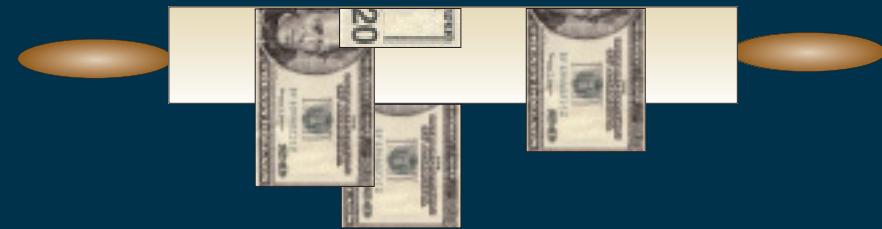


It's **ADVISABLE**

to **ADVERTISE**



in **MAKING BREAD!**

Call Publisher
Reggie Owens
at 215-636-6353
**TO FIND OUT WHY
YOU CAN'T AFFORD
NOT TO!**

Making Bread Magazine
1601 Market Street, Suite 2450
Philadelphia, PA 19103

September/October
Vol. 1, No. 2
\$3.95

MAKING BREAD

The Magazine
for Women
Who Need
Dough

BUY A HOUSE THAT PAYS FOR ITSELF!

**10 Easy Ways to CHANGE
Your Spending Habits NOW!**



SPA SUBSTITUTES:
Unwind for **FREE**
with These Daily
Stress-Busters

**IF WOMEN RAN
THE FORTUNE 500 . . .**

BIZ WHIZ:
Opening an Art Gallery
with Heart, She Discovered
She Had a Hard Head
for Business

401(K)NOW-HOW

PLUS

**The Fine Art of
Transferring
Credit-Card
Balances**

**THE WORKING
MOM'S SHRINK:**
Take My Desert
Island Challenge!

**What Your
Office Décor
Says About You**

**Back-to-School
'Supplies' That
Protect Your
Kids' Health**

CONTENTS

"Great Reading—Without the Ink Smudges & Paper Cuts!"



'Book' a flight of fancy for less than the cost of an airline ticket.

DEPARTMENTS

Editor's Note.....page 2
Happy Anniversary to Us!

Female Finance.....page 10
The Fine Art of Transferring
Credit-Card Balances
By Elizabeth Lewin

The Working Mom's Shrink.....page 12
Take Her Desert
Island Challenge!
By Marcia Eckerd, Ph.D.

Funny Business.....page 34
If Women Ran the
Fortune 500...Jock Talk
Would Be Banned!
By Victoria Secunda



TIP BANK

Saving & Spending:.....page 4
Get Your GOOD BUYS On Line

Cheap & Easy Eats:.....page 5
YES, WE HAVE NO CAPERS . . .
and Other KITCHEN CRISES
That Might Be Avoided If
You Buy in Bulk!

Success Guide:.....page 5
What Your Office Décor
Says About You

Loafing:.....page 7
'Book' Your Inner Journey Now!

Cheap Chic:.....page 8
My New Fall Wardrobe—for
Less than \$100

Health = Wealth:.....page 9
Back-to-School 'Supplies'
That Protect Your Kids' Health

COMING SOON

- Rich Friends, Poor Friends: Don't Let Money Come Between You!
- What I'm Teaching My Daughter About Money
- **MAKING BREAD CAREER GUIDE**
Job Sharing: Would It Work for You?
Home Work: Top 10 Careers You Can Conduct from Your House
Network to Improve Your Net Worth: The Art of Making
Profitable—and Enjoyable—Connections

PLUS

- What to Do When Your Kids Have the Gimme's
- A Medical Savings Plan That Gives You Choices?!

SUBSCRIBER BENEFITS

As an added benefit, subscribers to **MAKING BREAD's** bi-monthly e-zine, **THE MAKING BREAD MINI-MAG**, will automatically receive access to the **PREMIUM** content on www.makingbreadmagazine.com. The link to access all the savvy, sassy success stories and expert advice set aside for subscribers online will be e-mailed to you when we receive your payment. **PLUS** a complimentary trial issue of the print edition of **MAKING BREAD** will be sent to you when we go to press. For more information, or to request your link, e-mail subs@makingbreadmagazine.com.

SEPTEMBER/OCTOBER ISSUE THE MAKING BREAD MINI-MAG™

READ **MAKING BREAD...**



AND YOU'LL BE ROLLING IN DOUGH!

FEATURES

Biz Whiz
What Do You Do When 'The Great American Dream' Doesn't Fit?.....Page 14
Opening an Art Gallery with Heart, This Woman
Discovered That She Had a Hard Head for Business
By Vivian Y. Shic



Buy a House That Pays for Itself.....Page 17
It May Be the BEST INVESTMENT
You Ever Make!
By Sharon Sorokin, Esquire



It's Mind Over (Financial) Matters.....Page 22
Try These 10 Easy Ways to CHANGE
Your Spending Habits NOW!
By Allison Acken, Ph.D.



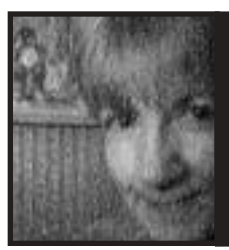
Spa Substitutes.....Page 25
Unwind for FREE with These Daily Stress-Busters
By Nissa Simon



401(K)NOW-HOW.....Page 27
No More Excuses! Use This Writer's Proven Advice
for Finding the Money to Invest in Your Retirement.
By James E. McWhinney



Fine Art (top right) courtesy of the Sande Webster Gallery; other photos by Stockbyte.



EDITOR'S NOTE

HAPPY ANNIVERSARY TO US!

Saying GRACE for the Many AMAZING Women Who Have Helped Us Along the Way

Who ever said that women don't know how to network? **MAKING BREAD: The Magazine for Women Who Need Dough** celebrated its one-year anniversary in August—and its survival and success to date are a direct result of the tireless work and creative efforts of a growing band of women dedicated to getting out the word about the importance of financial independence for women.

What started as an idea over lunch one day at Evergreen, a funky little Korean deli on 18th Street in Philadelphia—when two of us dared to ask, “Isn't it about time someone created a NEW kind of women's magazine?”—has grown to include a dynamic Web site; this **MINI-MAG**, which is an entirely NEW concept in magazine publishing; and many exciting and equally innovative plans for expansion of services to our subscribers—including, eventually, a traditional print spin-off of the **MINI-MAG**. In our latest development, with this issue,

Word of mouth is a powerful market force, and 'girl talk' is the most powerful of all!

we will be available in a versatile new digital format at www.Newsstand.com.

None of it would have been possible without the volunteer efforts of countless women who have jumped on the bandwagon and offered advice, story ideas, articles, and introductions to other women, who have offered more advice, story ideas, articles and introductions, and on and on. Word of mouth is a powerful market force, and “girl talk” is the most powerful of all!

What happened after lunch? In a short e-mail, longtime writer and editor Victoria Secunda enthusiastically seconded my hunch that a women's finance magazine

made sense. She helped gather ammunition for a business plan, organized focus groups, and suggested and contributed content for the Web site and the **MINI-MAG**. Through her networking at a monthly writers' gathering, she brought our finance expert, Elizabeth Lewin, on board. **FEMALE FINANCE**, a regular column that Elizabeth will write for the **MINI-MAG**, debuts in this issue. In it, she tells you what you need to know to “switch and save” when you're transferring credit-card balances.

Rosemary Rys, a public-relations expert who has perfected the art of networking (and will, in fact, write a story offering her tips for making profitable connections for an upcoming issue), has made it her job to tell everyone she meets about **MAKING BREAD**. In the process, she's discovered many amazing women who have money stories to tell and want to share them with our readers.

The horrifying events of September 11 occurred a month after our launch last year. Dr. Marcia Eckerd, who was discovered by Vicky when we went looking for an expert to offer advice to people searching for emotional support in the aftermath of those events, launches her **WORKING MOM'S SHRINK** column in this issue. You won't want to miss her tips for balancing your work and family responsibilities—and finding all-important time for yourself. Vicky herself introduces a humor column (it is only money, after all...sometimes you've just got to laugh!) in this issue. We're calling it **FUNNY BUSINESS**, appropriately enough, given Vicky's witty take on the “funny business” uncovered in the accounting departments of so many Fortune 500 companies lately.

Sharon Sorokin James, a real estate lawyer and writer, who offers savvy advice on **BUYING A HOUSE THAT PAYS FOR ITSELF!** in this issue, has been a tireless supporter of **MAKING BREAD** from the beginning. And Vivian Shic, who did the terrific interview with pioneering art-gallery owner Sande Webster in this issue, has just joined us—again on a voluntary basis—while she finishes up her Masters in Journalism.

Even you—our savvy, sassy subscribers—have contributed to our success. Just this week, we received an unsolicited essay from a French subscriber, Laurie Lesser, 'fessing up to her spendaholic ways and exploring the emotional underpinnings of that admittedly self-destructive behavior. Asked how the French attitude about money differs from American attitudes, she says, “The thing is, they don't talk about it. They say that at a dinner party Americans talk about money, but not sex, and the French—well, you can finish the sentence.”

'Americans talk about money, but not sex, and the French—well, you can finish the sentence,' says a subscriber from France. Sex has its virtues, but, at MAKING BREAD, we believe that women need to talk about money.

Sex has its virtues, but, at **MAKING BREAD**, we believe that women need to talk about money. We're thankful for the WorldCom employee who contacted us, wanting to share her experiences at the now-bankrupt company. She's survived nine rounds of layoffs there and has offered to write a “tell-all” about managing the stresses that affect those who survive job cuts. All of you will benefit from her story, coming soon on the Web site.

MAKING BREAD's success story is a testament to Woman Power. The best thing that all of these women (and so many more who weren't mentioned for lack of space) have given me is their belief that this is an idea for a magazine whose time has come. This second issue of **THE MAKING BREAD MINI-MAG**, with its mix of savvy information and sassy commentary, is the best indication yet of where we are headed. We hope you'll send us your feedback, your stories, and your suggestions for how we can help you bankroll your dreams.

Better yet, do some networking of your own. Help us spread the word, so that we can keep on growing and giving you the best advice that we can deliver to help you get ahead.

May we all be “rolling in dough” very soon! ☐

*Gail Harlow is the Founding Editor of **MAKING BREAD: The Magazine for Women Who Need Dough**. Send your comments, questions and suggestions to gail@makingbreadmagazine.com.*

*This bi-monthly e-zine is a publication of **MAKING BREAD: The Magazine for Women Who Need Dough** (www.makingbreadmagazine.com). The pun in the title is definitely intended, reflecting the spirited approach we'll be taking in delivering the information you need to help you make the most of your money. While poking fun at lingering stereotypes about purse strings and apron strings, we aim to inform, explore, challenge, and change your attitudes about money. And entertain you in the bargain! Read **MAKING BREAD**—and you'll be rolling in dough!*

GUIDING SPIRIT: Nina Newhart

EDITORIAL STAFF
Founding Editor: Gail Harlow

Art Director: Carole Wible

Executive Editor: Victoria Secunda

Associate Editor: Vivian Y. Shic

Contributing Editors: Elizabeth Kaminsky, Elizabeth Lewin, Rosemary Rys, Nissa Simon, Sharon Sorokin James

BUSINESS STAFF
Publisher: Reginald R. Owens

Vice President, Technology: Andrew Michael Newhart

Vice President, Advertising Sales: Charles Allen

Subscription Manager: Antonina Newhart

Annual Subscription: 6 issues of the bi-monthly electronic **MAKING BREAD MINI-MAG**, \$18 (price includes access to all premium content on www.makingbreadmagazine.com, plus complimentary trial issue of **MAKING BREAD** print magazine when we go to press).

Advertising Queries: Contact the publisher at 215-636-6353 to discuss advertising opportunities. Or e-mail him at reggie@makingbreadmagazine.com.

Editorial Submissions: Please send editorial submissions and letters to the editor via e-mail to gail@makingbreadmagazine.com.

Editorial and Advertising Offices: 1601 Market Street, Suite 2450, Philadelphia, PA 19103. Phone: 215-636-6353. Fax: 215-636-0860.

MAKING BREAD, MAKING BREAD: The Magazine for Women Who Need Dough, and THE MAKING BREAD MINI-MAG are trademarks of Reggai Productions LLC. Reproduction of material from any **MAKING BREAD** pages without written permission is strictly prohibited. © 2002.

