

Index

• Numerics •

10-k report of company, 124–125
10-Q report of company, 125
11th District cost of funds, 240–241
401(k) retirement plan, 54–55, 67
403(b) retirement plan, 54–55
1031 exchange, IRS, 208

• A •

A bonds, 139
AA bonds, 139
AAA bonds, 139
accountability of Federal Reserve, 80
accounting, small business, 297–300
accrual basis for small business
 accounting, 298
accumulation phase of annuity, 56
actively managed funds
 bond funds, warnings on, 172–173
 index funds, compared to, 59, 159–160,
 164, 353
addictive trading, 185
adjustable-rate mortgage (ARM), 235–238,
 239–242
adjusted gross income, 50
adjustment cap for ARM, 241
Admiral versions of Vanguard funds, 173
advertising, impact on quality of
 investment information, 325–327, 334
adviser. *See also* broker
 as business purchase resources, 309, 318
 conflicts of interest for, 336
 gurus, danger of following, 369
 healthy skepticism about, 363–364
 selecting, 376–377
 wealth levels and use of, 13

age factor in investment choices, 60
aggressive growth fund category, 166
Amazon.com, 92
Amway, 316
angel investor, 287–288
annual report of company, 117–124
annuities, 56
Apple Computer, 10–11, 269
appraisal, property, 224, 234, 243
appreciation. *See also* returns
 real estate, 207, 214
 stock, 35–36, 82, 165
ARM (adjustable-rate mortgage), 235–238,
 239–242
Artisan Funds (Web site), 169, 180
asset allocation mutual funds, 177
assets. *See also* insurance
 allocating, 138, 161–163, 364. *See also*
 diversification
 in annual report, 119
 for college financial aid analysis, 64
 depreciation of company, 112
 inventory as asset, 121
 liquidation/replacement cost of, 318
 valuing of business, 318–319
ATC Communications, 93
attention-grabbing stocks, cautions
 against, 39, 61, 169, 334, 364
auditing
 of company financial records, 117
 for evaluation of performance claims, 338,
 343–344
automatic investment plan, 62–63
automobile mileage tax deduction, 300
average cost method for profits on mutual
 fund shares, 374
Avon Products, 96

• **B** •

- back-end (deferred sales) load funds, 156
- backtesting, 337
- Bacon, Peter W. (financial specialist), 62
- balance sheet
 - annual report, 118–122
 - business plan, 277
- balanced mutual funds, 177. *See also*
 - diversification
- balloon loan, 236
- bank accounts
 - checking account, 15
 - erosion of interest-rate yield from, 16
 - lack of growth, 26
 - as loans to bank, 14
 - money market funds, compared to, 134–136
 - returns from, 35, 37–38, 132
 - risk in, 133
 - separate business and personal, 298
 - taxes, relationship to, 58
- banks. *See also* certificate of deposit (CD)
 - central bank, Federal Reserve as, 79
 - investment vehicles, 132–136
 - risks of failure, 154
 - savings accounts as loans to, 14
- Barnes & Noble, 92
- Barrett, William P. (journalist), 329
- Barron's*, 117
- BB bonds, 140
- BBB (Better Business Bureau), 311
- BBB bonds, 139
- bear market, 85, 379–384
- Beardstown investment club, 342, 343–344
- Beardstown Ladies' Common-Sense Investment Guide, The*, 343
- beating the market, 77, 185, 353
- benefits, replacing employee, 281–282
- Berkshire Hathaway, 116
- Bernanke, Ben (Federal Reserve chairman), 79
- Better Business Bureau (BBB), 311
- Beyond Entrepreneurship, Turning Your Business into an Enduring Great Company* (Collins and Lazier), 269
- bid-ask spread, 103
- bizbuysell.com (Web site), 309
- black market, 34
- Bloch, Sonny (radio personality), 335
- BLS (Bureau of Labor Statistics), U.S. (Web site), 217
- board of directors, corporate, 125
- Bogle, John (Vanguard founder), 164, 270
- bond(s). *See also* Treasury bonds (Treasuries)
 - buying, 143–147
 - calling prior to maturity, 144, 147
 - CDs, compared to, 133–134, 136
 - convertible, 142
 - corporate, 58, 141, 146
 - credit rating codes, 139–140
 - currency effects on foreign, 142
 - default on, 137, 139–140
 - fees, 143, 145, 146, 171
 - historical performance, 38
 - inflation, relationship to, 33, 78–79, 142, 175
 - interest rates and bond prices, 138, 146
 - intermediate-term, 139, 174–175
 - issuer types, 140–142
 - junk, 140, 150
 - as lending investment, 15, 72
 - liquidity of, 32
 - long-term, 38–39, 139, 175–176
 - maturity of, 138–139, 170, 172
 - mortgage, 141, 146
 - municipal, 58, 141
 - prices, 138, 142, 144–145, 146
 - pros and cons of, 136–138
 - quality of, 38, 139–140, 170, 172
 - returns. *See* yields
 - risk level, 15, 137, 141, 142
 - short-term, 38–39, 139, 173–174
 - stocks, compared to, 72
 - tax considerations, 58, 141, 171, 173, 174–176

