TIPS FOR HIRING AN ATTORNEY

Most people go to a lawyer for help in circumstances that are worrisome (e.g., a divorce). It can be a challenge to be careful and logical in such a situation. However, if care is not taken, the trouble that triggered the visit to the lawyer’s office in the first place can be compounded.

Establishing a good working business relationship with your lawyer will improve the chance of receiving quality service and allow you to maintain full control of your legal affairs. The first step in hiring an attorney is to develop a list of candidates. Ask for recommendations from business associates, relatives, friends, professionals, and other advisors. Specific information about the kinds of problems a lawyer has expertise in handling and why the person is making the referral is needed. This will help you to evaluate the recommendation in light of your specific problem.

There are several sources of information to assist you in hiring the right lawyer. You can secure a list of attorneys from law schools and private legal clinics in addition to private organizations, government agencies, local bar associations, and legal aid societies. The yellow pages and various directories that can be found in law and public libraries are also sources of prospects. One such directory, the Martindale-Hubbell Law Directory, is a well-known “Who’s Who” of lawyers with brief biographical information provided by the lawyers themselves. This directory also includes specialty categories for attorneys and the qualifications for declaring a specialty.

Once you have put together a manageable list of candidates, you should telephone each one and have a well-organized list of questions ready in order to save time. During this first phone call, identify yourself and explain your case briefly. At this time you want to find out if the lawyer has handled cases of the same nature and request references of clients with similar cases. Ask how many years the attorney has been in practice, the fee structure, and in particular telephone call policies (e.g. rounding up time to 15 minutes when only talking for 10 minutes). Also, ask if there is a cost for an initial consultation. Don’t be surprised if there is.

If you feel you might want to work with an attorney based on your brief telephone conversation, you should try to schedule an in-person interview. In this meeting you will want to determine whether the lawyer is experienced and able and willing to take on your case. Also be sure to ask about the services that will be performed for you and how much it will cost. Most importantly, determine whether you will be comfortable working with a particular attorney.

Prepare for your interview by writing a short summary of the case, including pertinent dates and major facts. Your lawyer will need this information anyway and you will save some time and money if it is prepared for the first meeting.

Develop a list of questions to ask lawyers you interview and take notes of their

Continued on page 6.
Money Quiz Tests Investment Knowledge

Want to test your money smarts? Try this investment quiz developed by the U.S. Securities and Exchange Commission:

1. If you buy a company’s stock,
   a. you own a part of the company.
   b. you have lent money to the company.
   c. you are liable for the company’s debts.

2. If you buy a company’s bond,
   a. you own a part of the company.
   b. you have lent money to the company.
   c. you are liable for the company’s debts.

3. Over the past 70 years the type of investment that has earned the highest rate of return for investors has been:
   a. stocks.
   b. corporate bonds.
   c. savings accounts.

4. If you buy the stock of a new company,
   a. you cannot lose money.
   b. you can lose all the money you used to buy the stock.
   c. you can lose only a portion of the money you invested.

5. Monique owns a wide variety of stocks, bonds, and mutual funds to lessen her risk of losing money. This is called
   a. saving.
   b. compounding.
   c. diversifying.

6. Carlos has saved some cash and faces these choices. What would be the best thing for him to do?
   a. put it in his savings account.
   b. invest in a mutual fund.
   c. pay off the balance on his credit card that charges 18%.

7. Maria wants to have $100,000 in 20 years. The sooner she starts to save, the less she’ll need to save because
   a. the stock market will go up.
   b. interest rates will go up.
   c. interest on her savings will start compounding.

8. Jennifer wants to take some of her savings and invest in a mutual fund because mutual funds are
   a. guaranteed to earn more than savings accounts.
   b. risk free.
   c. managed by experts at picking investments.

9. Bob is 22 years old and wants to start saving now for his retirement in 43 years. Of these choices, where should Bob put most of his money now for this long-term goal?
   a. a savings account at the bank.
   b. the stock of one company.
   c. a mutual fund that invests in stocks.

10. Federal and state laws protect investors by requiring companies to
    a. show profits before they can sell stock.
    b. give investors important information.
    c. pay dividends.

(Continued on page 6.)
Mutual Funds: When to Hold and When to Fold

The need to eventually sell a mutual fund should be kept in mind from the time you purchase a new fund. It is a good idea to select mutual funds for specific goals and at least have a general idea of how long you’ll want to remain invested. Generally, the main reason for considering a sale is that a fund is not living up to your expectations.

Everyone should be prepared to get rid of investments that are not doing what they were purchased to do. When making this decision, an investor should re-evaluate the same factors they considered when buying. Fund prospectuses, the legal selling document, and analyses in mutual fund guidebooks (e.g., Morningstar) should be reviewed at least once a year to keep abreast of changing fundamentals.