TIP BANK

SAVING & SPENDING

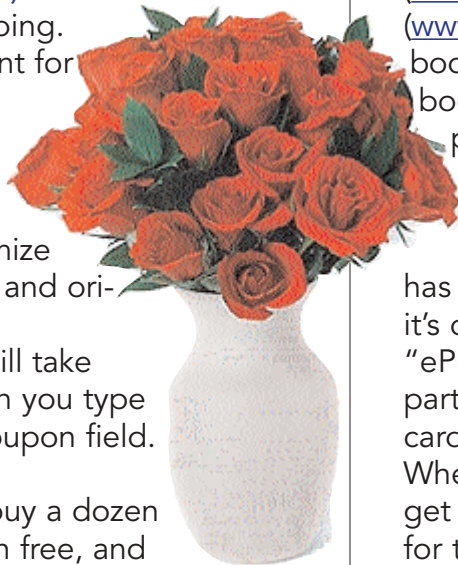
Get Your GOOD BUYS On Line

Late summer sales abound—on line as well as on land. Here are just a few that we've found for you.

Don't pay an arm and a leg for Armani or Prada. [Smartbargains.com](http://www.smartbargains.com) (www.smartbargains.com) carries designer accessories and fashion for up to 80 percent off the retail price. Sites like [Bluefly.com](http://www.bluefly.com) (www.bluefly.com) offer genuine designer fashions, accessories and house wares for 25 to 75 percent off the retail price. Visit Bluefly's "Last Chance" sale, currently going on, and save up to 80 percent on items. Save 45 to 75 percent off men's and women's apparel and house products at [Blair.com](http://www.blair.com) (www.blair.com). The site is offering free shipping.

For those on the hunt for gift-giving ideas, [Gevalia.com](http://www.gevalia.com) (www.gevalia.com) allows connoisseurs of coffee and tea to customize their own blends, roasts and origins. [Justflowers.com](http://www.justflowers.com) (www.justflowers.com) will take \$7.50 off any order when you type in "comeback" in the coupon field. At [FlowersUSA.com](http://www.flowersusa.com) (www.flowersusa.com), buy a dozen roses, get another dozen free, and save \$5 on any order.

Don't give in just yet to your teenager's demand for expensive new athletic shoes. [Newbalancecloseouts.com](http://www.newbalancecloseouts.com) (www.newbalancecloseouts.com) offers up to 70 percent off an extensive selection of shoes and sports gear. Get free shipping when you spend over \$100. [Sportsauthority.com](http://www.sportsauthority.com)



(www.sportsauthority.com) is also offering free shipping on orders over \$99.

If a new computer is what you're looking for, [Gateway.com](http://www.gateway.com) (www.gateway.com) will take \$50 off your purchase of Gateway Performance, Gateway Select or Gateway Solo PC when you type "PC50OFF" in the coupon field.

[Half.com](http://www.half.com) (www.half.com) will skim \$5 off any purchase of \$20 or more. Enter code "HALFEBAY5" at check-out to redeem.

For back-to-school supplies, save up to 70 percent off on everything from binders to calculators to writing utensils at [Office1000.com](http://www.office1000.com) (www.office1000.com). Free shipping, if you spend \$40. [Buy.com](http://www.buy.com) (www.buy.com) is battling [Amazon](http://www.amazon.com) (www.amazon.com) for your book and audio-book dollars. For a limited time, it's selling all books at 10 percent below Amazon's prices—and they'll even ship your order for free, with no minimum purchase requirement! Now that's a price war!

[Drugstore.com](http://www.drugstore.com) (www.drugstore.com) has your health and hygiene needs covered: it's offering a new promotion called the "ePunchcard." Here's how it works: Buy a particular item, and they'll "punch" your card for each purchase of that product. When you've filled up your punch card, you get a free product! Brand names available for this program right now include Pepcid AC, Rogaine, o.b., Nicorette, and Opti-Free.

Finally, when you're in the mood for some well-deserved self-pampering, visit [Ulta.com](http://www.ultra.com) (www.ultra.com), a huge virtual beauty counter with over 12,000 products. Ulta is giving away a seven-piece Ulta gift with any Ulta brand purchase of \$17.50. Get these items shipped to you for free when you spend \$75. —Vivian Y. Shic



CHEAP & EASY EATS

YES, WE HAVE NO CAPERS . . . and Other KITCHEN CRISES That Might Be Avoided If You Buy in Bulk!

Don't you just hate it when you're in the middle of cooking a dish that calls for capers, and you don't have a single one? Okay, maybe gourmet shortages don't rattle you. How about toilet paper? Is there anything worse than running out of it 10 minutes before your relatives arrive after a long, long drive?

To avoid such emergencies, savvy shoppers have learned to stock up in multiples. While capers might not rate as "must-haves," other items do, and it's money in the bank to watch for specials on them and buy in bulk. Toilet paper tops the list; so do paper towels. Also cans of tuna fish and soup and boxes of cereal, pasta, tea bags and detergent.

At mega-stores such as Costco, you can ONLY buy in bulk, which gives some shoppers the vapors. There aren't too many people who have a spare room at home to store, say, 5,000 flashlight batteries, 3,000 frozen raviolis, or 700 bottles of catsup, much less a truck big enough to ferry all that stuff from the market. But there are plenty of consumers with the discipline to go to such warehouses only, say, for paper goods, which can last for months.

Closer to home at the local market, you can take advantage of discounts when you see them, or when they're handed to you. Newspapers always have supermarket ads announcing bargain items, and cash register receipts roll out coupons for future purchases of the very item sitting in your grocery cart.

Here's a handy rule of thumb: The next time you pull a jar of mayonnaise out of the frig, walk two steps to the kitchen cabinet and, if you don't have a spare, make a note of it. Ditto for mustard, pickles, frilly toothpicks, bendy straws, chocolate syrup, dried fruits, cashews, artichoke hearts, lentils and other foodstuffs and related gizmos you use semi-

regularly. This will be a work-in-progress shopping list for a once-every-two-months pilgrimage to the store to purchase said goodies.

It's not just money you might save; it's also gas, time, wear and tear, and the mortification of serving mediocre potato salad (no capers!). —Victoria Secunda

SUCCESS GUIDE

Are You One of the Neatniks, the Cutes, the Trendies, the Burrowers, or a Dreaded Terminator? WHAT YOUR OFFICE DÉCOR SAYS ABOUT YOU!

Remember Melanie Griffith in "Working Girl" when she was canned from her job and carried home a small carton of personal items? Didn't you wonder what those items were and, more to the point, what they said about her character?

Most people put their own stamp on their workstations, whether in a corner executive suite, in the middle of a cavernous, open-plan space, or working from home. Some people crowd their desks with photos of pals, spouse, kids, dogs. Others load the backs of the door (or coat stand) with sweaters, umbrellas, raincoats. Still others have comfy shoes, galoshes, entire outfits under desks or shoved into drawers. And some appear to be growing the Amazonian delta in a window.

There are four decorating schools of thought regarding what your workspace reveals about you, once you've made it your own. These categories are: The Neatniks, the Cutes, the Trendies, and the Burrowers.

THE NEATNIKS: If Neatniks were fired today, all their possessions would fit into a sandwich bag. George Orwell must have had them in mind—no frills, no photos, no memorabilia of any kind. The desk is as clean the day after they were fired as the day before. Seldom do such types reach upper management—they lack personality and assertiveness. But they get the job done, machine-like—no less, no more.

THE CUTES: The Cutes, if given the →

choice, would paint their offices bubble-gum pink, cover their chairs in chintz, have cachepots of dried flowers scenting the air and a 30-foot philodendron trailing over the filing cabinet. These are the cheerful, maternal denizens of the ranks whose lives revolve around work, their jobs and co-workers as important to them as blood kin. These workers tend to confuse business with love, the pragmatic with the emotional. At least, that's what their offices say about them.

THE TRENDIES: The offices of Trendies look like an elegant SoHo art gallery—sparse, sleek, minimalist. Pictures on walls are framed in black or blond wood; a single orchid plant shimmers under a pin spot light; a small sculpture nestles on a bookshelf; desk accessories, artfully placed, are brushed aluminum. No less disciplined is their work—details are their lives, and you won't often catch them making mistakes. Beware, their offices seem to say: "My way or the highway."

THE BURROWERS: Burrowers are resident thinkers who can concentrate in the middle of a tornado. So immune are they to their surroundings that they don't mind the stacks of files, computer diskettes, books and spreadsheets that grow, like stalagmites, on every surface, including the floor. Yesterday's lunch sits half-eaten on the windowsill. The offices of such people suggest "genius at work" or "wonk."

All of these types are necessary to any business organization. But only one would survive the laser-like scrutiny of a truly controlling CEO, who might insist that every office be identical—hence, no personal items—and that's the Neatnik. On the other hand, personality will out, and the boss who insists upon uniformity risks killing morale and, with it, the ability of talented employees to do their personality-driven jobs.

Still, these four types could learn something from one another in order to function better as a team. This means the Neatnik should loosen up (buy a trophy and stick it on the desk to suggest a human touch), the Cute should tone it down (pink in small doses, prune the philo), the Trend-setter

should be less rigid (spill a cup of coffee once in a while), and the Burrower has GOT to get organized (if only to avert a summons from the sanitation department).

THE TERMINATORS: Some people would argue there's a fifth type, and that's The Terminator. This person has a couple of personal do-dads in the office, perhaps a funky paperweight or letter opener, but the Terminator's main decorating statement is framed awards, advanced degrees, and candid photos of the person shaking hands with politicians or corporate titans. This decor says, "Don't get too comfortable, because I'm after your job."

There are those who believe that work should be all about achievement, and that photos of kids, your toddler's latest finger paint effort and the like are too homespun, too "feminine," and not the stuff of budding, single-minded hotshots who give their all to the job. But studied impersonality—which erects an impenetrable wall between the personal and the professional—might also suggest that a heartless, untrustworthy lone gun has taken up corporate residence.

While it's true that your office should say less about you than your snapshot-riddled refrigerator door at home, some evidence that you actually have a life on your own time is humanizing.

While it's true that your office should say less about you than your snapshot-riddled refrigerator door at home, the workplace is, after all, where you spend more time than anywhere else. Some evidence that you actually have a life on your own time is humanizing, and, let's face it, a reminder that your work life doesn't exist in a vacuum. So go ahead, display a few personal photos and other items that are all your own, which, besides giving you pleasure, can also be ice-breakers should the boss or a client drop by.

After all, pictures of people you love are part of what motivates you to work so hard. Without them, all the success in the world is meaningless. —Victoria Secunda

LOAFING

'Book' Your Inner Journey Now!

If you can't afford to get away this year, or just want a good read to keep you company while you're waiting in line at the airport or sunning at the shore, turn the pages of a good book. There are books that can transport you to places where no airline travels. Others guide you safely to your real-life destination.

Visit www.journeywoman.com for advice on travel geared toward women, and check out the site's various lists of recommended travel books, compiled by experts and sojourners alike (titles like "Do's and Taboos Around the World for Women in Business," "Go Girl! The Black Woman's Book of Travel and Adventure," and "Adventures in Good Company: The Complete Guide to Women's Tours and Outdoor Trips").

But if you're looking for a page-turner that will sweep you away on an unforgettable inner journey of discovery, while you sit comfortably reading in your arm chair or on your porch swing, try one of my old favorites below.

1. "Fear of Flying," the ground-breaking 1973 novel of one woman's sexual liberation and discovery, written by Erica Jong, still rings true today. Her heroine, Isadora Wing, could teach the gals on *Sex and the City* a thing or two about love.

2. "Pilgrim at Tinker Creek," written by naturalist/novelist Annie Dillard in 1974, will leave you looking at the natural world and your place in it in a whole new way.

3. In 1980, Jong turned to the 18th century to describe another woman's adventures in sexual discovery in a riveting, rollicking historical novel called "Fanny." It's English history through the wide-open eyes of a savvy, sassy woman. (Jong fictionalizes the life of another female adventuress, the Greek poet Sappho, in her next novel, due out in May 2003.)



4. "Home Before Dark," Susan Cheever's moving 1984 memoir, describing her coming to terms with her father's (novelist John Cheever) influence on her life, is a tale that will make all daughters who read it re-examine their emotional connections with their fathers.

5. "The Shipping News," E. Annie Proulx's 1993 novel set in craggy Newfoundland, was made into a movie last year; even if you've seen it, read the book for its lush language and quirky, hard-knocks-make-us-strong characters.

6. "The Accidental Tourist," Anne Tyler's 1994 novel, features a lonely travel writer traversing the rocky terrain of a sad marriage, in search of a happier home for his heart.

