



# THE MOTLEY FOOL®

To Educate, Amuse & Enrich

## Fool's School

### Retirement Resolutions

Want a comfy retirement? Here are some resolutions to help you achieve one:

- **Save more.** In 2008, the annual contribution limit for 401(k), 403(b) and 457 plans is now as much as \$15,500 (plus an additional \$5,000 for those 50 or older, if their employers permit that), and IRAs can now absorb \$5,000 per year (\$6,000 for those 50 or older). Increasing your annual savings by \$1,000 is just \$83 a month but can add up to \$50,000 over 20 years and \$125,000 over 30 years (assuming an 8 percent annual return).
- **Consume less.** Cut out just \$30 per month (a dollar a day) and add that money to your savings — growing at just 6 percent, it would top \$30,000 in 30 years.
- **Stop borrowing your retirement.** Your portfolio will never replace your paycheck if your assets aren't growing faster than your liabilities. Eliminating high-interest debt (such as that from credit cards) should be the No. 1 priority of your retirement plan.
- **Turn hobbies into incomes.** Is there

some activity you enjoy that can generate extra money for you now or in retirement? Earning more now (perhaps by teaching, writing or even working a few hours at Home Depot) could increase your savings and move up your retirement date. Having a part-time job in retirement also offers benefits.

- **Run the numbers.** Though many people are eager to retire, most haven't calculated how much they'll need to retire. Visit our online calculators at [www.fool.com/calcs/calculators.htm](http://www.fool.com/calcs/calculators.htm) to see where your current plan will lead.

- **Allocate your assets.** Any good retirement plan involves deciding how much you'll have in stocks, bonds, real estate and cash, and how often you'll adjust your mix. Saving money is a big first step, but where you put that money is a crucial next step. Nothing has a greater impact on your portfolio's ability to support your retirement than your asset allocation.

Learn much more about retirement issues at [www.fool.com/retirement.htm](http://www.fool.com/retirement.htm) and <http://money.cnn.com/retirement>. ■

## My Smartest Investment

### A Fan of Fans

My son is a bookkeeper for a lighting company. In 1997, he told me his company was selling Craftmade ceiling fans in such increasing volume that the fans were on back order. He said "buy." We bought some shares, and the stock then tripled in value, while product demand continued. As Peter Lynch advises, buy on inside information only when you know the real story.

— D.F., Danville, Ky.

**The Fool Responds:** We hope you sold the shares awhile ago, because over the past year, they've fallen by quite a bit — more than 50 percent. It is indeed good to gather stock recommendations from people with inside information, such as observations of strong sales. But there's more research to be done than that. You should still check to see how much debt the company carries and whether it has the cash to meet its obligations. It's also helpful to see where its money is coming from. If a company is selling 75 percent of its wares to just Home Depot and Lowe's, it's rather dependent on them. If they switch to another supplier, it can have devastating results. ■



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

Founded in 1949 and based in New Jersey, I rake in nearly \$9 billion annually, serve some 585,000 clients and am one of the world's top independent computing services firms. I enable employers to outsource their payroll, tax regulation management, benefits administration, retirement plans, online recruiting, employment screening and more. (There's a good chance I prepare your paychecks — I prepare more than 50 million W-2 forms per year.) I also help auto and truck dealers and manufacturers manage their information, among other things. I've hiked my dividend for 30 years in a row. Who am I? ■

( Answer: Automatic Data Processing )



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

### The Fed, Explained

Q What is the Federal Reserve?  
— H.Y., Tulsa, Okla.

A The Fed" is the central bank of the United States, founded by Congress in 1913. In its own words, its duty is "conducting the nation's monetary policy by influencing money and credit conditions in the economy in pursuit of full employment and stable prices; promoting the stability of the financial system; providing banking services to depository institutions and to the federal government; and ensuring that consumers receive adequate information and fair treatment in their interactions with the banking system.

In the recent credit crisis, the Fed has intervened, cutting interest rates and keeping money flowing by offering lines of credit to lenders. Learn more at [www.federalreserve.gov](http://www.federalreserve.gov).

Q To determine a company's value, should I check the relationship of current assets to current liabilities?  
— E.B., Fort Wayne, Ind.

A Dividing a company's current assets by its current liabilities gives you its "current ratio," which tells you if it has sufficient short-term assets (such as cash and expected payments) to cover its short-term obligations (such as payments and interest due). The "quick ratio," which subtracts inventories from current assets before dividing by current liabilities, is a bit more meaningful.

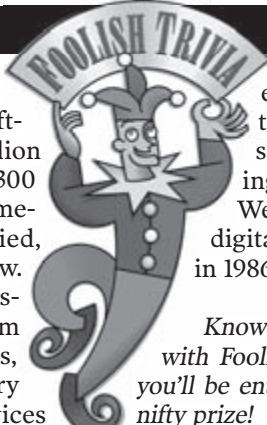
A company's debt situation is good to know, but it's just a tiny piece of its profile, telling you nothing about its profitability, long-term debt, growth rate, competitive position or valuation. Ideally, you should examine a company from many different angles, crunching a lot of numbers, such as profit margins, inventory levels, growth rates and more. Checking out a firm's management is smart, too.