The reasons for becoming dissatisfied with a mutual fund and considering a sale fall into several categories:

1) Performance: For most investors this should be the single most important consideration. For example, if a value-oriented large company stock fund has lagged other large cap value funds for perhaps two years, it might be time to switch. Investors should also check to see how the fund has performed relative to an appropriate benchmark or index. You can compare a large company growth and income fund against the S & P 500, a small company fund with the Russell 2000 index, and an international stock fund with the Europe, Australia, Far East (EAFE) index.

2) Expenses, portfolio turnover, and size: These are not the primary criteria to use for unloading a fund, but they should be monitored. An expense ratio that is climbing noticeably should be a cause for concern, since expenses pull down performance. A change in portfolio turnover rate (a measure of how frequently a fund buys and sells securities) could reflect a change in management style. The size of a fund can be important because it could hurt performance—e.g., a small company growth fund that has become so big (taken in large amounts of cash) that its character has changed (no longer able to buy small stocks) might be a candidate for selling.

3) Management: A change in managers may or may not be a red flag. Investors need to find out the reason for the move and the background and qualifications of the person taking over. If the reason for buying the fund in the first place was the reputation of the manager, and that manager has now been hired by another fund company or perhaps started a new fund, consider moving with the manager.

You may be better off not selling in many situations. Here are some “don’ts” to take into consideration. Don’t sell too soon. Just because a fund has performed so well for so long does not mean it is going to have to do badly in the future. There are usually a select group of funds that perform extremely well over long time periods.

Catch-Up Retirement Planning of Interest to Aging Baby Boomers

With 77 million baby boomers (people currently age 35 to 53) retiring within the next few decades, there is tremendous interest in topics related to retirement planning. Among the questions being asked is “what can I do to make up for years that I should have saved, but didn’t?”

Unfortunately, compound interest is not retroactive. In other words, you can’t earn interest on money you haven’t saved. All hope is not lost, however. In fact, baby boomers have many factors working in their favor. Many boomers are entering their peak earning years and are spending less as children leave home. In addition, they still have a long investment time horizon of perhaps 30 to 50 years and can afford to place a significant percentage of their portfolio in “ownership” assets such as individual stocks and growth mutual funds.

Furthermore, steady stock market gains are predicted for at least another decade. Also, Boomers with highly marketable job skills may be able to work for as long as they like or start their own business following retirement. Many jobs today require brains, not brawn, so physical strength will be less of a concern to older workers in the future than it was in the past.

Basically, there are two ways to catch up financially:

1. Take action to increase retirement savings, and
2. Take action (e.g., lifestyle changes) that will decrease the amount of retirement savings required to invest.

Several planning strategies can also be combined (e.g., increasing retirement plan contributions and moving to a smaller home in a less expensive area of the country).

Suggested strategies to increase retirement savings include:

- Enrolling in or increasing current contributions to tax-deferred employer savings (e.g., 401k plan).
- Slashing household expenses to free up money to invest.

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Resources Available to Help Investors

Looking for resources to assist you with investing and retirement planning decisions? A number of state and federal government agencies and non-profit organizations have materials to share:

❖ The Securities and Exchange Commission is actively involved in educating consumers about investing. Their Web site for consumers, <www.sec.gov/invkhome.htm>, includes helpful tools like a mutual fund cost calculator and links to print out or download various publications.

❖ Another helpful financial planning resource is the “Ballpark Estimate” retirement savings calculator, found on the Web site of the Washington DC-based American Savings Education Council <www.asec.org>. This single-page, six question worksheet provides a rough estimate of the amount you’ll need to save to replace 70% of preretirement income. The “Ballpark Estimate” isn’t as detailed as most planning tools, but neither is it as intimidating. It is designed to provide a rough estimate of the amount required to save each year until retirement age.

❖ A new feature of the ASEC Web site, mentioned above, is the “Retirement Personality Profile” quiz. Here, Internet users can answer about a dozen questions and find out whether they are “planners,” “savers,” “strugglers,” “impulsives,” and “deniers.” Only about 35% of Americans plan ahead, while 15% spend and make decisions impulsively, and 13% are in denial about their finances (e.g., the need to save money) according to ASEC.

❖ Another helpful tool is an 11-question “Retirement Readiness Rating Survey” (R3) that provides an indication of how well you’ve prepared to date. R3 was developed by the Employee Benefit Research Institute. To obtain a copy send a self-addressed, stamped envelope to Rutgers Cooperative Extension, 3 High Street, Newton, NJ 07860.