7. Lorene Cary's 1995 "The Price of a Child" will transport you to the days of the Underground Railroad in this country, as witnessed through the eyes of a slave who was forced to leave one child behind when she fled the South for love and freedom in Philadelphia.

8. Barbara Kingsolver's 1998 "The Poisonwood Bible" examines family dynamics so perverse (and familiar) that they overshadow the racial and cultural differences faced by a missionary family assigned to the Belgian Congo in 1959. The strong women in this book will invigorate you.

—Gail Harlow →

CHEAP CHIC

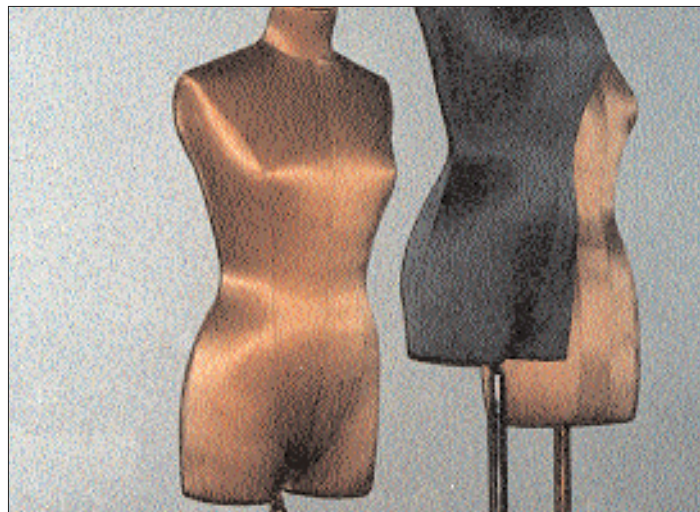
My New Fall Wardrobe— for Less than \$100

Did you know that Vera Wang, known for her luxe wedding gowns, is showing furs this fall? And that for a mere \$45,000, you can pick up a swell Wang sable coat? How about all the fur-bedecked sweaters, boas, purses, and boots by assorted jet-set designers that are this year's let-them-eat-cake fashion statement?

As I sit here bathed in late-summer sweat, I'm wondering: Who are these people buying that stuff? Don't they know there's a recession on? That talk of war hangs in the air like so much Agent Orange? Forget the sociological implications: Who, I ask you, can think of fur when it's 90 degrees outside and your checkbook is in the single digits? A lot of people, that's who, particularly during these dire times. If there's one thing women crave when they're down in the dumps, it's change; specifically, a change of clothes. There's nothing like a swell new outfit to cheer yourself up. "Life is short," a bumper sticker reads. "Eat dessert first." Too true.

So let's talk about what you can do to spruce up your fall wardrobe without encountering sticker shock, if only to give yourself a lift. The other day my daughter, Jenny, took me to one of her favorite fashion emporia: the local Salvation Army thrift shop. There, I spotted two—hand to God—two Adolpho suits, like the ones Nancy Reagan wore when she was the First Fashion Plate. It's possible to find a pricey-looking outfit for a laughable \$20. Jenny picked up three blouses in hot colors, and when we checked out, the cashier trilled: "This is your lucky day! Everything's 50 percent off! Hand over \$2.47."

Mind you, my daughter has the youthful élan to carry off such apparel; she figures it may be pre-owned by someone else, but to her, it's "new." I, on the other hand, do not



have her sense of funk, possibly because Audrey Hepburn is my couturial ego ideal. Moreover, I've reached the point where saving money, rather than spending it, gives me goose bumps.

That said, I recently poked through my mothballed fall/winter wardrobe and thought: old, old, old, and dated. So: what to wear? Although I am unwilling to part with several hundred dollars just so that I can experience sartorial novelty, I confess that a tad of novelty—meaning, at least one new thing—helps to boost my spirits and not feel broke.

In that vein, the other day I hit a deep discount store and bought a new purse for \$39. You must understand that the everyday purse I had is now 10 years old and fraying around the edges. Currently, it's been deposited at the dump, replaced by my Prada knockoff. At another store I found, for \$12 each, several stunning silver rings with actual stones (amethyst and topaz) and I scooped up two of them. And I've discovered Kohl's, where, for \$9 per, I found a couple of cable-knit turtleneck sweaters, one the color of sage, the other, eggplant.

So that's my new fall wardrobe, folks. When paired with the rest of my winter staples—most of which are, yes, black—come October, I'll have something to adorn my body that doesn't scream either "Nancy Reagan" or "dumpster."

Life is short. Buy a fake fur boa first.

—Victoria Secunda

HEALTH = WEALTH

Back-to-School 'Supplies' That Protect Your Kids' Health

Back-to-school preparation usually means hefty cash outlays for supplies and clothes. Luckily, however, there are things you can do to keep your kids healthy that cost next to nothing. A few involve shelling out greenbacks—but the return on investment is high. Here are a few of each:

The Cheapest Thirst-Quencher

During any prolonged physical activity, children need water to replace fluids lost through sweating. Thirsty or not, they should have half a cup or so of cold water every 20 minutes. Not compensating for fluid loss can lead to fatigue, nausea, dizziness and loss of appetite. Don't waste your money on flavored water, designer water, vitamin-spiked water or energy drinks. Just plain water will do fine. Keep a stock of plastic bottles filled with water in your fridge or freezer and hand them out to the kids as they head to the playground. (And be sure to remind them to bring home the empties so you can refill them.)

No Skimping on Bike Safety

Buying a too-large sweater that your child will grow into is one thing. Buying a too-large bike, so that your child can use it longer is a different story. According to the American Academy of Pediatrics, oversized bikes are dangerous. When you buy a bike, make sure it's the right size. Here's how to test for proper fit:

Sitting on the seat with hands on the handlebar, your child should be able to place the balls of both feet on the ground.

Straddling the center bar, your child should be able to stand with both feet flat on the ground and have about a one-inch clearance between the crotch and the bar.

Even if your state doesn't mandate bike helmets, invest in one when you buy a bike—and don't let your child ride without it.



Flu-Buster

All healthy children from 6 to 23 months should receive a flu shot this year, according to the Centers for Disease Control and Prevention.

At that age,

babies and toddlers are highly likely to land in the hospital if they get the flu. The vaccine will be offered in October during the start of the flu season. And while you're making that appointment, check to be sure your children are up to date on other vaccinations. It's one of the most cost-effective ways to keep them healthy. And keeping them healthy keeps them in school, saving you days off from work—or baby-sitter fees—to care for them. On average, getting a flu shot can save you \$30 in missed work and medical costs.

Soap Opera

Viruses that cause colds are easily spread to the nose and throat via hand-to-hand contact with an infected person or by touching cups, towels, toys or books that have been contaminated with the virus. Sounds just like nursery school and grade school, doesn't it? No wonder so many youngsters are singing the blues, laid up with colds every winter!

To give your kids a fighting chance against infections, teach them to wash their hands often. Before and after eating and after they use the bathroom are the basics, but it's not a bad idea for them to lather up when they come in from outdoors or finish handling a stack of toys others have played with, too.

Don't spend your money on antibacterial soaps; they don't do any better than the least expensive store-brand bar soap. The important thing is that the kids wet their hands thoroughly, work up a good lather and rinse well. Paper towels should be the order of the day at school. A separate hand towel for each child will prevent spreading stray germs at home.

—Nissa Simon

FEMALE FINANCE

The Fine Art of Transferring Credit-Card Balances

Everything You Need to Know to Switch and Save

By Elizabeth Lewin

The bank that issued your credit card has just announced that it is slashing interest rates. This is good news for you, right? Not necessarily. Believe it or not, your bank may limit this new rate to new customers, or it may insist that you pay off your outstanding balance in order to qualify for the new rate. Sometimes you have to threaten to take your balance elsewhere, in order to get them to give you the preferred rate.

Whatever you have to do to get that lower rate, though, it's worth the time and trouble. Transferring your high-interest debt to lower-rate cards almost always provides instant savings. By doing so, you are immediately able to put more money towards your principal each month, even if you keep paying the same amount. So you cut the total amount you pay substantially. And opportunities abound now to grab those rates; the average household receives at least one offer a week.

But if you decide to apply for a low-interest-rate credit card, you could be in for a shock: getting approved isn't as easy as most people assume. You see, credit-card companies that issue low-interest credit cards are working on a tight profit margin. This means

that they have to be very careful about who they take on as customers. The last thing they want is to have to absorb any losses incurred by customers who default on their payments or declare bankruptcy. That's why credit-card companies offering these attractive interest rates typically ask you to fill out a far lengthier and more detailed application than normal. They'll delve into every conceivable area of your financial life so that they can make an informed decision about whether or not you "deserve" one of their cards.

So, to speed the process, check your credit-card history before making any new applications. Sit down and review it carefully to make sure it's free of errors. If you find an error caused by one of your creditors (for example, your credit-card company has reported that you pay your bills in 120 days, but you've never been late with a payment in your life), you will need to get in touch with the creditor and ask it to correct the information. To check your history, order a free report, or learn how to dispute errors, contact Experian (www.experian.com), TransUnion (www.tuc.com), or Equifax (www.equifax.com).

Divorced women, in particular, should check their credit rating. Christine, a recently



divorced mom, discovered that her ex-husband's credit report was mixed up with hers. "What a mess," she said. "He had been a deadbeat when it came to his credit cards, and it took more than a year to straighten things out. It almost led me to bankruptcy, but I did not give in." Her situation is not unique.

But checking your credit rating isn't all that you can do to increase your chances of securing a low rate. Below are a few other steps you can take.

5 Ways to Raise Your Chances of Getting That Low Rate

1. Plan ahead. You can increase your odds of being approved for a low-interest rate credit card by catching up on any unpaid bills before you apply.

2. Avoid doing anything that may make you appear like a high risk. For instance, if you have four or more credit cards with outstanding balances, pay off one or more by transferring unpaid balances to one of your other lower-rate cards.

3. Make sure that you aren't using more than 75 percent of your credit limit (if you're using more, the credit-card company may assume that you're already overextended).

4. Reduce the total amount of credit that is available to you by canceling any credit cards that you are no longer using. Believe it or not, lenders view charge accounts or home-equity lines of credit that you are not using as a risk. After all, you could go on a spending spree at any time. Don't close these accounts all at once, however, or a lender may assume that you're running into financial troubles; just close one or two a month. And when you do close down these accounts, ask each account-holder to promptly report this information to all of the credit bureaus that it deals with, and then follow up with the credit bureaus directly to make sure that everything has been handled correctly.

5. Resist the temptation to apply for too many low-interest credit cards at the same

Divorced women, in particular, should check their credit rating. Christine, a recently divorced mom, discovered that her ex-husband's credit report was mixed up with hers.

time. When your application for a new credit card comes in, the issuing company requests your credit history. All credit requests show up on the credit bureau's computer. Too many inquiries over a short period of time can make you look like a poor risk.

Beware These Transfer Traps Tucked into the Fine Print

- Is there a fee involved in transferring a balance from one company to another?
- Is that a one-time flat sum or an ongoing percentage of your balance?
- Is there a limit to the amount you can transfer?
- Is there a fee or penalty with your old credit company for ending your relationship with it? Is it going to charge extra fees on other accounts you have with it?
- How long will the transfer take?
- What fees and rates does the new company charge you for new purchases?
- What changes can the new company

apply to the introductory rate after the transfer is done? Can you be penalized for a late payment or any other infraction?

In some cases, these lurking fees can wipe out any savings that you might otherwise enjoy by switching to a lower-interest

credit card. For instance, their rates may rise: You may start with a great introductory rate on both the transferred amount and all new purchases. Then, three months later, you discover that the rate is still low on the transferred amount, but higher on new purchases. Three months after that, both rates rise to where you no longer have a good deal. This is called a "tiered" arrangement.

If you can pay off your transferred balance during the low-rate period, you might have a good deal. Otherwise, you may need to rethink the idea of transferring your balances. □

Financial planner Elizabeth Lewin is the co-author of the recently published book "Family Finance" (Dearborn Trade). She is a Contributing Editor to MAKING BREAD.

THE WORKING MOM'S SHRINK



Mom and Daughter

Photo by Shel Secunda

By Marcia Eckerd, Ph.D.