- types of, 138–143
 - volatility, 140, 150, 174, 175
 - zero coupon, 143
 - bond funds
 - actively managed, 172–173
 - components, 170–171
 - definition, 141
 - individual bonds, compared to, 143–144, 146, 147
 - intermediate-term, 174–175
 - long-term, 175–176
 - operating expense impact, 157
 - overview, 154
 - short-term, 173–174
 - Treasuries, 145–146
 - yields, 171–172
 - bond market
 - efficient market hypothesis, 76–77
 - Federal Reserve's role in, 79–80
 - inflation effects on, 33, 78–79
 - interest rate effects on, 15, 35, 77–79, 138, 143, 146
 - as source for business financing, 71–73
 - book resources for investment
 - information, 326, 339–347
 - book value of company, 318
 - book value per share, 113
 - bootstrapping, 267, 284–285
 - borrowing. *See also* lending investments;
mortgages
 - from 401(k) retirement plan, 67, 232
 - for business purchase, 307
 - business start-up, 71–73, 284–288
 - for college expenses, 67
 - debt management, 47–48, 197
 - home equity loan, 67, 246, 286
 - margin, 97
 - real estate leverage, 206
 - speculative investment consequences, 94
- Bortner, Deb (securities official), 342–343
- Bowerman, Bill (entrepreneur), 269
- brand name development for profit
 - increases, 76
- Brennan, Robert (penny stockbroker), 106
- Brinker, Bob (investment adviser), 36
- broadcast media for investment advice,
334–337
- broker. *See also* stockbroker
 - business, 309–310
 - mortgage, 149
 - real-estate, 149, 295
- Brown, Ray (author)
 - House Selling For Dummies*, 254
- bubbles, speculative, 91–98, 345
- Buffet, Warren (investor), 116, 344
- buildable land availability, 218
- Built to Last: Successful Habits of Visionary
Companies* (Collins and Porras), 346
- bull compared to bear markets, 85
- Bureau of Labor Statistics (BLS), U.S. (Web
site), 217
- business, relationship to economics, 73–80.
See also small business
- business expenses, tax considerations,
299–300
- business plan development
 - business concept, 268–269
 - delivery of service/product, 273
 - executive summary, 278
 - financial plan, 275–277
 - introduction, 267–268
 - market analysis, 271–273
 - marketing plan, 274–275
 - objectives, 270–271
 - organization and staffing, 275
- Business Week*, 117
- buy-and-hold strategy, 49. *See also* long-
term investment
- buyer's broker type of real estate agent,
248
- buying. *See also* real estate
 - bonds, 143–147
 - existing business
 - evaluating a business, 305, 313, 315–319
 - franchising, 311–314
 - multilevel marketing company, 314–315
 - overview, 265–266
 - prerequisites for, 306–307