❖ A new feature of the ASEC Web site, mentioned above, is the “Retirement Personality Profile” quiz. Here, Internet users can answer about a dozen questions and find out whether they are “planners,” “savers,” “strugglers,” “impulsives,” and “deniers.” Only about 35% of Americans plan ahead, while 15% spend and make decisions impulsively, and 13% are in denial about their finances (e.g., the need to save money) according to ASEC.

❖ The New Jersey Bureau of Securities (973-504-3600) can be contacted to check if people are registered to sell securities or if certain investments are approved for sale. They also maintain a computerized data base, called the CRD, that contains the disciplinary history of persons who have violated securities regulations or been involved in committing fraud.

❖ Finally, another resource for consumers is Rutgers Cooperative Extension. The MONEY 2000™ program encourages consumers to set a personal savings and/or debt reduction goal and take action to achieve it. The program is free of charge and continues until December 31, 2000. The MONEY 2000™ Web site is another valuable resource, <www.cee.rutgers.edu/programs/money2000/ >.

Included are copies of personal finance fact sheets, an online “Ask the CFPs” page, and a credit file request form. For information about MONEY 2000™ and other Rutgers Cooperative Extension programs, contact your county Cooperative Extension office, listed in the local phone directory.

BMO

Catch-Up Retirement Planning of Interest to Aging Baby Boomers

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❖ Moonlighting for additional income and to test out post-retirement employment options (e.g., small business),
❖ Investing aggressively (more stock) before and after retirement, and
❖ Investing in industries (e.g., health care) predicted to benefit from future demographic trends.

Following are strategies to reduce the amount of money needed for retirement:
❖ Trade down to a smaller home and invest the difference,
❖ Move to a less expensive geographic region to reduce expenses,
❖ Delay retirement to increase savings and postpone withdrawals,
❖ Work after retirement (for extra income and a daily routine),
❖ Make the most of an inheritance, and
❖ Make retirement income withdrawals from taxable accounts first.

Remember, a positive attitude is a key factor in investment success. “Late-blooming” 45 and 50 year olds can still save significant sums by the time they retire. Today is the first day of your financial life. Make the most of it!

BMO

Mutual Funds: When to Hold and When to Fold

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Don’t sell just after a big drop, as in October 1987. This is panic-selling, and many who sold at that time regretted it particularly as they watched the relatively speedy recovery of the market. The people who made money in 1987 were the ones who couldn’t get through to their brokers!

Think twice about selling a fund on which you have a large unrealized gain. Selling can cause you to have an unnecessary tax liability if the fund is in a taxable account rather than a tax-deferred one. Your pretax profit is reduced by the amount of any taxes due on realized gains.

The sell decision is often harder to make than the initial decision to buy. That is why you need a well thought out investment plan that you can stick with. This way, you are less likely to be influenced by short-term volatility in the market.

PQB
Common Sense Y2K Strategies

Only a month remains until the year 2000 (Y2K) and the long-predicted “Y2K bug” which is predicted to affect an unknown number of computers worldwide. The Y2K problem started decades ago when computer programmers represented years by their last two digits (e.g., “75” for 1975). When the digits roll over to “00,” a computer may not know if those digits mean 1900 or 2000.

Since we’re getting closer to Y2K every day, consumer interest in Y2K preparations has been increasing. Basically, people can have four possible reactions to Y2K: 1. “Y2 what?” (denial or cluelessness), 2. Skepticism, 3. “It’s a problem but we can prepare for it,” and 4. “The sky is falling” (panic).

Obviously, reaction #3 is the most reasonable and least stressful, both for individuals and society as a whole.

Most businesses and government agencies have been working long and hard to become “Y2K compliant,” including extensive testing of computers with their internal clocks rolled past January 1, 2000. On the other hand, “you never know.” Below are some prudent and reasonable Y2K preparation strategies that have been recommended by financial and emergency preparedness experts:

- Educate yourself about Y2K. For example, find out what your financial institution is doing to become Y2K compliant. If you have questions, speak to a representative who knows about the institution’s Y2K compliance program or check their Web site.
- Keep good records of financial transactions, especially for the last few months of 1999 and until you get several statements in 2000. As always, balance your checkbook regularly.
- Keep enough money (small bills) or traveler’s checks readily available to cover a few weeks’ cash expenses (e.g., food, gas, meals, etc) and payments to stores who have temporary trouble accepting credit cards. Be smart about where you keep it, however. Federal Reserve Chair Alan Greenspan recently spoke about the potential for robberies spawned by people keeping too much cash lying around.
- While on the subject of crime, be skeptical if someone asks for your account information or tries to sell you a product, service, or investment that is “Guaranteed Y2K Safe.” Always protect personal information, including bank account, credit card, and Social Security numbers, and beware of Y2K frauds.
- As you would in preparation for a major storm, store a few weeks’ worth of food supplies (e.g., canned and dry goods) that can be prepared if you lose power. Also purchase bottled water and an ample supply of prescription and non-prescription medications (e.g., cold remedies) that you regularly use.
- Keep your fuel tank and automobile gas tank above half full at year-end and have plenty of flashlights and extra batteries.
- Plan alternative cooking devices (e.g., an outdoor grill) if power fails. Never use open flames or grills indoors, however.
- If a generator is your “Plan B,” be sure to keep it outdoors or in a garage with the door open. Never put a generator in a basement or anywhere inside a home. Asphyxiation can result. Clearly, consumers cannot ignore Y2K because there are potential problems that could occur. On the other hand, panic and over-reaction (e.g., withdrawing lots of money) could create a self-fulfilling prophecy. Two good sources of additional Y2K information are the Web sites www.Y2K.gov and www.pa2k.org.