Allow me to introduce myself as a new columnist for **MAKING BREAD**. I'm a licensed psychologist, mother, wife, daughter, friend, some-time community volunteer and Brownie leader. Been there, done that when it comes to juggling my commitments and deadlines, children's logistics and crises, my husband's needs, caring for aging parents, and keeping the household going (what will we eat tonight?). My daughter is now 21, and I'm still juggling. Just last week I had to take her to the hospital for minor ambulatory surgery. In the hospital garage, she slammed the car door

Recent studies show that it's not possible to do two jobs at once and that "Super-Mom" is a myth. (Did we need a study to tell us this?)

on her hand, breaking her finger, which required two hours in the ER. The extra hours in the ER blew my schedule, and I had to call clients to reschedule appointments.

So, I know a thing or two about being a working mom. After obtaining an undergraduate degree at Yale in 1971, I worked before getting my Ph.D. at City University of New York and my postgraduate internship and fellowship at New York Presbyterian

'Take My Desert Island Challenge!'

Says This Expert Who's Been There, Done That When It Comes to Balancing Work and Family Responsibilities.

Hospital. I finished my dissertation when my daughter was a year old, writing in two-hour slots when I could get a babysitter. Now, I've been in practice for more than 20 years, evaluating and counseling children, teens, parents, and individual adults, teaching, consulting for schools, and commenting on parenting for local TV. For eight years, I was Director of Clinical Programs for a counseling center. Then, last October, two colleagues and I started our own partnership.

Sounds like a lot, but I'm no superwoman—just a working mom stretched a bit thin, as my husband and daughter will attest. Face it, mothering IS a full-time job; the term "working mother" is redundant. Recent studies show that it's not possible to do two jobs at once and that "Super-Mom" is a myth. (Did we need a study to tell us this?) Many of us are trying to strike some kind of balance between work and home. Mothers are struggling just to keep their heads above water, and many ask my advice on how to cope with all their responsibilities without crashing.

First and foremost, I help them to understand the nature of stress. The stress response is built into our bodies as a natural fight/flight reaction. However, our bodies react the same to our perceptions as they do to real threats. What does this mean?

When we are trying to keep every item on our "to do" list in our minds, we are compounding our state of being overloaded and overwhelmed. Our typical operating mode: How many things can I get done on a single trip to the drugstore, while making calls on my cell phone? Setting priorities, being realistic about our resources (including energy and time), and having reasonable standards are critical to staying sane.

How do you set priorities? Don't the kids and work always come first? In a word, no. When you are stressed, you're irritable and inefficient. You'll tend to blow up and forget everything you knew or learned about good parenting. Here's an exercise I give to women (and men) for priority-setting. Make a list of what you value. Include work, kids, spouse, family, friends, your health, your "outside" activities, your religious or spiritual interests, and whatever else might be important to you. Now rank in order of importance the items on your list. Next, imagine you are on a desert island and you have to give up these items, one at a time.

What would go first? In different colored ink, rank the order in which you would give up each item. It can be surprising what comes to the top. Think about it: How much time is there for enjoyment? Can you be realistic about how much energy it takes to cover everything you've scheduled?

Refueling yourself needs to be high up on your daily priority list. This may mean that something else slides down or off the list, and you need to come to terms with that. You need to relax your type-A, perfectionist standards. To create balance, you need to set some limits. Do the kids really need so many activities? Can you let go of the constant sense of urgency that everything has to get done OR ELSE? The "or else" usually is inconsequential. A good measure of "how important is this?" is the question: When you're 80 and looking back at your life, will this or that demand or activity matter?

Distressed? Try These Ways to De-Stress!

1. Do what calms you for 15 minutes each day. Relaxation cannot be multi-tasked; sorry,

MY DESERT ISLAND CHALLENGE

Here's an exercise I give to women (and men) for priority-setting. Make a list of what you value. Now rank in order of importance the items on your list. Include work, kids, spouse, family, friends, your health, your "outside" activities, your religious background, and whatever else might be important to you. Next, imagine you are on a desert island, and you have to give up these items, one at a time. What would go first? It can be surprising what comes to the top!



you can't do aerobic exercise at the same time! Take a walk, listen to music, do yoga, breathing exercises, or meditate. Good information and tapes are available through the Web site of the Mind-Body Medical Institute at Beth-Israel Deaconess Medical Center (www.mbmi.org). I like the Olivia Hoblitzelle tape; there are also tapes for kids.

2. Take care of yourself—eat right and get enough sleep. A good resource: "Minding the Body, Mending the Mind," by Joan Borysenko, Ph.D.

3. Carve out special time with your spouse or partner. Have a regular date night to enjoy each other. It is possible and necessary.

4. Make dates with friends, too. Lots of research shows the health benefits of having a network of support.

5. Allow spiritual time in your life. This doesn't necessarily have to do with organized religion; it may be a moment to savor the good parts of your life.

6. Spend some time with your kids just having fun, not running around.

7. Set boundaries at work. Do you take on more than you can accomplish? Is this demanded of you on the job? Try negotiating a more realistic set of expectations with your boss.

Each month, this column will address issues dealing with women's lives, children and parenting. I will call upon my professional and personal experience, as well as that of my partners at Associates for Children and Families, Maureen Foley, LCSW and Janneta Bohlander, LMFT. Between us, we have five children (ranging in age from 3 to 21) and over 45 collective years of working with families. Write us at acfassociates@aol.com with your questions.

See you next month! □

What Do You Do When 'The Great American Dream' Doesn't Fit?

Opening an Art Gallery With Heart, This Woman Discovered She Had a Hard Head for Business

By Vivian Y. Shic

Thirty-five years ago, Sande Webster was living *The Great American Dream*. With an expensive home, a husband and three children, she appeared to have it all—except for one problem: It wasn't her dream. She was immensely bored and unhappy. Never quite fitting comfortably into the role of a rich, suburban housewife, Sande became known as the "Bohemian neighbor." In a surrounding where ladies do lunch and gardeners tend the shrubbery, she was the only woman on the block who would mow her own lawn . . . with long earrings dangling from her ears.

Though she graduated with a degree in Physics and worked in the banking world before her first child was born, Sande was drawn to the art world and went into a framing business with three friends. The business

'I'm not looking for customers—I want clients. Customers are for ice-cream stores. I want someone who will come back time and time again and will recommend us to everyone they know.'



Shelly Spector, *Why I Didn't Make It in Cheerleading, Parts 1, 2 and 3*, oil on wood / mm, 24 x 8 x 7" each

quickly established a reputation for representing cutting-edge art. Not only was it the first gallery in Philadelphia to display photography, glass, clay and textiles as fine art, it confounded the city's gallery community when it started to represent African-

American artists on a regular basis. Today, 35 years later, the Sande Webster Gallery is an esteemed Philadelphia art influence whose diverse group of artists is known internationally. You see some of their works on these pages.

Navigating the tumultuous road to success hasn't been easy. A divorce resulted and friendships were lost over business disagreements. But she is now, finally, living a dream that she can call her own.

Recently, **MAKING BREAD** sat down with Sande to see what advice she might have to offer women who want to pursue their entrepreneurial dreams.

MB: What unique qualities do women bring to business that men lack?

SW: I'm not sure that's how it is, but if there is a difference that women bring to

business, it would be that women have a sensitivity that men don't always have. But you can't be namby-pamby, either, because that won't work. Perhaps they have more dedication, because it's not all that acceptable for women to be successful, and you have to be really determined and know that you can do as good a job as anybody else—and maybe even better.



'Be determined, and don't allow anybody to deter you from your goal,' says Philadelphia gallery owner Sande Webster, above.

was in business with her husband in the days when women were never in business. I watched what she did and how she ran the business. She used to say to me all the time when I was small: "You know, Sande, there's nothing you can't do. You know, Sande, you can do this!" She made it so that when I first went into business, I had no trepidation. I just thought that if you worked hard, you would succeed.

MB: What was the greatest obstacle for you—and how did you overcome it?

SW: I originally started out with three partners. And what happens after a while is that you come to major disagreements over how the business is run. So you have to be prepared to buy out or be bought out. What was unfortunate was that, in at least one of the cases, it ended a very long-term friendship. But it was the only decision to make in order to go forward.

'You should have a passion for what you want to do. I don't think it should be the money that drives you. It should be the achieving of the best possible product, within the scope of what you have in mind. I didn't want to sell a hundred \$10 frames. I wanted to sell one \$200 frame.'

Another obstacle was during the recession when we had to cut down on staff. But I have always had a positive point of view. I never believed that it could be anything but wonderful. So even when it was terrible, and I couldn't meet payroll for a week, I knew the bad times would be temporary.

MB: Who in your life instilled this terrific attitude in you?

SW: My father and my aunt. When I was 8 years old, my father told me I could do anything I wanted, and I believed him. My aunt

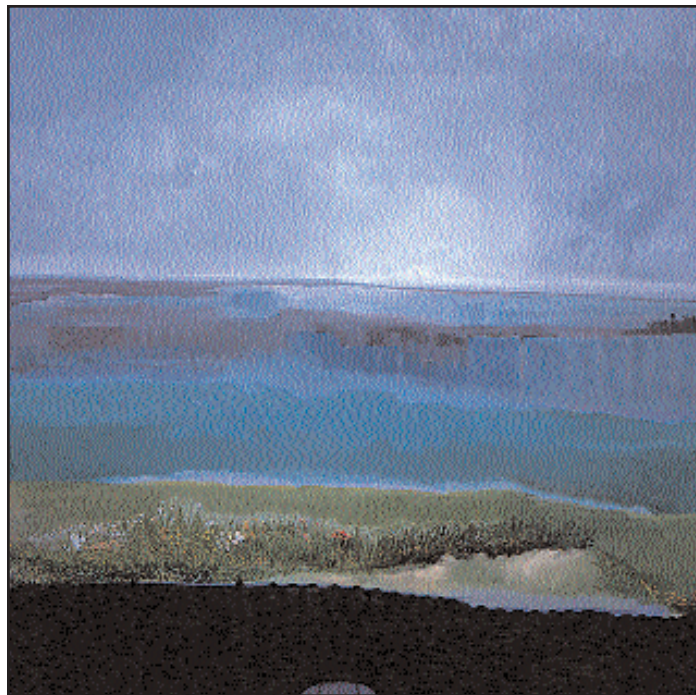
MB: What advice would you give to women who want to succeed at starting their own businesses?

SW: I think you should have a passion for what you want to do. I don't think it should be the money that drives you. I think it should be the achieving of the best possible product, within the scope of what you have in mind. I didn't want to sell a hundred \$10 frames. I wanted to sell one \$200 frame. You have to decide what you want.

I have an incredible amount of passion, and that transfers to my product. We provide service, installation, we give you advice—all of this is part of wanting you to become a part of our family. I'm not looking for customers—I want clients. Customers are for ice-cream stores. I want someone who will come back time and time again and will recommend us to everyone they know.



Kevin Cole, *Another Jitterbug Waltz*, mixed media on wood, 48 x 16 x 15"



James Brantley, *The Garden in the Middle*, oil on canvas, 48 x 48"

MB: What was the biggest mistake you've ever made in the process?

SW: Two years into business, we were offered a chance to buy this building for \$50,000, which I did not do. And now, after 35 years here, the building has been sold to somebody else and we have to move. It would have been wonderful to have bought the building.

MB: What was the smartest money decision you've ever made?

SW: I go for the best in the products and services I provide, because there are so few places you can go today to get quality. There are many people who are interested in having quality. We don't have to do a whole lot of advertising, because, through word of mouth, people know that if they want something really terrific, we provide it.

MB: Do you have any tips for women who need financial funding to start their own business?

SW: Two or three years into business, we wanted to expand, so we went to banks to borrow money. Even though our bottom line

had showed an increase at every step, we went to three banks, and all of them turned us down. I finally got it—it was because we were women. We went to the fourth bank, and we sat down with the committee. I said, "Look, we're three women, and we need to borrow \$10,000. We have been turned down by three other banks, and I believe the reason is because we are not men. Now, if you would like me to go to the newspapers, so they do an investigation about sexism in banking . . ." And they said, "Wait a minute, wait a minute."

I said, "If you look at our figures, it shows we can pay back the loan every bit as much as anybody else." I said, "We have a track record, and I don't think you should turn us down."

I said, 'Look, we're three women, and we need to borrow \$10,000. We have been turned down by three other banks, and I believe the reason is because we are not men.'

We got the money. I think you have to be determined, and you can't allow anybody to deter you from your goal.

MB: Do you think age makes a difference? Did you ever wish you had done it sooner—or later?

SW: I don't think age makes any difference, but I wish I had done this when I was 20. I wish I had done it sooner.

MB: What do you know now that you wish you had known then?

SW: I know a lot more now, but I don't wish I had known it then, because I might not have been so fearless. I think it was all just this incredible learning and growing experience. □

Vivian Y. Shic is an associate editor at **MAKING BREAD**. Sande Webster can be contacted via e-mail at ArtSWGsw@aol.com.