- buying (*continued*)
 - pros and cons of, 303–305
 - returns from, 41–42, 43
 - searching for target business, 307–311
 - on margin, 212
 - stocks
 - during bargain periods, 99–101
 - broker-assisted purchase, 129–130
 - direct purchase from company, 128–129
 - market declines as opportunities, 380–381
 - methods for, 86–89
 - in overpriced market, 30
 - timing considerations, 89–101
- C •
- C corporation, 299
 - call option, 17
 - calling bonds prior to maturity, 144, 147
 - cap on ARM interest rate, 241
 - capital
 - business start-up risks, 280
 - definition, 71
 - financing small business ownership, 71–73, 284–288
 - investing in an existing business, 265–267, 305, 306–307
 - capital gains
 - definition, 82
 - real estate distributions, 207, 208
 - stock fund distributions, 165
 - capital gains tax (CGT), 36, 58–59, 374–375
 - capital in excess of par value of stock
 - proceeds, 122
 - capitalism, overview, 74–75
 - capitalization, market, 128, 166
 - caps on ARMs, 239
 - career
 - investing in, 262–263
 - leaving for entrepreneurship, 280
 - career risk, 33–34
 - cash basis for small business accounting, 298
 - cash equivalents, 15–16
 - cash flow
 - net profit, relationship to, 112, 113
 - rental property, 214, 219–223
 - central bank, Federal Reserve as, 79
 - certificate of deposit (CD)
 - as basis for ARM index, 240
 - bond, compared to, 133–134, 136
 - as lending investment, 14
 - returns on, 38, 141
 - Treasuries, compared to, 140
 - volatility in, 150
 - charges. *See* fees
 - Charles Schwab, 116, 184
 - Chartered Financial Analyst (CFA)
 - credential, 152
 - check writing, money market fund, 155
 - checking account, 15
 - Claiborne, Robert (author)
 - Loose Cannons and Red Herrings—A Book of Lost Metaphors*, 85
 - COBRA, 282
 - COFI (cost of funds index), 240–241
 - Cohen & Steers Realty Shares, Inc. (Web site), 170, 180
 - collectibles, 19–21
 - college investment strategy, 63–65, 67, 192, 332
 - Collins, James C. (author)
 - Beyond Entrepreneurship, Turning Your Business into an Enduring Great Company*, 269
 - Built to Last: Successful Habits of Visionary Companies*, 346
 - Good to Great: Why Some Companies Make the Leap...And Others Don't*, 346
 - on small-business start-up, 259, 284
 - commercial property, 216–217
 - commissions
 - business broker, 310
 - day trading, 103
 - discount broker, 143, 182
 - mutual fund, 156–157
 - origins of broker, 181–182
 - real estate agent, 195, 247, 253
 - commodities, 17, 18–19, 170

- common stock. *See* stock
- communism, 75
- companies. *See also* small business
- as bond issuers, 141
 - book value of, 318
 - direct purchase of stock from, 128–129
 - fundamental analysis, 92–93, 115–126, 145
 - incorporation considerations, 288–292
 - large-company stocks, 43, 83–84, 115, 166
 - market role in raising money for, 71–73
 - private compared to publicly traded, 72, 73–75
 - small-company stocks, 43, 84, 104, 106, 115, 166
 - success of visionary, 346
- company-based retirement plans, 54–55
- compounded effective annual yield, 35
- compounding of returns on investments, 38, 40, 54, 56, 369
- condominium home type, 199, 214
- conflicts of interest
- investment adviser, 336
 - not trusting authority, 364
 - real estate agent, 246–247
 - stockbroker, 102–103, 182
- continuity of life for corporation, 289
- conventions used in this book, 2–3
- convertible bonds, 142
- Cook, Wade (author)
- fraudulent career of, 340–343
 - Stock Market Miracles*, 340
- Cooper, William (loan broker), 229
- cooperative (co-op) home type, 200
- corporate bonds, 58, 141, 146
- corporate compared to individual taxes, 290
- corporate reports, 117–125
- CorporateInformation.com (Web site), 356–357
- corporations. *See* companies; small business
- cosigner for mortgage loan, 235
- cost-basis method of calculating returns, 352
- cost of funds index (COFI), 240–241
- costs. *See also* commissions; fees
- asset liquidation/replacement, 318
 - business start-up, 71–73, 276, 284–288
 - CD, 133
 - collectible, 19–20
 - consumer credit, 47
 - controlling for increased profit, 76, 107
 - home purchase, 194–195
 - investment property, 220–223
 - money market fund, 178
 - mutual fund, 87, 152–153, 155–158, 159–160, 171
 - pros and cons of tax-deductible business, 299–300
 - researching original costs of investments, 376
- coupon rate, bond, 145
- credit cards as capital source for business start-up, 286
- credit rating, bond, 38, 139–140
- credit report/score and mortgage loan approval (Web site), 232, 233–234, 243
- credit unions, 286
- currency market, 40, 94, 142, 168, 358
- current compared to future earnings, 91
- custodial accounts for college savings, 63–64
- custodian organization for mutual fund, 154
- customer relations in running business, 292–293
- CXO Advisory (Web site), 357
- D •
- day trading, dangers of, 103–104, 105
- DCA (dollar-cost averaging), 61–63
- De Vos, Richard (entrepreneur), 316
- debt management, 47–50, 197
- deep discounters (brokers), 183
- default
- on bonds, 137, 139–140
 - on private mortgages, 149
- deferred sales (back-end) load funds, 156
- demand for housing, assessing, 218–219
- depreciation, 35–36, 112, 299–300

