and Visa, and Walgreens says it decided the premium wasn't worth it.

The Walgreens move comes just as AmEx and its new partners are starting to push the new types of cards. Citibank's AmEx solicitations will begin sometime next year. MBNA earlier this year began offering American Express cards in addition to its Visa and MasterCard plastic.

But is it actually worth getting one of the new cards? They do have some advantages. But the recent episode with Walgreens makes it that much tougher for diehard MasterCard and Visa users to justify switching. The Walgreens move hits American Express squarely in its most vulnerable spot: the perception that there are still too many places in the world that don't accept its card. That sense still lingers years after Visa started running its well-known TV ads featuring merchants that "don't take American Express."

Many people, of course, want to use their primary card at every business that takes plastic. According to the Nilson Report, a newsletter that tracks the payments business, there are about 5.5 million places in the U.S. that accept Visa and MasterCard, while just 3.8 million take AmEx.

American Express hates these numbers. It trots out its own market research, which shows that people who use an AmEx as their primary card manage to put more than 90 percent of their monthly credit-card spending on an AmEx card, with the rest going on a backup card.

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SUCCESS COACH

Prioritize goals, set timeline, track progress

■ Key to completion is keeping staff and co-workers focused on the assignment.

By Michael Crom
Gannett News Service

How are you doing with those New Year's resolutions for the job? Hit a few dead-ends already? Remember that the key is setting goals and keeping yourself — and your staff or co-workers — focused on achieving them. Here are a few ideas to consider.

1 Prioritize your goals: The first step is to brainstorm in order to generate a list of all you hope to accomplish. This can be done as a group with your team and those people who give you the projects. Then place all the ideas into categories — urgent, important and unnecessary. Now you can develop a numbered list of specific things that need to be done.

2 Establish a production schedule with intermediate goals: Now that you have a list of what needs to be done, make an actual schedule so you can put dates to all the ideas. Urgent goals need to be dealt with soon, so setting time frames for these tasks is important. By setting intermediate steps to your larger goals, you can see if the process is progressing smoothly and how production might need to be altered to meet deadlines. These intermediate goals also enable you to evaluate your team's performance and determine which tactics are effective.

3 Communicate the goal system and objectives to your team: Be certain that each member understands the importance of the goals and timelines for achieving them. Get input from the team on how to best meet the goals. Finally, assign team members to work on specific aspects of the larger goals, letting them know what they are responsible for.

4 Set goals that have distinct and measurable results: This will ensure that they are being met in a complete and timely manner. Also chart results over time and reward the team accordingly. Rewards let employees know that you acknowledge their contributions and value what they bring to the productivity of your team.

Michael Crom is executive vice president of Dale Carnegie Training. For advice on work issues, visit www.dalecarnegie.com or e-mail carnegiecoach@alecarnegie.com.

AT WORK

Avoid ‘traps’ to gain the free time you need

Saying yes too much, e-mailing friends, Web surfing and not delegating waste needed work time.

By Andrea Kay
Gannett News Service

How did you like that little holiday break you just had from phones, paperwork, e-mail and meetings? Well, you don't have to go back to the way it was, with you overwhelmed and trapped by the barrage of things to do and so little time to do them.

But you have to be willing to change your ways. You will need to make time matter and stop wasting it by trying to manage it. That's the only way you can have what author Todd Duncan describes as true success — where you have more time to spend on things in your life that you value outside your job.

It starts by learning the art of task management and understanding the problems that keep you from making time matter more often. Duncan calls them time traps.

While the principles from his book "Time Traps: Proven Strategies for Swamped Salespeople" are aimed at folks who make their living in sales, they apply no matter what your profession.

Take for instance, the "yes trap," rooted in an inability to say no.

I have noticed this growing phenomenon in dealing with everyone from waiters in restaurants to computer programmers, all of whom say dozens of times a day, "No problem" to someone's request.

"We have become a laboring nation of yes-men and yes-women for whom no task is too much to ask and every task is commenced with a 'Consider it done, ma'am' attitude," he says.

Besides the obvious solution of saying no more often than yes, Duncan suggests you gain control of "necessary tasks," a major time killer without boundaries. These are tasks that potentially move your business forward and are good uses of your time but for strategic direction only. They include planning, evaluation, paperwork and communication.

