



# THE MOTLEY FOOL®

To Educate, Amuse & Enrich

## Fool's School

### Retirement Killers

These mistakes can derail your retirement:

- Cracking your nest egg before retirement. Some 45 percent of workers cash in their 401(k) plans when they switch jobs. It's better to transfer that money to an IRA, where it can continue growing in a tax-advantaged environment.
- Not saving enough. Aim for at least 10 to 15 percent of your salary, or you may not be able to retire later.
- Having no clue about how much to accumulate. Online calculators at [www.choosetosave.org/calculators](http://www.choosetosave.org/calculators) and [www.ssa.gov/retire2](http://www.ssa.gov/retire2) can help.
- Spending your retirement savings too fast. The rule of thumb is that you can withdraw about 4 percent of your savings each year and be almost certain that you won't outlive your money. That withdrawal rate would have sustained a mix of stocks and bonds over most 30-year periods.
- Ignoring asset allocation. Unless you're a master stock-picker, invest the bulk of your assets in a broadly diversified, regular-

ly rebalanced portfolio of stocks and bonds.

- Letting Uncle Sam eat your retirement. Make smart decisions about what you hold in your tax-advantaged accounts, such as IRAs. Remember that capital gains on stocks are taxed up to 15 percent, while corporate bond interest is taxed as ordinary income (up to 35 percent).
  - Paying too much for advice. That can enhance your broker's retirement more than yours. Paying just 1 percent per year on a \$100,000 portfolio over 20 years could result in your forking over more than that amount in fees. Make sure the advice you're getting is paying for itself and more.
  - Retiring prematurely. If you're in your 60s, you may have two or three decades ahead of you. Now is the time, before you retire, to explore part-time or project work that you might want to take on in retirement.
- Learn more at [www.fool.com/retirement.htm](http://www.fool.com/retirement.htm) and <http://money.cnn.com/retirement>. And take advantage of a free trial of our Rule Your Retirement newsletter at [www.ruleyourretirement.com](http://www.ruleyourretirement.com). It offers great advice, along with stock and fund recommendations. ■

## My Dumbest Investment

### In Business, But Still Not Public

About 10 years ago, I invested \$10,000 in a software company. I was told by the salesman that the stock was not listed on any market but would be going public in one or two years. Supposedly, I could sell it at that time and more than likely make a profit. Well, the company is still in business, but it's still not public. I can't sell this stock or write it off on our taxes. All I think about is the interest that \$10,000 would have earned in 10 years.

— Ron W., Holiday, Fla.

**The Fool Responds:** You're right — even if you averaged a measly 1 percent annual interest rate, you would have made more than a thousand dollars! It's risky to invest in companies that are not yet public, because even though they may plan to have an IPO (initial public offering) in the near future, it might get postponed for a long time. Few companies, for example, want to issue their initial shares in a shaky or falling market. Beware of new IPOs, too, as they can be volatile and risky. ■



Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to *The Motley Fool* c/o *My Dumbest Investment*. Got one that worked? Submit to *My Smartest Investment*. If we print yours, you'll win a Fool's cap!

## Last week's trivia answer

Incorporated in 1977, I've been through tough times and good times. Customers tend to fall in love with my products. At my core is innovation and good design. Peel off my plastic outer layers and you'll find portable digital music players, downloadable music, cell phones, personal computers, laptops and more. My operating system marks the spot. "i" have sold tens of millions of my key products. I've sold more than 5 billion songs online. My annual revenues top \$24 billion. My name stems from my co-founder's time on a farm in the Northwest. Who am I? ■

(Answer: Apple)



Write to Us! Send questions for *Ask the Fool*, *Dumbest (or Smartest) Investments* (up to 100 words), and your *Trivia* entries to [Fool@fool.com](mailto:Fool@fool.com) or via regular mail c/o this newspaper, attn: *The Motley Fool*. Sorry, we can't provide individual financial advice.

## What Is This Thing Called The Motley Fool?

Remember Shakespeare?  
Remember "As You Like It"?  
In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen.  
The *Motley Fool* tells the truth about investing, and hopes you'll laugh all the way to the bank.

## Ask the Fool

### Meet the New Frontier

What are "frontier" funds?  
— J.V., Sacramento, Calif.

They're mutual funds focused on investing in certain parts of the world. You've probably heard of "emerging markets." Well, emerging markets funds these days are typically heavily invested in companies in Brazil, Russia, India and China (sometimes referred to as "BRIC" countries). Those are rapidly growing economies, unlike the slower and steadier economies of the more developed world (think Japan, Europe and the U.S.)

For those who'd like their portfolios exposed to countries that are not quite as developed as the BRIC ones, enter the newfangled frontier funds. They're invested in smaller, often riskier economies, such as Qatar, Lebanon, Poland, Peru, Kazakhstan and Namibia.

Be careful with these funds — they tend to charge relatively high fees, and they're likely to be rather volatile. Many of the nations they're invested in aren't too stable, after all.

How much personal liability insurance do I need?

— D.E., Columbus, Ind.

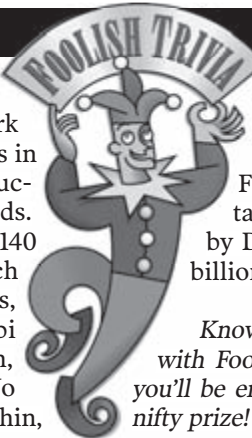
To answer that question, ask yourself how much you have to lose if you're sued. Add up the value of your home, your belongings and your financial assets. Tack on some more for the cost of legal defense. (In some cases, your insurance company might provide a lawyer.) You want to be sure that a lawsuit won't wipe you out or cause severe financial strain.