- depressed real estate market, buying
 - in, 227
 - Depression, Great, stock market decline in, 43, 98
 - derivatives, 16–18
 - disability insurance, 66, 282
 - discount broker, 115–116, 129–130, 143, 181–184
 - discounted property opportunities, 225–227
 - diversification
 - advantages of, 11, 107
 - asset allocation role, 163–164
 - benefits of, 61
 - bonds as vehicle for, 137, 143, 147
 - foreign investments as, 26–27, 39–40
 - investment choices for, 59–63
 - risk-mitigation benefits of, 26–27, 31
 - sector mutual fund considerations, 169
 - selling decision, relationship to, 372
 - stability of investing, contribution to, 52
 - stock mutual funds, 86–87, 151, 153, 163
 - dividends
 - bond fund, 170
 - definition, 36
 - holding checks with broker, 187
 - money market fund, 134
 - as profit source from stock, 82
 - stock fund, 165
 - tax rates for, 36
 - Dodge & Cox Funds (Web site), 168, 169, 177, 180
 - dollar-cost averaging (DCA), 61–63
 - Dow, Charles (market index creator), 83
 - Dow Jones Industrial Average (DJIA), 25, 83, 96, 99
 - down payment on home purchase, 197–199, 232, 235
 - downline, multilevel marketing, 314
 - Dreman, David (money manager), 92
- E •**
- e-brokers, 184–188
 - earnings. *See also* P/E (price-to-earnings ratio)
 - average cost method on mutual fund shares, 374
 - brand name development for, 76
 - in business value analysis, 319
 - cash flow, relationship to, 112, 113
 - cost control, 76, 107
 - definition of corporate, 75
 - future compared to current, 91
 - rollover of real estate profits, 208
 - stock-based sources of, 82, 165
 - stock prices, relationship to, 75–76, 124
 - earnings per share, 90, 124
 - economics, business relationship to, 73–80
 - Edelman, Ric (author)
 - Lies About Money, The*, 161
 - EDGAR (Electronic Data Gathering Analysis and Retrieval System), 359
 - education, investing in, 33–34, 306
 - Education Savings Account (ESA), 64–65
 - efficient market hypothesis, 76–77
 - Electronic Data Gathering Analysis and Retrieval System (EDGAR), 359
 - electronic trading resources, 354–360
 - 11th District cost of funds, 240–241
 - emergency fund, 45–47, 49, 135, 237
 - emerging economies, stock markets in, 41, 84
 - emotions
 - cost of business ownership to, 257, 280
 - dangers of online trading, 185
 - euphoria temptation, 364
 - giving up in hard times, 365–366
 - impact on markets, 91, 104, 345
 - investing in down market, 379–380
 - media’s play on, 333
 - overmonitoring investments, 367
 - in property purchase, 192, 193, 208, 250
 - employees, planning for hiring, 275
 - entrepreneurial myths, 261. *See also* small business
 - equity
 - real estate
 - college financial aid analysis, 64, 67
 - home equity loan, 67, 246, 286
 - lending investments, compared to, 198–199
 - overview, 12
 - stockholder’s, 122. *See also* stock
 - ESA (Education Savings Account), 64–65
 - escheatment, 44, 350
 - escrow services for mortgage, 251–252
 - estate planning, 67–68
 - estimated taxes, paying, 297

E*Trade, 188
 Europe, total value of stocks, 40
 exchange-traded funds (ETFs), 88, 153,
 160–161
 executive summary, business plan, 278
 expert advice, media problems with
 discerning, 333, 335–336