Learn more about how to evaluate companies and invest in stocks at [www.fool.com/investing/basics/index.aspx](http://www.fool.com/investing/basics/index.aspx), [www.morningstar.com/cover/classroom.html](http://www.morningstar.com/cover/classroom.html) and [www.betterinvesting.org](http://www.betterinvesting.org). ■

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

## Name That Company

Founded in 1982 and based in San Jose, I'm a top global software company, raking in \$3 billion annually and employing some 7,300 employees worldwide. I have something in common with sun-dried, unburned bricks of clay and straw. One of my products evokes gymnastics, while another is another term for low-energy nuclear reactions, and a third is a hit song by Gary Wright. More than 500 million devices



equipped with my Flash technology have been sold. Many of my offerings focus on print and Web publishing, as well as digital imaging. I went public in 1986. 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

### CEO Pay

Along with the big bailout bill, politicians recently voted to limit pay for CEOs whose companies end up benefiting from the Treasury's largesse.

Unfortunately, the wording is either so vague that it'll have little effect, or so specific that the situations where it can be used will be rare. Bans on so-called golden parachutes, for example, apply only if employment agreements are written during the rescue period and if the company sells more than \$300 million in assets to the government.

We've been paying CEOs for failure for so long that it's second nature now. In our capitalist system, you're free to earn what

you can and what the market will bear. But with those executives who are turning to the taxpayers to get bailed out, as part-owners of their business, we have a right to say what they'll be paid.

Corporate boards of directors should have reined in CEO compensation, but instead they've abdicated their responsibilities and allowed it to spiral out of control. And we investors have been all too willing to hop aboard the gravy train, so long as we were sharing in the growth.

We must all tread carefully. The last time the government tried to cap CEO compensation, we got an explosion of stock options. It's like squeezing a balloon: When you press down here, something else pops up over there. ■

## Commercial construction

► The Fort Myers division of **Tri-City Electrical Contractors, Inc.** completed \$853,000 of work at the new 43,000-square-foot Ave Maria University Undergraduate Housing Building 8 in Immokalee, under its contract with Suffolk/Kraft Construction Co. The Fort Myers office of Tri-City is located at Airport Woods, Suite A-3, 12296 Matterhorn Road.

► **Balfour Beatty Construction** has awarded Sunshine Structures a contract to complete the structural package for the new Cape Coral Police Headquarters at 1102 Cultural Park Blvd., Cape Coral. Sunshine will provide cast-in-place structural concrete and steel-reinforced tilt-wall systems for the three-story, 85,000-square-foot facility. Architects Design Group designed the building. Eric Miller is the project manager for Sunshine Structures, and Brad Harger is project superintendent. Construction is scheduled to start this month.

► **Gulfcoast Consulting Group, Inc.** has

started construction on the 7,500-square-foot tenant space for Dr. John Ritrosky in the new 30,000-square-foot McGregor Center at 13981 McGregor Blvd., Fort Myers. The interior buildout will house the plastic surgeon's office along with an AHCA approved surgical center. Gulfcoast Consulting Group, Inc. has also completed the buildout of Slice of Chicago Pizza at 13750 Fiddlesticks Blvd., Unit 302, Fort Myers and the 3,700-square-foot buildout for the headquarters of Impact Education, Inc. at 9681 Gladiolus Dr., Suite 201, Fort Myers, along with the tenant improvements for Cross Media Results, LLC located in the Estero Professional Center at 9911 Corkscrew Road in Estero. ■



New fire station on Fort Myers Beach

## Blue Chip awards honor five small businesses

Five small business owners who have overcome adversity to achieve success will be honored at a luncheon Thursday, Nov. 6. One nominee will win the 2008 Southwest Florida Blue Chip Community Business Award.

The program, coordinated and sponsored by Oswald Trippe and Company Inc., recognizes successful small businesses and shares their stories as models for other entrepreneurs.

The awards luncheon, set for 11:30 a.m. Nov. 6, will take place at Harborside Event Center, 1375 Monroe St., Fort Myers. For information, contact Stacey Mercado at 433-7189, or [stripple@otcl.com](mailto:stripple@otcl.com).

This year's distinguished nominees are:  
► **Kim and Gerard Campanella**, The Bicycle Center of Port Charlotte.

► **Kristine and Bill Wishard**, The Gateway Group in Punta Gorda.

► **Raimond Aulen**, The Indigo Room in Fort Myers.

► **David Oellerich and Peter Taylor**, Mathews/Taylor Construction LLC in Punta Gorda.

► **Steve Weichelt**, Naples Custom Cabinets & Millwork LLC of Naples.

Three-time NBA All-Star **Bob Love** will appear as the keynote speaker for the 2008 Southwest Florida Blue Chip Community Business Award and will help honor this year's winner. ■



Love