You also need to place boundaries on the time you invest in "unnecessary tasks," eliminating the most common ones that clutter your days. These are activities that prohibit your business from moving forward and waste time, such as e-mailing friends, answering unexpected phone calls, instant messaging, chatting with coworkers and Web surfing.

Instead, don't give your cell phone number, home phone or personal e-mail address to customers. Don't give your work number and e-mail address to friends; if they have the information already, ask them to e-mail and call you on a personal line. Turn off instant message and e-mail alerts, don't answer the phone unless you are expecting a call and avoid checking personal e-mail during work.

Doing this gives you more time to do "productive tasks," which are the best use of your time and reflect the discoveries you make completing necessary tasks.

Another trap is the "control trap," which stifles and suffocates your potential. You probably fall into it if you believe, "If I want it done right, I have to do it myself," or "No one will work harder for me than I will."

Duncan suggests you utilize the help your company provides, hire a part-time assistant, build a team and delegate tasks in increments.

Success works hand in hand with time, appreciating the value of your time, he says. But the first step is to know what you want from your time. Only then will your endeavor to make the most of it be worth striving for.

Resumania

EXPERIENCE: *"Explosives mixer."*
He must have a dynamite personality.

EXPERIENCE: *"With dedication, experience is not necessary."*
Sorry, but we tend to disagree. While employers take many factors into consideration when evaluating resumes, one of the most important is experience. It's imperative a job seeker concisely — though thoroughly — conveys his or her skills and background throughout the hiring process: in the cover letter, resume and interview. Failing to do so can take an otherwise qualified candidate out of the running.

ACCREDITATIONS: *"Listed in superlatives section of yearbook as Most Quiet."*
The strong, silent type.

EDUCATION: *"As soon as I passed out from the university, I joined a garment factory as a junior executive."*
Evidently it was a tough curriculum.
Another resume writer provided a long list of "Licenses and Certificates." At the end of it he wrote, "All licenses and certificates have expired." That example is not unlike the job seeker who included six references on his resume, four of whom, according to him, were deceased.

COVER LETTER: *"I am out of work and need an interview. I will not accept less than $50,000 a year, and need dental, vision, general medical insurance, and four weeks of vacation a year. No contracts under six months will be considered."*
It's good to know what you want, but making demands on an employer before you've even been called in for an interview is a good way to see that you don't receive a callback.

MAJOR ACCOMPLISHMENTS: *"I helped the company increase business due to my friendliness to the customer."*
Think of what you might have accomplished if you'd been friendly to two customers.

EXPERIENCE: *"My father is a computer programmer, so I have 18 years of computer experience."*
How about giving us your dad's number?

Keep the Resumania coming. Examples can be sent to Resumania, c/o Robert Half International Inc., 2884 Sand Hill Road, Suite 200, Menlo Park, Calif., or faxed to 650-234-6998.

AMEX

Continued from Page 1B

MBNA says that before it decided to give AmEx a try, it cross-checked the AmEx figure with some of its own customers' charging patterns. "We found that overwhelmingly, where (MBNA customers were) spending money matches up with where AmEx has coverage," Bruce Hammonds, MBNA's chief executive, said in an interview last month. The new AmEx options are emerging thanks to federal court rulings that forbid Visa and MasterCard from banning their bank partners from working with American Express as well.

The Walgreens move actually makes it something of anomaly. There are few big merchants left that take Visa and MasterCard but don't accept AmEx. USAA, the insurer, is one. Safeway had turned AmEx cardholders away for years, but it started accepting the card recently.

Still, American Express's lack of ubiquity poses a challenge for the company and its partners. Since there's no shortage of credit cards available, why should customers bother with one that can't be used for 10 percent of overall card spending, or in 30 percent of all stores that take plastic?

The upshot for consumers: Switching doesn't make much sense if you're among the two-thirds or so of Americans who regularly or sometimes carry a balance on a credit card. In that case, you'll probably be better off with a Visa or MasterCard. Banks that issue cards through those two networks tend to offer the best balance-transfer deals and interest rates.

But if you pay your bill off every month and use credit cards to rack up rewards, then American Express cards are much more competitive. The Membership Rewards points it offers on its own cards and the Starwood Preferred Guest points it offers on its co-branded card with the hotel company are popular with customers who chase the freebies.