● **F** ●

FAFSA (Free Application for Federal Student Aid), 67
 Fairholme Funds (Web site), 168, 180
 falling stock price, put option strategy, 18
 family
 balancing with investment time, 152, 372
 borrowing from for business start-up, 287
 business start-up considerations, 281
 consequences of day trading obsession for, 104
 cost of business ownership for, 257, 294,
 300–301
 financial planning, 53
 Fannie Mae/FNMA (Federal National Mortgage Association), 141
 Far East, total value of stocks, 40
 Federal Deposit Insurance Corporation (FDIC), 37, 132–133, 134
 Federal Express Corporation, 269
 Federal funds rate, 80
 Federal National Mortgage Association (Fannie Mae/FNMA), 141
 Federal Open Market Committee, 79
 Federal Reserve, 79–80, 145
 Federal Trade Commission (FTC) (Web site), 234
 fees. *See also* commissions
 annuity operating, 56
 bond, 143, 145, 146, 171
 direct stock purchase from companies, 129
 discount brokerage, 184
 ETF, 161
 exposure during down markets, 381
 franchise, 312
 GIC, 148
 hedge fund, 88
 home purchase, 195
 maintenance fees for housing, 200
 mortgage, 242–243
 mutual fund, 87, 152–153, 155–158
 online brokerage, 185–186
 sector mutual fund considerations, 169
 selling compared to buying through broker, 376
 selling decision, relationship to, 373
 Fidelity
 bond funds, 175
 brokerage fees, 184
 experience, 159
 hybrid funds, 177
 money market funds, 179
 mutual fund costs, 157
 REIT fund, 170
 U.S. stock funds, 168
 FIFO (first-in-first-out) in selling shares, 374
 financial aid for college expenses, 63–64
 financial calculators, dangers of online, 355
 financial information. *See also* research on companies, 113, 115
 evaluating online, 355–359
 personal assessment of, 195–197, 368
 selecting resources, 323–329
 financial markets, workings of, 73–80. *See also* banks; bond market; stock market
 financial planning for small business, 259, 275–277, 280–281
 financial publications, 116–117
 financing of small business, 71–73, 284–288
 first-in-first-out (FIFO) in selling shares, 374
 First Pension, 229
 Fisher, Irving (economist), 98
 fixed-interest investments. *See* bond(s)
 fixed-rate mortgage, 193, 235–239
 fixer-upper properties, 225–226
 Flatley, Thomas (real estate mogul), 213
 flexible (adjustable-rate) mortgage, 235–238, 239–242
 flipping property, 252
Forbes, 42, 117
 forecasting
 business finances, 275–277
 complexity of economic, 80
 difficulties of predicting markets, 333, 338, 345
 economic growth in given areas, 215
 home prices, 196
Value Line, 114–115

foreign exchange (currency) market, 40, 94, 142, 168, 358

foreign investments

- bonds, 142
- as diversification tool, 26–27, 39–40
- inflation issue, 34
- Japanese speculative market bubble, 93–94
- Morgan Stanley EAFE index, 84
- mutual funds, 169
- need for professional expertise, 10
- profitability of, 41
- South Seas bubble in England, 97
- 401(k) retirement plan, 54–55, 67
- 403(b) retirement plan, 54–55
- franchising, 311–314
- fraud in investment advising, 335, 340–343, 356
- Free Application for Federal Student Aid (FAFSA), 67
- free-market capitalism, 74–75
- FTC (Federal Trade Commission) (Web site), 234
- fully indexed ARM rate, 240
- fund manager
 - advantages of, 87
 - aggressive bond fund managers, 172–173
 - company experience, compared to, 159
 - index funds, relationship to, 159, 160
 - no-load compared to load funds, 157
 - as risk managers for investment, 31
 - role of, 151, 152
- fundamental analysis, 92–93, 115–126, 145
- future compared to current earnings, 91
- futures, 16–18

● G ●

Gamblers Anonymous, 105

gambling

- day trading as, 103, 104, 105
- futures as, 17–18
- investing, compared to, 81
- options as, 17–18
- as problem in investing, 105

general partners (venture capital), 42, 287–288

general quality (investment-grade) bonds, 139

Gentes, Jim (entrepreneur), 285

GICs (guaranteed-investment contracts), 148, 150

Ginnie Mae/GNMA (Government National Mortgage Association), 141

Giro, 285

Givens, Charles (investment adviser), 335

goal-setting, 42–43, 50–52, 367, 371

gold, 18, 19

gold fund, 170

Good to Great: Why Some Companies Make the Leap...And Others Don't (Collins), 346