By Sharon Sorokin, Esquire

Once when my husband and I were house-hunting, we came across a beautiful, old stone home, on a lovely street, with an extra lot behind it. It had plaster walls, high ceilings, beautifully proportioned spaces, and it had been occupied for the last 30 or 40 years by two alcoholics who literally had not cleaned any of the bathrooms in that entire period. The house was filthy. The master bathroom had been abandoned by the owners when the black goo in the sink and bathtub was several inches deep, and there it remained when we walked through the house.

The filth would easily discourage most buyers. We, on the other hand, saw the underlying beauty of the house. We called a contractor we knew. He walked through the house with us, and we made a bid that very evening. After two tense days in a bidding war, we were told that the house could be ours at a price that was at the top of our price range, but which we could probably afford, provided there were no major issues with the house. But, the owners would not permit a building inspection.

Being risk-averse, after much anguish, we turned down the opportunity. We did not think we could afford repairs, if, in fact, some major flaw were discovered during the inspection that the bank would surely require for the mortgage, or after the closing. Although our contractor friend had assured us that the house looked okay, he had spent all of half an hour in it, and he was not a certified building inspector.

In retrospect, I think we made a mistake. We could have cleaned the house and resold it for significantly more. If the house had a major flaw, we could have sold off the back lot (which, of course, would have meant losing a huge backyard) to finance the renovations. Or we could have simply lived with the problems until we could afford to fix them. But, at the time, our appetite for risk and our cash reserve were low, and so we probably made the right decision for us, then. It would have taken very strong stomachs (or an absolutely blind, and perhaps misplaced, confidence level) on our part to purchase a property

Home Sweet Home Mortgage: How Much House Can You Afford?

For many people, their home will be their largest single investment. Owning a home can provide both financial and emotional rewards—an opportunity to have an investment that increases in value over time, an opportunity to have a rent-free place to live when you are older, and an opportunity to provide a sense of place, security and belonging for yourself and your family. Although real estate prices may seem exorbitantly high today, mortgage rates are very low, and homeownership is not out of reach for most Americans—although most people will have to adjust their expectations on location, condition, amenities and yes, price.

To buy a house, it is generally necessary to have sufficient cash for a 10 to 20 percent down payment and closing costs, as well as a credit rating sufficient to gain you approval for a loan. However, there are Federal and State programs that sometimes lend 95 percent to 100 percent of the purchase price and closing costs of a house for qualified buyers. You can find out about these programs through your real estate agent, or your financial institution, or check with Fannie Mae, the Nation's largest source of financing for home mortgages, at its Web site (www.homepath.com). Fannie Mae has a Community Home Buyers Program, which helps low-and moderate-income families who are willing to attend pre-purchase homebuyer education courses, to become homeowners. Other sources of information on low or no down payment mortgages: local veterans' groups, and your local or state housing authority or economic development authority. (See "Window-Shopping on the Web" on page 21 for more resources.)

To decide how much home you can afford, prepare a budget with your current expenses and your estimated

future expenses, including your anticipated mortgage. The rule of thumb is that your monthly housing expenses (i.e., rent or mortgage) should not exceed 28 percent of your monthly pay. Although lenders will sometimes permit you to borrow more, don't forget that, in addition to paying for the mortgage, you will have to pay real-estate taxes and the never-ending maintenance costs on your home.



Smart girls who play with dollhouses grow up to be real-estate investors.

First, Select an Affordable Price Range. Don't forget that you are going to need a certain amount, perhaps even as high as \$5,000 or more, to pay your annual real estate taxes, water charges, utilities, and maintenance costs for the house. This can add up, so be sure that you have prepared a budget that takes account of these needs. Based upon that budget, you will be able to test whether the price range you are looking in is appropriate for you. You will do this by looking at your weekly take-home income, after taxes, and comparing it against the housing expenses and other household expenses that you would have. Then you can determine whether you can afford the house. The general rule of thumb is that your housing costs should not be more than about 28 percent of your

monthly gross income. I have found, however, that you probably don't want to spend more than 25 percent of your monthly take-home income, unless you are willing to be "house-poor."

Second, Come Up with a Down Payment. If you or your spouse are in the military or are a veteran, you're in luck: 100 percent financing is available through the Veteran's Administration to active and retired members of the military service, and their unmarried widows. All branches of the service, including the Coast Guard, are eligible. If you're not a vet, unless you can qualify for a Government or other nonprofit program that provides 100 percent financing, you will need a down payment. A down payment is a portion of the purchase price, usually anywhere from 5 percent on the low end to 20 percent or more on the high end, that the buyer puts directly towards the purchase price.

Though the buyer does not normally borrow money for the down payment, you might consider "borrowing from yourself," by withdrawing money from an IRA or 401(k) plan. Tax laws allow you to use up to \$10,000 in IRA funds as a down payment, if you haven't owned a principal residence in the last two years. If you're married and you and your partner are both "first-time buyers," (i.e., haven't owned a principal residence in two years), you each can withdraw \$10,000 without paying an early-withdrawal penalty—that's a potential \$20,000 down payment, though you may owe taxes on that amount. And, in the case of a 401(k) withdrawal, you will have to pay yourself back—with interest.

Remember that, until closing—that is, until the house is legally yours by delivery of a deed—all down payments should be held in escrow by a reliable, neutral third party under a written escrow agreement.

Third, Seek Out the Unexpected. The old stone home that we almost bought is a perfect example of a property with hidden potential; the back lot could have been sold to finance renovations, which would have allowed us to resell the home at a profit. Similarly, you can look for a house that has a rental apartment to help defray costs, or one that could be turned into a Bed & Breakfast. One woman who now runs a very successful Bed & Breakfast in Philadelphia purchased the building she had identified as suitable for such a business by entering into a lease-with-the-option-to-buy arrangement with the owner. Under such an arrangement, the seller agrees to a price that he will sell the house for at some future date, and the buyer usually pays a monthly amount several hundred dollars above what the home's rental payment would be. It's like having a "down payment" savings plan. Be aware, though, that, if you decide not to purchase the house at the agreed-upon time, you will forfeit the extra money you have put down. VA and HUD foreclosures, some of which can be had with little or no money down, are other options to look into. Ask your real estate agent or financial institution about them.

Finding the right home can be a long process. Once you've made the decision that you're in the market for one, make friends with a Realtor you like and trust. Realtors know what mortgage lenders are looking for, and they can offer advice on how to get your credit in shape before you apply for a mortgage. They'll "pre-qualify" you and give you an idea of just how much you can afford to spend. In the meantime, start "window-shopping." Looking at homes will give you the incentive to increase the amount you're saving each month towards what could well turn out to be one of the best investments you'll ever make!

that we were unable to properly inspect.

Still, the lessons we learned then stayed with us. And later, when we looked at properties, we made a point of seeking out the unexpected—a house that may need cosmetic alterations, but is in essentially good condition, or a property that can be split and sold to gain capital, or a house that has a rental apartment to help defray costs. We've learned that there are ways to make a house pay for itself.

DO YOU HAVE WHAT IT TAKES TO BECOME THE NEXT DONALDA TRUMP? READ THIS AND DECIDE.

Real estate, in the form of a "fix-her-up"

starter home, rental property, or vacation home, is the best investment any woman can make. Every mortgage payment you make buys you equity, or ownership, in an asset that you can use in any number of ways, from collateral for a small business loan to a source of rental income—and always as a tax advantage. If you can find a property that will pay for itself, you're ahead of the game.

Don't have enough for a down payment? Putting your own roof over your head or buying property as an investment is easier than you might think: investigate lease-with-the-option-to-buy arrangements, check the newspapers for tax sales, and don't overlook properties in low-rent districts that are on the

verge of being rediscovered. Ask whether your city or municipality offers buyer-assistance programs or incentives for purchasing properties in certain neighborhoods. One woman bought a row home in Delaware for \$47,000 under just such a program; 10 years later, she sold it for \$100,000. She'd more than doubled her investment—and she wasn't paying rent during that time.

These days, more and more people are choosing to put their money into real estate, instead of the stock market. *The New York Times* recently reported that sales of new and existing homes hit \$522 billion this year, up from \$451.3 billion a year ago. Prices of homes have risen 6 percent a year on average

since 1963, beating inflation by a wide margin, and mortgage rates are at record lows.

So, if you don't own a property, now is the time to think about purchasing a small residential or commercial rental property as an investment. Here are a few factors that you should consider before you buy.

Personal Skills: Owning real estate is an ongoing job that requires attention, both to keep it up and to improve its value. If you are not flush with cash—and who is these days—you will need to be able to handle the management of the property yourself. That means everything from fixing the plumbing to repairing a leak in the roof. Can you handle that? Do you want to? →

Location: The old adage is, “There are three important things in real estate—location, location and location.” Although it is an old adage, it should not be ignored. This does not mean that you need to buy property on the Gold Coast or in the most expensive neighborhood in town. It means that you want to buy property in a good location. That might mean an up-and-coming location—an area that you have a strong hunch will be the next trendy new address, but that others haven’t caught onto yet. It might mean the worst house in a good

When we look at properties now, we make a point of seeking out the unexpected—a house that may need cosmetic alterations, but is in essentially good condition, or a property that can be split and sold to gain capital, or a house that has a rental apartment to help defray costs.

neighborhood. When you fix up the house (assuming you can afford to fix it up, based on a well-planned budget), the value of the house should increase dramatically.

Financial Costs: There is no doubt about it, owning real estate, even real estate in excellent condition, requires an ongoing financial commitment (property taxes, utilities, maintenance, etc.) and it can, and should, result in ongoing financial rewards. To determine if you can make the financial commitment, and to analyze what the financial rewards will be, you must look at how you will manage your investment. The management responsibilities fall into two categories, upgrading and maintenance, and, if you are planning to use the property as an income-producer, leasing arrangements.

First, let’s look at upgrade and maintenance. To protect your investment and to help it increase in value, you will have to maintain, and sometimes upgrade, the condition of the property (although you want to be sure that you do not upgrade it so far beyond other

properties in its neighborhood that you price it out of its market). The kinds of maintenance jobs you can expect to perform may include repainting the interior of the property, upgrading its finishes (i.e. cabinetry, laboraties, etc); upgrading electrical systems to handle computer service; replacing the fence surrounding the property; repainting the exterior of the house every five to 10 years (this can be a very expensive proposition); maintaining the roof on an ongoing basis and replacing it when necessary; servicing the heating and air conditioning systems every year and replacing them when necessary . . . the list can go on and on.

Be sure that you select a property whose maintenance issues you can comfortably handle, and be sure to budget a sufficient amount of money each year to pay for those services that you cannot safely or competently perform yourself. You might start out by reviewing the inspector’s report that you get for the property. You ought to also order an independent structural and building systems inspection report before you purchase the property, to be sure that you are satisfied with its condition. Your satisfaction should be a condition in your agreement of sale to buy the property, and the agreement should specify what will happen if you aren’t satisfied. For example, can you cancel the agreement or is the seller required to make repairs?

Many times, these reports contain ongoing maintenance suggestions. They also highlight areas that are deficient and need upgrading. Using the report as a basis, make up a list of must-do’s, would-like-to-do’s, and might-do’s for each year.

Determine how much each will cost you. Then take a cold, hard look at your finances and see if you can afford to do the must-do’s, and whether and when you would be able to do the would-like-to-do’s and the might-do’s. If you can’t afford it, don’t buy it.

Financial Rewards: Now, let’s look at the management issues involved in leasing space on this property. Unless you are deliberately buying a property to create tax losses to offset tax gains, an investment property must generate income to pay for itself.



Photo by Stockbyte

Window-Shopping for HOMES & MONEY on the Web

www.va.gov: The Web site of the Department of Veterans Affairs has a Home Loan section, where you can find out whether you or a member of your family is eligible for a VA loan, plus information on the VA’s Home Loan Program, and a list of lenders who offer these loans.

www.hud.org: The U.S. Housing and Urban Development Department Web site offers a free online homebuyers education course that satisfies HUD requirements for public homebuyer assistance programs.

www.bankrate.com: An all-purpose credit information site, offering the latest mortgage rates and articles on financing, refinancing, and much more.

www.homepath.com: Fannie Mae’s Web site is where you can search for affiliated lenders and find other useful homebuyer information.

www.realtor.com: The Web site of the National Association of Realtors offers national property, lender and Realtor listings, plus advice on home buying.

www.nbba.com: The National Bed & Breakfast Association’s Web site includes a How to Start a B&B section and will soon include a B&B Marketplace, listing properties for sale.