If your total assets are substantial, ask your insurance company about an "umbrella" personal liability policy. They're critical for more and more of us these days. Umbrella policies generally offer much more liability coverage (\$1 million or more) at much lower premiums than individual policies such as homeowner's, renter's and automobile insurance. Learn much more at [www.fool.com/insurancecenter](http://www.fool.com/insurancecenter) and [www.iii.org](http://www.iii.org). ■

Got a question for the Fool?  
Send it in — see Write to Us.

## Name That Company

Josephine Esther Mentzer founded me in 1946 in New York City, selling her uncle's skin creams in beauty shops and beach clubs. My success was built on her high standards. I sell my products in more than 140 countries under brand names such as Aramis, Clinique, ?Prescriptives, Lab Series, Origins, M-A-C, Bobbi Brown, Tommy Hilfiger, Kiton, La Mer, Donna Karan, Aveda, Jo Malone, Bumble and bumble, Darphin,



Michael Kors, American Beauty, Flirt!, Grassroots, Sean John, Missoni, Daisy Fuentes, Tom Ford, Mustang, Coach, Ojon and Eyes by Design. I rake in nearly \$8 billion per year. Who am I? ■

Know the answer? Send it to us with *Foolish Trivia* on the top and you'll be entered into a drawing for a nifty prize!

## The Motley Fool Take

### 3M's Strengths

In today's roller coaster market, renewed attention to some of the bigger, stronger U.S.-based companies that are bringing home the bacon from around the world is warranted.

For example, look at giant 3M (NYSE: MMM), which sells products in many different areas: Post-it notes, medical wraps, optical films, dental and orthodontic products, and even roofing granules. And as CEO George Buckley told an investor group just last week, "Our core businesses are strong and getting stronger."

For investors, 3M has nearly a \$50 billion market cap while selling at a forward P/E of less than 12 times earnings. Its return on equity approaches 33 percent,

and it sports nearly a 3 percent dividend yield. Nevertheless, its shares have slid more than 20 percent in the past year.

It has recently been in an acquisition mode, picking up a manufacturer of car care products, a maker of dental implants and radiology equipment, an environmental monitoring equipment company, and a Swiss manufacturer of pharmaceutical and biotech filtration systems. Beyond that, 3M is launching a renewable energy unit that'll target wind and solar power.

If it can integrate all those products as well as it has in the past, while continuing to research and develop new products, its return on equity should stay steady. For equity investors, 3M could stand for "make more money." ■

## BUSINESS BRIEFS

### Commercial real estate

**Real Estate Services International, Inc.** announced the following transactions:

RESI, a Fort Myers based full service real estate company recently negotiated a new lease for the remaining 4,446 square feet of space at 5246 Red Cedar Drive in Fort Myers. With the merger of A.G. Edwards & Sons and Wachovia Securities, LLC complete in early 2008, Wachovia will now occupy the entire 12,000 square foot professional office building. Cindy Stratton, broker at RESI, represented the landlord.

**R.L.R. Investments, LLC** announced the following transactions:

**The Village Shops**, 2340 Periwinkle Way, Sanibel:

Friday's Child, LLC leased unit B-1, 790 square feet of retail space

Watson MacRae Gallery, Inc. leased unit B-3, 754 square feet of retail space

Sanibel Tropical Wines leased unit C-1, 478 square feet of retail space

Head To Toes by Tina leased unit G-2, 517 square feet of retail space

Tribeca Salon Hair Color Experts, LLC leased unit H-1, 762 square feet of retail space

Noise, Inc. leased unit I-2, 916 square feet of office space

**Sanibel Promenade**, 695 Tarpon Bay Road, Sanibel:

John Grey Painting, LTD CO. leased unit 5, 740 square feet of office space

Barrier Island Group for the Arts, Inc. leased unit 11, 740 square feet of office space

SanCap One Source Realty leased unit 14, 740 square feet of office space

**Tahitian Gardens**, 1975 Periwinkle Way, Sanibel: C.

Turtles leased unit 1985/1987, 1800 square feet of retail space

**Annex at Sunset Plaza**, 10801 Sunset Plaza Circle, Fort Myers:

Sunflex-Wall-Systems, LP leased unit 205, 1802 square feet of office/warehouse space

Lisa Bramm, property manager of R.L.R. Investments, LLC negotiated these transactions.

**Investment Properties Corporation** announced the following transaction:

United Communications Group, LLC leased 1,300 square feet of retail space from Shops at Hidden Lakes located at

28811 Tamiami Trail N., Unit 3, Bonita Springs. Page Eber of Investment Properties Corporation negotiated this transaction.

**Land Solutions, Inc.** announced the following transaction:

SCC Canyon II, LLC of Santa Monica, Calif. has sold 60.3 acres to Regent Properties for \$900,000. The property has I-75 frontage at Tice Street in Fort Myers. Janie Hooker of Land Solutions, Inc. was the listing broker.

**Woodyard & Associates, LLC** announced the following transactions:

Wittenborn Plastic Surgery leased 1,680 square feet of medical office space for five years from M.D. Developers, Inc.