Government National Mortgage Association (Ginnie Mae/GNMA), 141

Granville, Joe (investment adviser), 337

Great Depression, stock market decline in, 43, 98

Greenspan, Alan (former Federal Reserve chairman), 80

Gross, William (bond fund manager), 173

growth and income fund category, 166

growth stock fund category, 166

growth-type investments, 49, 60. *See also* ownership investments

guaranteed-investment contracts (GICs), 148, 150

● H ●

Harbor Funds (Web site), 169, 173, 174, 180

Harris, Alan, (attorney), 230

health insurance, 66, 281–282

Health Savings Account (HSA), 66, 282

hedge funds, 88

Hewlett-Packard, 300

high-grade (high credit quality) bonds, 139

high-yield (junk) bonds, 140, 150

home equity loan, 67, 246, 286

home loans. *See* mortgages

home office pros and cons, 294

- homeownership
 - converting home to rental property, 212
 - down payment, 197–199, 232, 235
 - financial assessment, 195–197
 - introduction, 191–192
 - lender’s perspective, 197
 - property insurance, 202–203
 - property types, 199–200
 - pros and cons of, 192–194
 - selecting property, 201–203
 - as sole real estate investment, 211
 - tax considerations, 192, 198, 202
 - transaction costs, 194–195
- “hot” stocks, cautions against, 39, 61, 169, 334, 364
- House Selling For Dummies* (Tyson and Brown), 254
- housing market. *See* real estate
- HSA (Health Savings Account), 66, 282
- HSH Associates (Web site), 244
- Hulbert Financial Digest*, 112, 337
- hybrid mortgage, 238
- hybrid mutual funds, 176–177
- hype factor in media coverage of investment world, 332, 335
- hyperinflation, 34
- **I** •
- icons used in book, 4–5
- IDG Books Worldwide, 262
- inactivity fees from online brokers, 186
- income fund category, 166, 177
- income increases for savings goals, 51
- income sources. *See also* dividends
 - bonds as, 138
 - rental property as, 207
- income statement
 - annual report, 122–124
 - business plan, 276–277
- income tax. *See* tax considerations
- incorporation pros and cons, 288–292
- independent brokerage resources, 115–116
- index funds, 59, 159–160, 161, 164, 345
- index value for ARM, 240
- indexes, stock market, 83–84, 85–86
- individual bonds, buying, 143–147
- individual-investment risk, 30–32
- Individual Retirement Account (IRA), 56
- individual stocks. *See also* research
 - broker-assisted purchase, 129–130
 - broker conflicts of interest, 102–103
 - day trading dangers, 103–104
 - direct purchase from companies, 128–129
 - discount brokers for, 184
 - preparation for investment, 126
 - price calculations, 127–128
 - stock mutual funds, compared to, 164
 - stock-picking strategy, 87, 88–89, 107
- inflation
 - bonds, 33, 78–79, 142, 175
 - definition, 78
 - effect on markets, 78–79
 - erosion of returns, 16
 - foreign countries’ rates, 34
 - gold and silver performance, 19
 - purchasing-power risk, relationship to, 32–33
 - renting limitation due to, 193
 - stocks’ ability to beat, 39, 40
 - TIPS, 142
- inflation-indexed bonds, 142, 175
- infomercial books, avoiding, 339–343
- information overload, 323–325
- inheritance, 11, 374
- initial public offerings (IPOs), 73–74
- innovation and profit increases, 75
- insider trading, 81–82
- inspection, property, 195, 250–251
- insurance
 - annuities, 56
 - for asset protection, 65–66
 - on bank account deposits, 37, 132–133, 134
 - guaranteed-investment contracts (GICs), 148
 - health, 66, 281–282
 - home, 202–203
 - liability, 66, 289
 - life, 66, 283

- insurance (*continued*)
- long-term disability, 66, 282
 - money market funds' lack of, 135–136
 - private mortgage insurance (PMI), 197–198, 232
 - retirement, 283
 - risk of company failure, 154
 - tax-deductibility for corporations, 290
 - title, 195, 251–252
- interest-only loan, 198
- interest rates
- bank account, 35, 37–38, 132
 - bond, 15, 35, 77–79, 138, 143, 146
 - consumer credit costs, 47
 - Federal Reserve's role in money supply, 79–80
 - Japanese speculative bubble, pricking of, 95
 - money market fund, 15
 - mortgage, 48, 149, 235–242
 - TIPS compared to regular Treasuries, 142
- intermediate-term bonds, 139, 174–175
- internal rate of return (IRR), 352
- Internal Revenue Service (IRS), 297, 300, 374. *See also* tax considerations
- international (overseas) stock fund category, 167, 168–169
- International Harvester, 30–31
- international investments. *See* foreign investments
- Internet. *See also specific Web sites*
- dangers of “free” investing advice on, 325
 - online brokers, 184–188
 - resources on, 354–360
 - technology bubble, relationship to, 91–92
- inventory as corporate asset, 121
- investing. *See also* preparation for investing
- debt payoff as investment, 47
 - defining goals, 42–43
 - definition, 9–10
 - diversification. *See* diversification in down markets, 379–384
 - gambling, compared to, 81
 - introduction, 1–5
 - lending investments. *See* lending investments
 - ownership investments. *See* ownership investments
 - psychological challenges of, 363–369
- investment bankers, role in IPOs, 73
- investment-grade (general-quality) bonds, 139
- investment pools, 98
- investment research software, 353–354
- investment tracking software, 350–353
- Iomega, 93
- IPOs (initial public offerings), 73–74
- IRA (Individual Retirement Account), 56
- IRR (internal rate of return), 352
- IRS (Internal Revenue Service), 297, 300, 374. *See also* tax considerations
- issuers of bonds, types of, 140–142
- **J** •
- Japan, 26, 93–94
- Jobs, Steve (entrepreneur), 10–11, 269
- Jones, Eddie (market index creator), 83
- junk (high-yield or non-investment grade) bonds, 140, 150
- **K** •
- Keogh plan, 55, 283
- Kilcullen, John (entrepreneur), 262
- Kiplinger's*, 117
- Kiyosaki, Robert (author)
- Rich Dad, Poor Dad*, 383
- Kovel, Ralph and Terry (authors)
- (Web site), 21
- Kudlow, Larry (investment adviser), 337
- Kudlow & Company*, 337
- **L** •
- land, investing in undeveloped, 206, 215–216
- large-company stocks, 43, 83–84, 115, 166