This means enough income to pay the ongoing maintenance and upgrading costs, the costs of repaying any money borrowed to purchase or improve the property, and, one hopes, enough income to pay some kind of profit to you, as the owner. Unless you are fixing up the property to “flip” it (which means to sell it again right away at a higher price), you will need one or more tenants. You must decide how much rent

One woman who now runs a very successful Bed & Breakfast in Philadelphia purchased the building by entering into a lease-with-the-option-to-buy arrangement with the owner.

you can realistically expect to get from the property. What are other rents for similar properties in similar neighborhoods? What is the vacancy rate like for this type of property? Is it already leased, and, if so, is the rent being charged under that lease sufficient? If not, when will that lease expire?

When you buy a property, any existing lease will come with it, unless the lease expressly states it terminates on a sale (and it probably doesn’t say that). You will get the lease, the rent, and the tenant—for better or

for worse. If there are one or more existing leases, ask the landlord to provide you with accurate records on the tenants’ payment history. Find out as much as you can about the tenant: If the tenant is a commercial business, is it a stable one? Or, if the leased unit is residential, are its tenants gainfully employed? Is there a security deposit? If so, how much and what can it be used for? If possible, meet the tenant(s) and form your own impressions, too. Finally, tenants require attention. Are you able to fix, or arrange to fix, emergency problems when they arise?

When all is said and done, and all the annual expenses are paid, how much will the property have generated in income for you? Don’t forget to include the benefit of any tax deductions you can reap from the property. And if you are flipping the property, how much do you think you can sell it for, and how long, realistically, will it take you to sell it?

Add it all up, and see where you come out. Perhaps you will become the next Donald Trump! □

Sharon Sorokin, Esquire, is a partner in the law firm Dilworth Paxson LLP, in Philadelphia, specializing in commercial real estate. She writes frequently on legal subjects, as well as food, wine and family-related issues for various magazines, and she is at work on a mystery novel.



It's Mind Over (Financial) Matters

Try These 10 Easy Ways to **CHANGE** Your Spending Habits **NOW!**

By Allison Acken, Ph.D.

Debt is like a big weight we carry around—only no one talks about it. In this weight-conscious society, there's so much focus on our fat-to-muscle ratio, it's easy to lose sight of our spending-to-assets ratio: the more we spend, the less we have. In fact, women are primed to get

caught up in spending money, rather than accumulating wealth.

Every day, we receive hundreds of messages, obvious and subliminal, telling us how important it is to wear the hot new color, the sexy new dress style, that magic new makeup formula—all "guaranteed" to

make us look more attractive. Many of us respond by spending all of our money (and more, if we're willing to accumulate credit-card debt), trying to keep up. Where are the messages telling us how attractive it is for women to have money in the bank, or investments, or real estate? If Cindy Crawford came with a big, fat assumable debt, would she look as attractive?

Many tactics can work well if you want to lose weight—but only if you are ready to do it, and that is true for changing your money habits, too.

If you're ready to buy into the concept that fiscal fitness is as attractive as physical fitness in women and want to stop overspending and tone up your financial muscle, there are some steps you can take. Here are 10 easy exercises that should help you improve your fiscal fitness—some of them not all that different from those you might use to lose weight!

10 TIPS TO IMPROVE YOUR FISCAL FITNESS

Many of us shop when we're sad or happy, or bored or lonely. The behavior has become a habit for us. How do you change established behavior? It might not be as difficult as you think. When you want to lose weight, you know what to do: eat less and burn more calories; don't bring the really bad stuff into the house; tape a picture of what you'd like to look like on the fridge. Many tactics can work well if you want to lose weight—but only if you are ready to do it, and that is true for changing your money habits, too. It's like that old joke that it only takes one therapist to change a light bulb, but the light bulb has to really want to change.

So ask yourself this question: Do you want to change your spending habits? If the answer is no, give it up until a crisis or opportunity forces you to change. If the answer is yes, then ask yourself a second question: Are you ready to change your spending habits *now*? If the answer to that

question is yes, then read on.

1. Decide that you want to change.

Little words like "now" and "yet" have great power. When I hear women say, "I just can't save money" or "I don't know anything about investing" or "I can't stop overspending," I encourage them to add one little word to the end of that sentence. Listen to the difference. "I just can't save money." "I just can't save money yet." "I can't stop overspending." "I can't stop overspending yet." One sentence is a dead end, *finito*, forget it, no possibility of change. The other has a sense of a present reality, but with an expectation of change in the future, maybe even tomorrow.

Now, let's use the word "now." "I want to stop overspending *now*." "I am ready to stop overspending *now*." "I want to, and am ready to, change my spending habits *now*. Now, we're getting somewhere.

2. Remind yourself of your decision often. Write one of those sentences out and tape it to your mirror, your calculator or checkbook—wherever it can be a helpful reminder of your commitment to yourself. Be sure to tape it to your wallet, just in case you find yourself in a tempting situation.

Most cravings pass in a few minutes. When you feel the urge to overspend, call your best friend and have her talk you down.

3. Use the buddy system. Tell your best friend about your decision and involve her in the process. Maybe she's ready to change her spending habits *now*, too. One of the problems with money is secrecy. Most of us have been taught not to talk about money, but not talking about money digs us deeper into trouble. You and your best friend can begin to coach each other into spending less and having more *now*.

4. Stay away from temptation as much as possible, especially when you're feeling blue, frustrated, or angry. That temptation could be the mall, a particular store, an Internet site, or home shopping on television. →

Most cravings pass in a few minutes. When you feel the urge to overspend, call your best friend and have her talk you down.

Start charting the money that you are accumulating by spending less. Tina, a school secretary, calls her cushion her 'God-forbid money.'

5. Use cash, not plastic, when you spend. I know a very successful businesswoman who tried this technique. She began using cash when she shopped. Even though she had a healthy amount of discretionary income, she found that it was a very different experience pulling six \$100 bills from her wallet than plunking down a piece of plastic. It made her really stop and think about whether she wanted to trade her hard-earned money for that item. Cash is finite; credit cards are unreal.

6. Don't rush into any purchase. When you must go shopping for an outfit for a special event, for instance, give yourself plenty of time so that you have alternatives. Try not to force yourself into buying something on short notice. It's a set-up for overspending.

7. Try not to buy anything impulsively, if you can help it. Give yourself 24 hours to think about those shoes or earrings or whatever. It is entirely possible that, by tomorrow, you may have lost the desire or even forgotten about the item that seemed so compelling yesterday. If you are having a great deal of trouble fighting that impulse, ask the store to hold it for 24 hours. The salesperson may say the store doesn't hold anything and try to convince you that it will be gone if you come back later. That's her job, but it isn't necessarily true. And always, always make sure that you can return purchases for a full refund, not a store credit.

8. Use mind games to motivate yourself. Find a picture of your cherished financial goal—whether it's being able to afford to be a stay-at-home mom, going back to school, having your own business, owning a home,

building an investment portfolio, sailing a yacht, or being a happy older woman with no money worries. That's the image to put up on the fridge or bulletin board or mirror.

9. Track your progress. Keep a record of what you haven't spent and use it as a cushion for your real goals. Remember those bar graphs from elementary school? Start charting the money that you are accumulating by spending less. Tina, a school secretary, calls her cushion her "God-forbid money." She says that we don't really need those six new pairs of shoes; what we need is a cushion. Keep that chart in a conspicuous place, so that you can see the positive effect of your efforts.

A successful businesswoman began using cash when she shopped. Pulling six \$100 bills from her wallet made her really stop and think about whether she wanted to trade her hard-earned money for that item.

10. Start talking about money with other women. Women earn less, have fewer pension and retirement benefits, and live longer than men do. Married Boomers, for instance, are expected to outlive their husbands by 15 to 20 years—and they may well outlive their assets. Are you one of them? These statistics are a recipe for disaster in terms of women's financial security, and we need to get the word out about them, so that we can start doing something to protect ourselves.

If we start talking about spending less and saving more, we can begin to change that picture right now. Remember, less fatty spending builds more financial muscle, and that leads to a lot more financial freedom to enjoy life! □

Allison Acken, Ph.D., is a clinical psychologist whose specialty is helping women build their money-management skills. Her latest book, "It's Only Money: A Primer for Women," is available in bookstores or on her Web site, www.womentalkmoney.com.

SPA SUBSTITUTES

Unwind for **FREE** with These Daily Stress-Busters!



By Nissa Simon

Sure, it would be nice to spend a week being pampered at a first-rate spa or sipping something smooth from a tall glass while lazing on the beach of a tropical island. But as alluring as these stress-busters sound, and as enjoyable as they are when you're there, you'll be right back where you started when you return home. And you'll have dropped a bundle of money into the bargain...causing more S-T-R-E-S-S!

Occasional stressful challenges are part of life and can actually make you stronger. A project that you dreaded tackling, but which turned out so well that you earned kudos from everyone involved, can put a spring in your step. Overcoming a long-standing fear of heights by getting up your nerve to join your friends for a rock-climbing weekend will provide a lifelong sense of accomplishment. But the other kind of stress, the day-to-day anxiety-producing, stomachache, headache, tense-muscle kind of stress, can build up and hurt your health. To relieve the tension that comes from facing the pressures of your daily routine, you need to apply more focused strategies—things that you can do every day to help your mind and body relax.

But who among us can afford daily spa trips? Or a masseuse? To keep stress at bay in

your daily life, try these eight deceptively simple, yet ultimately life-changing suggestions.

"Waste" Some Time. Take half an hour a day to do something you enjoy. Stroll through the woods, listen to music, knit a few more rows on the sweater you started. Ignore the demands that are pulling at you and remember that it's your time to do something for yourself. If you feel you simply can't afford half an hour, start out with 15 minutes. Even this brief interlude will help restore your emotional balance.

Take a Deep Breath. Of course, you breathe. Everyone does. But the way you breathe can make a difference in the way you feel. Deep breathing combats stress by increasing the amount of oxygen in your bloodstream and slowing your heart rate.

Here's how it should feel: Lie down and rest one hand gently on your chest and the other on your belly, just below your navel. When you breathe in, the hand on your chest should remain still and the hand on your belly should rise. When you breathe out, the hand on your chest should remain still and the hand on your belly should settle. If you're breathing shallowly and the hand on your chest rises, take a few really deep breaths to feel the difference. Then practice until breathing this way becomes automatic.

Clear Your Desk Every Night. Few things in life can generate as much of a sense of stress as sitting down each morning to a desk piled with assorted papers, notes to yourself and memos in no particular order. What to do first? Where's that important meeting reminder? Did I send out the research report? What a way to start the day!

You can do away with this particular stressor by straightening your desk before you leave each afternoon. File anything you can and then arrange the rest of the papers →

in order of importance. Make a list of what you have to get done the next day, most urgent assignments at the top. And now that you've got some space on your desk, bring in a small vase and keep it filled with a flower or two to cheer your soul.

Use Lunchtime for More Than Lunch.

The pressure's built up and there's no time for anything more than grabbing a sandwich on the run. Whoa! Stop right there! A short timeout at lunch will let you work more efficiently for the rest of the day. A five-minute walk, whatever the weather, will clear the cobwebs so that you can tackle the next task with renewed energy and feel less stress.

Watch What You Eat. Stress has a funny way of playing havoc with good nutrition. People under stress tend to reach for candy, gooey cake, fried foods and yet another cup of coffee. These treats aren't terrible if you have them once in a while in moderation, but they're not what you need when your body has to ward off the ill effects of stress.

Now is the time to clean up your diet and emphasize fruits and vegetables, lean meats, whole grains and healthy fats, such as olive oil and unsalted nuts. If you can't do without a doughnut or a candy bar, make it dessert at the end of a meal. But remember, just one. Also consider taking a once-a-day multivitamin/mineral supplement to make up for any nutrient shortfall.

Stretch Stress Away. Believe it or not, short breaks to do nothing more than get up and stretch can alleviate stress by improving how your body and mind feel. If your shoulders and neck tighten up, try writing the numbers one through 10 in the air with your head. Take a couple of wide-open yawns to relax the muscles in your jaw. Hold your arms straight out from your sides and turn your upper body to your right and then your left several times. Stand about two feet from a wall with your feet about eight inches apart. Put your hands against the wall at shoulder level and bend your elbows until your forehead touches the wall. Push back to starting position and repeat 10 times.

Make Meditation a Habit. Numerous

studies have documented the benefits of meditation on reducing stress and tension. It's the perfect stress-buster in that it costs nothing, can be practiced almost anywhere and requires no special equipment. What does matter is consistency; try to meditate every day.

