

FACT

EK-ONOMICS

October 31 is a billion-dollar annual treat for retailers. The average person spends close to \$50 on the holiday, with the biggest outlay going for costumes (an average person spends \$14.85), followed by candy (\$14.41), decorations (\$10.37) and greeting cards (\$2.14). In 2003 the average person budgeted \$41.77 on Halloween purchases, down 5 percent from 2002. Roughly half of 18- to 24-year-olds don costumes and attend a party, and about the same number of 25- to 44-year-olds take the kids trick-or-treating. Not the 45-and-overs, though. Eighty-seven percent of them stay home and hand out candy. — M.H.



plan. Higher earners save more, up to a current maximum of nearly \$150,000 a year for a self-employed person earning almost \$200,000 — nearly triple the 401(K) or profit-sharing max.

Defined benefits aren't for everyone, however. The best candidates are small business owners 40 or more years old with fewer than 10 employees with consistent predictable income over and above living expenses. Luckily, that isn't the only trick out there for catch-up savers.

Those 50 and over can take advantage

of special rules on catch-up contributions, notes Violet P. Woodhouse, a Newport Beach, California, family law attorney and certified financial planner. The 2004 limit on all Deferred Compensation Plans contributions, like 401(K)s, is \$13,000 for most savers. Savers 50 and over at the

end of 2004 can make an extra catch-up contribution of \$3,000. "In a SIMPLE IRA, the catch-up provision is \$1,500 additional dollars each year," she says. "Instead of contributing \$9,000, you can contribute \$10,500."

Many people have to play catch-up

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RETIREMENT PLANNING

AUTHOR Q&A

MONEY MORALS

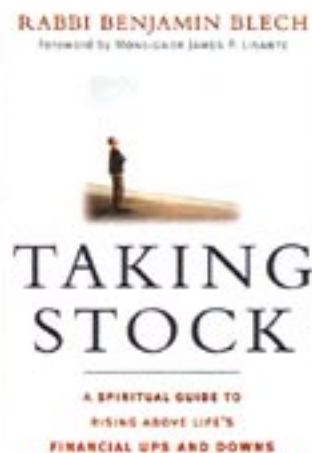
There's nothing like getting rich and then losing it all to help you appreciate Jack Benny's classic one-liner — "I'm thinking, I'm thinking" — delivered to a gunman demanding the comedian's wallet or his life. So says Benjamin Blech in *Taking Stock: A Spiritual Guide to Rising Above Life's Financial Ups and Downs* (Amacom, \$17.95), an account of what the retired rabbi learned from winning and losing \$7 million as an amateur investor during the dot-com craze.

Why write a book about what you learned from losing your fortune?

BENJAMIN BLECH: I wanted people to regain a sense of the importance of money in your life. Jack Benny's line got the longest recorded laugh in the history of radio. At the same time, we invest all of our energies into acquiring more and more money.

This affects even someone like you, a 10th-generation rabbi?

At the time I was going through this, I called my broker every 20 minutes. My wife said, "Why are you calling again?" I answered, "I have to find



out how much I'm worth." I was defining my self-worth based on the value of my portfolio. That's absurd. Our worth is more than that.

Where did it all go wrong for you, investment-wise?

The reason I got killed was I had one major holding, a stock trading in the \$40s that I had bought for pennies. I saw a guy on CNBC who said it was going to \$250. I said, "I'll

sell at \$100. I won't be a pig." But, of course, I was being a pig and I lost everything.

— M.H.

because they lacked good saving habits early on. So give the job to someone else by setting up automatic investment plans, suggests Scarsdale, New York, financial author Jordan Goodman. Most mutual funds will arrange to draw \$50 or \$100 or whatever you can afford out of your bank account monthly. "The money just kind of goes out," Goodman says. "But if it's not automatic, it's not going to happen."

Catch-up savers might also need to change their investment style. "Most people take too little risk," Goodman says. "They have too much in certificates of deposit and money market funds, and there's no way

your money can grow if it's yielding only one percent." If you're behind the savings eight ball, loosen up and invest in individual stocks and bonds as well as aggressive growth mutual funds. "I'm not saying to put it all on black," says Goodman. "But you do have to have some risk."

Some solutions don't have anything to do with saving. For instance, Woodhouse recommends empty nesters consider selling large family homes they no longer need and investing the proceeds. Also look at buying long-term-care insurance to reduce the impact of a late-in-life expense that can eat up savings of retired people. One of the most