Lazier, William C. (author)
Beyond Entrepreneurship, Turning Your Business into an Enduring Great Company, 269

leasing office space, 293–296, 317

leasing property. *See* rental property

LeCompte, Steve (market analyst), 357

Leeb, Stephen (investment adviser), 337

lender, selecting a mortgage, 197, 243–244

lending investments

- banks. *See* bank accounts; banks
- bonds. *See* bond(s); bond market
- guaranteed-investment contracts (GICs), 148
- home equity, compared to, 198–199
- money market funds. *See* money market funds
- overview, 14–15, 131–132
- ownership investments, compared to, 131–132, 368
- private mortgages, 148–150

Lenin, Vladimir (politician), 75

Let's Get Real About Money (Tyson), 53

leverage, 12, 17, 206, 212

liabilities in annual report, 121

liability insurance, 66, 289

liability protection of incorporation, 289, 291

life insurance, 66, 283

lifetime cap on ARM, 237, 241

limit order for stock, placing, 130

limited liability company (LLC), 291

limited partnership (LP), 42, 229, 332, 336

liquidation/replacement cost of business assets, 318

liquidity, 32, 193

LLC (limited liability company), 291

loads (fees), 156–157, 171. *See also* fees

loans. *See* borrowing

location, property, 201–203, 220

long-term capital gains, 36, 58–59

long-term disability insurance, 66, 282

long-term investment

- bonds, 38–39, 139, 175–176
- choosing vehicles for, 60, 61

- day trading, compared to, 103–104, 105
- interest earned, 114
- mutual funds for, 162–163
- real estate as, 208–209, 227, 252
- risk analysis, relationship to, 27–29
- stocks as ideal for, 39–40, 46, 81, 106

Loose Cannons and Red Herrings—A Book of Lost Metaphors (Claiborne), 85

loss, selling investment at, 375–376

LP (limited partnership), 42, 229, 332, 336

Luskin, Don (economist), 85

Lynch, Peter (investor), 344, 369

• M •

magazine investment articles, 331–334

maintenance fees for housing, 200

maintenance of rental property, 214

Malkiel, Burton (author)
Random Walk Down Wall Street, A, 76, 345

manager. *See* fund manager

margin borrowing, 97

margin calls, 97

margin value in ARM, 240

marginal tax rate, 58

market analysis for business plan, 271–273

market cap (capitalization), 128, 166

market order for stock, placing, 130, 184

market value compared to share price

- basis for indexes, 84

market value of homes, 203

market-value risk, 25–30

marketing plan for small business, 274–275, 292

markets, financial, workings of, 73–80. *See also* banks; bond market; stock market

MarketTimer (Brinker), 36

marriage

- business start-up considerations, 281
- financial planning, 53

Mary Kay, 316

Masters' Select Funds (Web site), 168, 169, 180

maturity of bonds, 138–139, 170, 172

media

- advertising-related biases, 325–327
- contribution to speculative bubbles, 98
- gambling trading increases due to, 105
- hyping of market news, 382
- investment information resources, 331–338
- short-term focus on markets, 333, 335, 365

medium-company stocks, 166

message boards, online, 357

minimum investment requirement, mutual fund, 153

Minsky, Paul (psychologist), 367

MLM (multilevel marketing) company, 314–315, 316

MLS (multiple listing service), 253

monetary policy, 79–80

Money, 332

money (currency), 40, 94, 142, 168, 358

money manager, 10, 77, 116. *See also* fund manager

money market funds

- advantages of, 37, 134–135
- best picks for, 177–180
- check writing privilege, 155
- discount brokerages for, 183
- dollar cost averaging strategy role, 63
- emergency fund in, 46
- inflation risk in, 33
- lack of insurance for, 135–136
- liquidity of, 32
- as mutual fund option, 154
- operating expense impact, 157
- overview, 15–16
- returns from, 37–38