Find a quiet place to sit comfortably, either in a chair or cross-legged on the floor. Choose a word, phrase, prayer or sound that has a positive meaning for you to help shift your mind from everyday worries. You can use something like "Peace" or "Love" or "The Lord is my Shepherd." Or "Success," or "Joy," or "This too shall pass...." Whatever works for you. Relax your muscles, close your eyes and slowly repeat the word or phrase, concentrating on it and blocking out extraneous thoughts. Don't be discouraged if your mind wanders; gently set aside the intruding thoughts and focus on your repetition.

Meditation is the perfect stress-buster; it costs nothing, can be practiced almost anywhere and requires no special equipment.

It may be difficult at first, but you'll find it gets easier with practice. Aim for 10 or 20 minutes of meditation once or twice a day.

Try Progressive Muscle Relaxation. In addition to reducing stress during the day, this technique can help you get to sleep faster at night. Lie on your back and, starting with your feet, tense each muscle group for five to 10 seconds. Then take a deep breath and relax the muscles completely as you exhale. Move up your body, tensing and relaxing each muscle group, ending with your forehead. Repeat twice, and then focus on how relaxed you feel for a few moments before you get up slowly . . . or fall asleep, to dream about tomorrow's victories. □

Nissa Simon served as health editor for the Reader's Digest magazine New Choices for more than 10 years. She has written two award-winning books for teenagers: "Don't Worry, You're Normal" and "Good Sports" (both Thomas Y. Crowell). Nissa is a contributing editor to MAKING BREAD.

401(K) NOW-HOW

No More Excuses! Use This Writer's Proven Advice for Finding the Money to Invest in Your Retirement.

By James E. McWhinney

Women are playing a million-dollar game of catch up and many don't even know it. As a result of the wage gap and the number of years, usually about five, that she spends away from the job to raise her children, by the end of her career, the average college-educated woman will have earned a million dollars less than the guy who sits in the office or cubicle down the hall from hers at work.

To compensate for that—and as an added cushion in the event of divorce or the death of your spouse, if you are married—it's all the more important for you to take your retirement savings seriously. Investing aggressively in your company's 401(k) plan, particularly if your company offers to match your contributions, is the best place to start. If you don't, you're giving away free money—two ways. Because your contributions are subtracted from your taxable income, you reduce the amount of tax you owe each year, and, if your company matches or partially matches your contributions, that extra money is like getting a pay raise.

Unfortunately, 28 percent of working women don't have pension or retirement benefits on the job (and those who do get roughly half the amount that men receive). If your employer doesn't offer a matching 401(k) or other similar retirement plan, start a petition—lobby the company to make it an addition to your benefits package.



Photo by Stockbyte

For many people in today's workforce, investing in a 401(k) plan is the single best chance they have to achieve a financially secure retirement. Despite this, nearly a quarter (24 percent) of the workers who have an opportunity to contribute to a company-sponsored retirement plan do not participate, according to the 2001 Retirement Confidence Survey conducted by Hewitt Associates, a global consulting firm. Participation in 401(K) plans varies dramatically by salary range. Hewitt Associates reports that only 43 percent of workers earning less than \$20,000 participate in their 401(k) plan, while workers earning \$40,000 or more have an average participation rate that exceeds 76 percent. Of those who do contribute, more than half do not contribute enough to earn the maximum possible employer-matching contribution.

When asked why they don't participate in the company 401(k) plan, the most common answer from employees is, "Because I can't afford to." Frankly, this answer couldn't be more wrong. You can't afford not to!

Getting Started: Learn to 'Pay Yourself First'

Many financial experts recommend budgeting at least 10 percent of your yearly gross income toward retirement savings. Unfortunately, for some people who are just beginning to save, 10 percent is considerably more than they can afford, so they get discouraged and don't save anything. Of those who do

MORE 401(K) NOW-HOW



IRA's Versus 401(k)'s: If your company offers matching contributions to your 401(k), invest to the max to take advantage of the free money. Still have money to invest after you've reached the limit (\$11,000 in 2002; or \$12,000 if you're over 50)? Go for a Roth IRA, if you meet the income requirements (less than \$110,000 for Singles and less than \$160,000 for Marrieds). You won't get the tax deduction up front, but your earnings won't be taxed when you withdraw the money upon retirement—when there is an advantage to minimizing your income so that Social Security payments aren't affected.

Diversification Is Your Protection Against the Enron Effect: If you've got 20 or more years to retirement, select the mutual-fund option offered by your plan administrator, rather than a more conservative savings vehicle, such as a bond fund, money-market fund or fixed-interest contract. Even given today's troubled stock market—where for the first time in the 20-year history of 401(k) plans, the average account lost money this year, according to a report from Cerulli Associates—experts feel that mutual funds will beat all other investment vehicles over the long haul. Whatever you do, don't select company stock, particularly if you already receive company stock in the form of stock options, or your matching contribution comes in the form of company stock. The biggest mistake you can make is putting most or all of your retirement eggs in one basket. Former Enron employees, whose 401(k) savings were heavily invested in the now-bankrupt company's stock, can tell you all about that.

Resist the Urge to Borrow from Your 401(k) Plan: After a few years of slow, steady saving, the balance in your 401(k) plan may start to look tempting. It might be more than enough to pay for that vacation you've been longing for or cover the down payment on a new car. Some financial advisers will tell you that borrowing from your 401(k) plan is a great deal because you

save, the average 401(k) plan participant contributes only 6.5 percent of their gross yearly pay to the plan, according to Hewitt Associates.

If you aren't saving anything now, and you're overwhelmed at the thought of a 10 percent savings rate, start your personal savings program by setting a more realistic goal. Start by contributing 1 percent of your gross annual income to your 401(k) plan. To frame this savings goal in terms of real dollars, calculate 1 percent of your gross yearly income and then divide by 12 to get the amount that would be deducted from your paycheck every month. If the cash value of 1 percent is more than you are able to save right now, reduce it to a smaller percent. Next, designate the proper dollar amount to be withdrawn from your paycheck, and your 401(k) will make an automatic investment in your future every time you get paid. Most plans offer several investment choices. If you're just starting out, you'll be wise to select a mutual fund instead of one of the more conservative savings vehi-

cles. See "MORE 401(K)NOW-HOW" above for some tips on asset allocation.

While a few dollars every month might not seem like much at first, over the long haul, every little bit adds up. And because those dollars are automatically withheld from your paycheck, after a while, you won't even miss them. Initially, the dollar figure involved isn't nearly as important as the fact that you have made a commitment to the "pay yourself first" philosophy.

By dedicating a percentage of your income toward saving for the future, you have made a conscious decision that your future is important. You have made a commitment that an investment in yourself comes before your membership at the health club, a day at the spa, or a night on the town with dinner and dancing. You have made a decision that saving for the future is more important than spending money on recreation today. Why is this such a big deal? Because your 401(k) plan is a great tool, but it only works if you use it.

pay yourself back, with interest. While the temptation may be strong, resist! That attractive balance in your 401(k) plan took years to build. If you squander it now, it will take even longer to replace, particularly if the stock market performs well and your money isn't there to benefit. And if you lose your job, you will have to repay the full amount of the loan immediately.

If You Change Jobs, Don't Touch the Balance in Your 401(k) Plan: Job changes take a heavy toll on retirement savings efforts. All too often, when an employee makes a career change, the 401(k) plan assets get withdrawn and spent. With the average worker changing jobs every seven to eight years, retirement assets don't have much time to grow before they are gone. Since the whole point of a 401(k) plan is to help you save for retirement, taking the money out of the plan early and spending it is self-defeating behavior. If you're going to change jobs and you can't leave the assets in your former employer's 401(k) plan, roll them over into an IRA. Oftentimes, an IRA can be set up with the exact same investments that were in your 401(k) plan. By keeping your money tax-deferred and invested, your retirement assets can continue to work for you, regardless of where you are employed. You also avoid the penalty that gets levied on early withdrawals.

Vesting Periods: Be aware that some company plans have a vesting period of up to three years before the matching funds are transferred to the employee's account. If you quit or are laid off before that time, you forfeit the matching funds.

Divorce and Your 401(k): Don't forget to consider your spouse's 401(k) as an asset that you are entitled to a share of in any divorce settlement. The same, of course, applies to your own 401(k). You (and your spouse) have the right to request a lifetime annuity, payment over 10 or 20 years, or an immediate lump-sum distribution, which you can roll over into an IRA. If you are strapped for money, experts recommend taking a partial cash distribution and rolling the rest into an IRA. If you cash out, you'll owe taxes on the amount withdrawn, but no early-withdrawal penalty will be charged.

Now, Aim Higher—and Picture Yourself on the Beach in 20 Years!

Once "paying yourself first" has become a priority in your life, it's time to build on that success. Saving 1 percent, or less, for that matter, is great place to start, but remember, it is only the first step. When your financial situation improves and circumstances permit, gradually increase the amount of money earmarked for your 401(k) plan and your savings will hit that 10 percent mark more quickly than you might think. Once you get to 10 percent, there's no reason to stop there. If you can afford to increase your contribution percentage beyond 10 percent, you may be able to retire early. If you choose to keep working to full retirement age, your 401(k) balance will be that much better off for every extra dollar that you saved. Rest assured that when you're relaxing on a beach in Tahiti 20 years from now, you won't be complaining that you have too much money in your 401(k) plan!

If you ask any professional investment adviser, he or she will tell you that unsuc-

cessful investors don't plan to fail, they just fail to plan. If you think about yourself as a mini-corporation dedicated to your own success, then, like all start-up companies, you need a good business plan. Fortunately for you, you have an advantage over most start-up companies because you don't have to start from scratch. Your mini-corporation is already up and running. Most importantly, you are also making money. Now, the next step in your business plan is to reduce your expenses, so that you can increase the amount of money you have available to invest in your future.

Do Sweat the Small Stuff!

If you're like most people, you tend to think about money in a grand sense. You view your personal finances on a macro scale (the cost of a house, the cost of a car, the cost of an expensive vacation), instead of on a micro scale (the price of lunch, the cost of a pack of cigarettes). This is a bad habit, because in planning for the big stuff, you overlook the →



total cost of all the little items that nibble away at your pocketbook everyday.

While most Americans are overextended on their mortgage and drive a car they can't really afford, these major expenses aren't what keep these people living paycheck to paycheck. It's the small stuff. That 89 cents per day spent on coffee, the \$5.50 on lunch, and the \$3.50 for a magazine quickly add up to hundreds of dollars a month and thousands of dollars a year. While a few dollars a day spent on magazines and snacks might seem insignificant in light of your mortgage or car payments, just \$2 a day adds up to \$62 a month, \$744 per year. Add that to the daily cost of a fast-food lunch, and you've got several thousand dollars that can go into your 401(k) this year and next year.

It's no great secret that most people who find themselves doomed to a life of debt

don't live in a mansion, nor do they have a chauffeur-driven limousine take them to work each day. They just spend as if they did. With this in mind, the key to finding those extra dollars that you can invest in your 401(k) plan is actually quite simple. Spend less than you earn. That's it. No magic tricks, no get-rich-quick schemes. Just live within your means. To make this happen, you need to review your finances, put together a prudent financial plan, and stick to it.

The Real Truth About Budgets

For some people, just the mention of the word "budget" conjures up images of spending limitations and being unable to afford life's little (and big!) luxuries. What a budget really is, though, is a tool for growth. Every successful company in the country, from General Electric and Wal-Mart to the local restaurant and the corner gas station, has a budget. The companies that operate within their budgets succeed. Those that do not fail.

Now, putting that in terms of your personal life, think about yourself as the CEO of your future. Your life is a business that you run. You have income and you have expenses. You have long-term goals and short-term needs. If you plan well and stick to your budget, you will significantly increase your chances of success.

Your road to financial security begins today. It does not require fancy spreadsheets or expensive software. It begins with a humble pencil and paper. For a period of one week, carry a pencil and paper with you and keep track of how much money you spend. Write it all down—not just every dime, but also every penny. If you spend 35 cents for a donut or 50 cents for a pack of gum, write it down. At the end of the week, take out your piece of paper and add up the numbers. You'll be amazed at where all of your money has gone. If you take a good look at that list, you're likely to notice that you spent a significant amount of money on items that you didn't really need or even want.

If you had skipped that cup of coffee, snack or newspaper, would your quality of

life have been dramatically reduced? Of course not! But, if you had put that money into your 401(k) plan, and done so on a consistent basis throughout the course of your career, there is a significant likelihood that the quality of life you can expect during your retirement years would have been dramatically improved.