Tips for Reducing Home Heating Costs

As winter approaches, it is a good time to consider ways to reduce home heating costs. Below are some suggestions from Rutgers Cooperative Extension housing and energy specialist, Dr. Joseph Ponessa:

- Install at least 6 inches of fiberglass batt insulation or its equivalent (R19). Equally important - and easy to do - is insulation and weatherstripping of doors and other openings leading to the attic.
- Caulk and/or weatherstrip all doors, windows, and structural joints. Large amounts of cold air also enter through openings such as electrical boxes on outside walls. Air flow can be stopped with inexpensive cover plates. Exhaust fans should be covered when not in use.
- If you don’t have storm windows, a sheet of plastic film, tightly applied to the window frame, will be almost as effective, saving about $12 per year for an average-sized window. Many home supply stores also sell inexpensive kits that include clear plastic to cover windows.
- One of the most important energy saving purchases is an annual tuneup of your oil burner. Make sure this includes cleaning of the heat exchange surfaces. Filters should be changed regularly in hot air furnaces.
Helpful Web Sites For Investment Decisions

Many people are using the Internet to make investment decisions. Below are a dozen Web sites that provide helpful information:

1. Big Charts
   www.bigcharts.com
   Contains information about individual stocks and stock indices (e.g., Dow Jones Industrial Average).

2. CBS Marketwatch
   www.cbs.marketwatch.com
   Includes the latest financial news and other investment data (e.g., market indices).

3. Convertible Bonds Web Site
   www.convertbond.com
   Contains information about convertible bonds and an online database of available convertible bond investments.

4. Good Money (Socially Responsible Investing)
   www.goodmoney.com
   Contains information about “socially responsible mutual funds” and the companies that are found within them.

5. Investment FAQ (Frequently Asked Questions) Web Site
   www.invest-faq.com
   Contains information about investment-related topics.

6. Investment Company Institute
   www.ici.org
   Contains information about mutual funds and the fund industry in general.

7. Morningstar (Mutual Fund Research Firm)
   www.morningstar.com
   Contains information about the mutual fund industry and market news, as well as quotes for individual mutual funds.

8. Motley Fool
   www.fool.com
   Like its namesake, the site purports to tell the truth about investing...in a humorous way.

9. Mutual Fund Education Alliance
   www.mfea.com
   Provides information on mutual fund topics, a “meet the manager” page, and fund performance data.

10. Mutual Funds Interactive
    www.brill.com
    Contains information about mutual funds and fund manager profiles.

11. National Association of Real Estate Investment Trusts
    www.nareit.com
    Contains information about real estate investment trusts (REITs), which trade like stock on major exchanges.

12. The Street.Com
    www.thestreet.com
    Contains news and analysis of current events in financial markets and features on a variety of topics.

Tips for Hiring an Attorney

Continued from page 1.

answers, so you will have a basis for comparison when making your final choice. It is also critical to discuss fee arrangements in your interview, because misunderstandings most often occur between attorneys and clients over expectations about services and fees that weren’t clearly specified at the outset.

When all of the initial consultations are completed, balance each lawyer’s strengths and weaknesses, giving more weight to the criteria that are most important to you. Once you have made your selection, call and make an appointment for a more in-depth discussion concerning employment and fee arrangements.

Tips for Reducing Home Heating Costs

Continued from page 5.

- Automatic setback thermostats can also provide substantial savings (or the thermostat can be turned down at night).

- If you have a hot water heater, an inexpensive insulation jacket will save from $25 to $40 per year. Be sure to follow installation instructions carefully.

- Make sure that gaskets on doors fit tightly all around. If not, a hinge adjustment or a new gasket may be in order.

Tips for Money Quiz Tests

Continued from page 2.

The ANSWERS can be found on the Web site <www.sec.gov/consumer/jforstud.htm> and are as follows:

1. A 6. C
2. B 7. C
3. A 8. C

Money 2000 News