The new cards also offer value to big spenders who seek free travel. The MBNA Rewards Platinum American Express card offers 1.5 reward points for every dollar spent. Until the beginning of 2006, MBNA is throwing in an extra point for dining and travel purchases. For 25,000 points, cardholders get a free flight in the lower 48 states. The card comes with a number of other features, including free admission to hundreds of airport lounges, and the $195 annual fee is waived the first year.

Citibank already has one mega-hit with its MasterCard that earns American Airlines frequent-flier miles. A spokeswoman declined to comment on its plans for the 2005 launch of its American Express card.

But in recent years the card industry has shown considerable capacity for ingenuity. Citibank itself introduced the PremierPass card this year, which dials up the point-earning possibilities for frequent travelers who want more flexibility when cashing in their points.

As a result of all these changes, 2005 might be the wrong year to ignore the pile of credit-card pitches that land in your mailbox.

MONEY

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Fixed-income investments such as bond funds or money market accounts and certificates of deposit will reduce their overall risk and give them some income growth.

George Namy admits much of what is in their current portfolio was inherited. They have held onto many of the stocks for sentimental reasons. He also wasn't aware of some older holdings, which they discovered while organizing their finances recently.

"It is time to step back and take an objective view," Knaus said.

Right now, the couple has what Knaus and Krencicki describe as "an extreme portfolio." On one side, they are heavily invested in aggressive stock funds. For example, the Namys have a huge amount invested in telecommunications companies, overloading their portfolio into one area.

On the other hand, they have too much money sitting in their bank's savings account, earning less than 1 percent in interest.

"I've got to even all that out. It's a mess," George Namy said.

Krencicki recommended the Namys keep no more than one year's worth of expenses in cash. He said that is adequate because of the couple's positive cash flow – George receives disability payments and Susan is still working at a local library.

The Namys should consider a mix of 50 percent stocks and 50 percent fixed-income investments. If they feel particularly aggressive, they can increase the percentage invested in stocks to 60 percent, Krencicki said.

To diversify beyond their current stable of large cap funds, Krencicki said they should put money into a variety of funds, including small cap companies, real estate, international and short-term bonds.

Small caps refer to companies with a relatively small market capitalization, between $300 million to $2 billion. Having money in small cap funds gives an investor exposure to up-and-coming businesses, Krencicki said.

As for having enough money for Susan Namy, Knaus said that shouldn't be an issue for the couple. Many of Knaus' clients worry about outliving their investments, he said. But the Namys are in the rare position of having enough money to survive. Now, they need to stand back, recognize what they have and create a plan that helps them keep it that way.

"I've got to even all that (finances) out. It's a mess."
GEORGE NAMY

Get a free financial checkup

The Detroit News is looking for readers interested in a free money makeover. Participants receive a consultation with a certified financial planner and agree to let The News publish financial information and photographs. If you wish to be considered, send your name, address and daytime phone number to MoneyMakeover@detnews.com or Money Makeover, The Detroit News, 615 W. Lafayette Blvd., Detroit, MI 48226. Please include a brief summary of your money questions and goals.

The Namys say they made tough financial decisions when George went on disability about 14 years ago. As a result, they look for ways to pinch their pennies whenever possible. They go on regular vacations, but mostly to visit relatives so they save on the hotel bill. George considers comparison shopping his hobby, so he looks for good deals on everything from cars to water heaters.

"We are disciplined," Susan Namy said.

Before Susan leaves the workforce, the Namys should use some of that discipline to sock away a few more dollars, Knaus said. She is eligible to enroll in her employer's 457 (b) plan, which is similar to a 401(k) plan.

Susan should put away as much money as she is allowed, Knaus recommended. This way, not only will the couple enjoy the money in retirement, but they also will reduce their annual tax bill while the money is growing. The money Susan contributes to her plan account comes out of her pay before income taxes are calculated. This kind of move should keep the Namys in a 15 percent tax bracket, which minimizes how much they must pay in taxes each year.

Finally, the Namys need to keep an eye on their estate plan. Their will is woefully out of date, so that needs to be brought into the new century. They also need to establish a power of attorney for their finances and health care. A power of attorney is a document in which you give someone the legal authority to act for you. This way, the Namys will have the authority to make decisions for each other in case of an emergency.

If all goes according to plan, the Namys will leave money for their children and grandchildren, Knaus said.

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