The list of purchases you make over the course of a month will be even more revealing. Once you add up the numbers, you will truly develop a newfound awareness of how extraneous purchases drain away your hard-earned dollars.

It's Not How Much You Make, It's How Much You Spend That Counts

To truly take control of your future, you need to make sure that you are doing every thing possible to live below your means today. Take a close look at your lifestyle. Do you really need a cell phone? Your grandmother raised the kids without one. How about that pager? Generations of families survived without pagers. Is your monthly long-distance telephone bill out of control? Do you spend too much money on fast food? How much is that cable bill? How about those magazine subscriptions? Do you clip coupons? Do you look at the price on the sign in front of the gas station before you pull in and fill up? Is the cost of that membership in the gym really worth it? Do you need to drive a gas-guzzling sport utility vehicle just to get to and from work?

Living within your means isn't hard; it just requires a little planning. The achievement of this goal pretty much comes down to the question, "Which would you prefer...peace of mind or a BMW?" Actually, most people never get the BMW. They trade financial peace of mind for five years' worth of payments on a new Honda. Once you've made the decision that living within your means is a goal you want to achieve and you've put a budget in place to help you do that, it's time to think about other strategies that will help you increase the amount of money available to invest in your future.

Where to Look for Extra Money to Invest in Your Future

That Roof Over Your Head: The cost of housing is the largest monthly expense for most people. The rising interest in "trophy" homes has led to burgeoning mortgages and a suburban landscape that is sprouting so-called McMansions faster than new grass grows in springtime. Many homeowners have gotten themselves into a situation where mortgage payments consume a disproportionate percentage of their income. Fluctuating interest rates have further blurred the lines with regard to the definition of an affordable home. But the old conventional wisdom still applies: If you are spending more than 28 percent of your gross income on housing, you are probably spending too much.

Experts recommend that your total monthly long-term debt payments not exceed 36 percent of your gross monthly income. If you've got credit-card debts and car payments, the amount of money dedicated to those bills comes directly out of what you can afford to send to the mortgage company. While experts suggest purchasing a home that costs no more than two-and-a-half times your yearly salary, a much better rule of thumb is to look for a house that costs no more than one-and-a-half times your salary. Your debts will be far easier to manage and your likelihood of paying off your home early dramatically increases.

If you're living in a place you really can't afford, consider trading down to a smaller payment. When you're looking for a new place to live, base your ability to pay the mortgage on your net pay, or pay after taxes. Basing your ability to pay a mortgage on your gross pay completely ignores the impact of taxes. On the other hand, when you are putting money in your 401(k) plan, base your contributions on your gross pay. Since 401(k) contributions are made pre-tax, all of that money goes to work for you. In the long run, your wallet and your future will both be better off.

Credit-Card Debt: Next to house payments and car payments, monthly credit-card →

payments account for the most significant chunk of monthly expenses for many consumers. The unbelievably high interest rates and low monthly minimum payment requirements combine to make even the most inexpensive purchase cost double or triple the value you saw on your receipt when you bought the item. For the credit-card companies, it's a great strategy that has paid big dividends. But, if you're having trouble finding the cash to put into your 401(k), it's time to think about all those dollars you are sending to the credit-card company.

Make a commitment to stop using your credit cards unless you already have the money to pay for your purchases in cash, but don't happen to have the cash with you at the moment. This way, you'll never buy anything that you can't afford and you'll never pay interest. Next, it's time to pay off any balances that you are carrying on your credit cards. This is a critical step, particularly if you have been forced to accept a higher-than-normal interest rate in order to get credit.

According to American Consumer Credit Counseling, Inc., a consumer with an \$8,000 credit card balance making the minimum monthly payment at 18 percent interest will pay \$15,432 in interest and take 25 years, seven months to pay off the debt. That \$8,000 purchase will cost you \$23,432 by the time your balance is paid off. It's all money that could be going into your 401(k).

The High Cost of Food: Food is a major expense for most households. It is also one of the most easily controlled expenses. Smart shopping habits can help you free up cash for your 401(k) plan. Start by minimizing your trips to the grocery store. Every time you go to the store, you increase the odds of making an impulse buy. Impulse buys are a major drain on your wallet.

To keep your grocery budget in check, always make a list before you shop, never buy anything that isn't on the list, and don't

shop when you are hungry. When you can, make bulk purchases. Shop for cleaning products and other staples at the Dollar Store. If you can cut just \$10 a week from your grocery bill and put it in your 401(k) plan instead, you've just found \$520 per year for your retirement. If you reduce the amount of money you spend dining out, you'll save even more.

Transportation: You may need a car to help you get to work, but you certainly don't need a new BMW. Nor are you likely to need one car for every person of driving age who lives in your household. Likewise, with the proliferation of "certified" pre-owned cars, it is unlikely that a five-year car payment on a new car is a wise financial move. In fact, you may want to question the wisdom of taking out a loan and paying interest on any depreciating asset—and cars that appreciate in value are few and far between.

Medical/Childcare Expenses: Some employers now offer flexible spending accounts that enable you to take pre-tax dollars from your paycheck and set them aside for future medical and/or

childcare expenses. Every dollar taken from these accounts saves you a bundle in taxes. If you use your flexible spending account to cover costs that you would normally have paid for with after-tax dollars, the money you save can be allocated to your 401(k) plan.

Banking Fees: Banks are supposed to be a place where you can save money, but the high cost of banking fees can quickly add up to more than the amount you earn each month in interest. Some banks charge for every check you write or every visit you make to a teller. Pay attention to those fees and avoid them whenever possible. The same rule applies to ATM machines.

Consider the Benefits of a Second Job: America is a country that was founded on a strong work ethic. Immigrants from around the world still come here to seek their fortunes—and many of them find those fortunes. How do they do it? They work hard. If

your current financial situation doesn't leave enough money to save for your future, think hard about the benefits of a part-time job. Just \$100 a week could provide \$5,200 per year for your 401(k) plan.

When You "Find" Money, Invest It! Any time you change jobs, get a raise, or earn a bonus, you've got a prime opportunity to increase your savings. Since you were able to get by on your former salary, the additional money brought in by your raise, bonus or new job is "found" money. Adding this money to your monthly investment should be completely painless.

The Best-Kept Secret in Corporate America?

If you're still not convinced that a substantial portion of your paycheck should be dedicated to your 401(k) plan, there is one more thing that you should know. Think about this: In executive suites across corporate America, highly paid executives are always on the lookout for ways to increase participation in the company 401(k) plan. They want to get employees contributing at the highest possible rate and keep them contributing for as long as possible.

To get participation rates higher, 72 percent of companies with 401(k) plans offer matching contributions, Hewitt Associates reports. In some cases, employers set up plans to provide contributions even to employees who do not make any contributions at all. To keep employees participating on a long-term basis, the Hewitt survey revealed that 67 percent of employers have set up vesting schedules that require employees to participate in the plan for a certain number of years before the employees get full ownership of the company's matching contribution.

Why do corporate executives go to such great lengths to get more workers to participate in the 401(k) plan? Contrary to popular belief, it's not because they want you to have a financially secure retirement. They're more concerned about their own retirement lifestyle. If you don't participate, the executives can't sock away their maximum contribution amount in their 401(k) plans. That's

right! The contributions top executives can make to their 401(k) plans are directly limited by the amount of money everybody else who works for the company puts away. The more the executives can get you to save, the more they can save! From a corporate-management perspective, one of the major benefits of a 401(k) plan is to help the highest paid employees feather their nests for retirement—and that just may be the best-kept secret in corporate America.

The lesson here? When the highest paid employees in the country believe that 401(k) plans are such a good investment vehicle that they are willing to give other employees money so that they can increase their own participation, that fact alone should be a compelling reason for every eligible corporate employee in the country to contribute the maximum possible amount they can afford.

Still not convinced? Consider this: if a woman in her 20s puts away just \$2,000 a year for five years in a 401(k) or IRA and does nothing else but let it gather compound interest for the rest of her working life, when she reaches retirement age she'll be sitting on a nest egg worth close to half a million dollars. Double that amount, and she'll have made up that million-dollar wage gap working women face.

While retirement may seem like a long way off to you now, and finding the money to invest when you don't make a six-figure salary may seem difficult, the sooner you get started, the better off you will be. If you are willing to make small changes in your spending habits and commit to paying yourself first, you'll be on your way to achieving your retirement goal more quickly than you ever dreamed possible.

No more excuses. That beach in Tahiti awaits! □

With "a budget by age 11, an IRA at 17 and rental property by 24," James E. McWhinney started saving for his retirement early. He is a financial writer who has worked for a variety of high-profile financial services firms, including Lockwood Financial Services, The Vanguard Group and Federated Investors. He writes for numerous magazines and has contributed chapters to several books on financial topics.

FUNNY BUSINESS

If Women Ran the Fortune 500 . . .

Jock Talk Would Be Banned!



The Author: No garden-variety writer.

By Victoria Secunda

Have you ever noticed that male politicians and businessmen tend to speak in sports metaphors—a kind of code designed to exclude female colleagues? Every guy from the First Club Owner (i.e., Dubya, former honcho of the Texas Rangers) to the CEO of, say, Widgets, Inc., routinely relies on such gibberish as:

“We gotta do an end run.” Translation: Resort to new nefarious devices to draw attention away from our old nefarious devices.

“Let’s step up to the plate.” Translation: Come clean about our accounting practices—right after we all cash in our stock options and announce that the company is

going bankrupt.

“What say we go into a no-huddle offense?” Translation: We can’t be seen having conversations with the government officials we bribed.

“Why don’t we just run out the clock?” Translation: Do nothing and maybe it’ll all go away.

This palaver is the result of males being forced, when they were kids, to take an interest in sports and sound like jocks, spouting wacko expressions such as “no-seam splitter,” “tight end,” and—I kid you not—“dribble penetration.”

Well. Imagine what it would be like if 90 percent of Fortune 500 executives—and the President of the United States—were female. In such a world, it would behoove men to toss around lingo routinely used by women in order to curry favor with them. I am referring, obviously, to cooking terms.

To illustrate the point, let’s pretend that Delilah, the new chief honcha of Widgets, Inc., wants to give the accounting department a work over (a likely scenario, given the Congress’s decision to make white-collar graft uncool). So she calls a meeting of the top numbers-crunchers—nine women and one guy—and says:

“Listen up, or you’ll be toast. There’ll be no more sugarcoating our financials around here, not while I’m wearing the toque. The government has us by the marrons and, if we’re not careful, we’ll all be put through the ricer. The next quarterly report I read that has missing ingredients, I’m gonna de-bone and fricassee the person who wrote it. George! I’m talkin’ to you! Don’t mince words with

me. I may look like a dish, but I’m no soufflé. Where’d you come up with these numbers?”

George, the accountant, perspires onto his calculator and gropes for a reply. “Have a heart, boss, it was an honest mistake. Judy over there told me that, in the last quarter, we were up roughly four cups. I was trying to

make the report more businesslike, so I wrote “up a pint.” Who knew a pint was only two cups?”

“That’s it,” yells Delilah. “I’m settling your hash. You and me, right here, right now. The timer has rung, George, and you’re cooked. Kiss your grits goodbye. I want you to clear out your cupboard and be off the premises

within the hour. Hand over the keys to the wine cellar. Don’t be coy, you know what I’m talking about—the confidential files. Jeez, where’d you go to school? Wharton? That explains it! This really fries me. Everyone: On my desk, by the close of business today, I

want an update on our Puree/En croûte. Judy, explain to George that means P/E. Get him out of my sight—he makes me sick. And find me someone—preferably a woman—who knows more than diddly about cooking books.”

See what I mean? If women ran the world, we’d be in a lot better financial shape. You won’t catch us with our hands in the cookie jar, no less leaving a trail

of crumbs.

Translation: When it comes to fudging numbers, leave it to the pros. □

Victoria Secunda is an award-winning author, whose latest book is “Losing Your Parents, Finding Your Self” (Hyperion). She is the executive editor of MAKING BREAD and will be up to more ‘Funny Business’ in future issues of the magazine.

HE SAID:
‘Let’s step up to the plate.’
Translation:
Come clean about our
accounting practices—right
after we all cash in
our stock options.

SHE SAID:
‘Listen up, or you’ll be toast.
There’ll be no more
sugarcoating our financials
around here. The next
quarterly report I read that
has missing ingredients,
I’m gonna de-bone and
fricassee the person
who wrote it!’