Money Purchase Pension type of Keogh plan, 55

money supply, 79–80

Money Talk, 336

Morgan Stanley, 41, 102–103

Morgan Stanley indexes, 84

Morningstar (Web site), 116, 354, 358

mortgage bonds, 141, 146

mortgage broker, 233, 244

mortgage lender, 197, 243–244

mortgages

- accelerating payment on, 48–49
- adjustable-rate, 235–238, 239–242
- equity and college financial aid analysis, 64
- fees, 242–243
- fixed-rate, 193, 235–239
- home equity loan, 67, 246, 286
- hybrid, 238
- interest rates, 48, 149, 235–242
- introduction, 231
- lender's perspective on buyer, 197
- loan approval process, 232–235
- private, 148–150
- private mortgage insurance (PMI), 197–198, 232
- refinancing, 234, 235, 236, 239, 245–246
- selecting a lender, 243–244
- subprime, 141, 146
- tax deduction, 49–50
- volatility in, 150

multilevel marketing (MLM) company, 314–315, 316

multiple listing service (MLS), 253

municipal bonds, 58, 141

municipal money market funds, 179

Muriel Siebert, 188

Murphy, Stephen (real estate investor), 230

mutual funds. *See also* bond funds; money market funds

- average cost method on earnings, 374
- benefits of, 152–155
- for college funding investment, 65
- contact information for fund providers, 180
- costs of, 87, 152–153, 155–158, 159–160, 171
- creating portfolio, 161–164
- definition, 86
- discount brokerages for, 183, 184
- diversification, 86–87, 151, 153, 163, 169
- exchange-traded funds (ETFs), 88, 153, 160–161
- hybrid funds, 176–177
- index funds, 59, 159–160, 161, 164, 345
- international investments, 10

introduction, 151
 managers' picks, 116
 money manager analysis, 77
 Morningstar resource, 358
 no-load, 87, 146, 156–157, 183
 performance assessment, 158–159
 REITs, 169–170, 211–212
 research software, 354
 as retirement investment choice, 57
 risk assessment, 31, 154, 158–159
 stock funds, 86, 154, 164–170
 tax considerations, 87, 168, 169, 170, 177
 Treasuries in, 146
 value of experience, 159
Mutual Funds For Dummies (Tyson), 161, 347, 354

• N •

NASDAQ index, 25, 84
 National Association of Securities Dealers (NASD) (Web site), 356
 National Cash Register (NCR) Corporation, 269
 National Consumers League's Fraud Information (Web site), 356
 Navistar, 30–31
 negative amortization ARMs, 242
 net profits compared to cash flow, 112, 113
 net worth, 66
 network (MLM) company, 314–315, 316
 news coverage. *See* media
 newsletters, investment, 126, 333, 337–338
 newspaper investment articles, 331–334
 NIKE, Inc., 269
 no-load mutual fund, 87, 146, 156–157, 183
 non-investment grade (junk) bonds, 140, 150
 North American Securities Administrators Association (Web site), 356

• O •

Oakmark (Web site), 169, 180
 objectives, business plan, 270–271

offering price for real estate, 250
 oil, 18
 1031 exchange, IRS, 208
 online resources. *See* Internet
 operating expenses
 money market fund, 178
 mutual fund, 156, 157, 159–160, 171
 options, 16–18
 Orman, Suze (financial adviser), 329
 overmonitoring investments, 367
 overpriced investments, 29–30, 91
 overseas investments. *See* foreign investments
 ownership investments
 business. *See* small business
 definition, 10
 home equity, compared to, 198–199
 lending investments, compared to, 131–132, 368
 overview, 10–14
 real estate. *See* real estate
 stock. *See* stock; stock market

• P •

P/E (price-to-earnings ratio)
 calculating, 90
 IPO, calculation for, 74
 in speculative bubbles, 92, 94, 96
 Value Line report of, 113
 Packard, David (entrepreneur), 300
 par value of stock proceeds, 122
 Parent Loans for Undergraduate Students (PLUS), 67
 partner, real estate purchasing, 233
 partnerships, business, 42, 229, 299, 332, 336
 past performance, risks of relying on, 39, 158–159, 171
 Patterson, John Henry (entrepreneur), 269
 payroll service, 298
 penny stocks, dangers of, 104, 106
Personal Finance (Leeb), 337
Personal Finance For Dummies (Tyson), 51, 68, 234, 280, 368

- personal finance software, investment use of, 350
- personal wealth, 2, 10–11, 13, 42
- PIMCO bond fund, 173
- PlanetFeedback.com, 356
- PLUS (Parent Loans for Undergraduate Students), 67
- PMI (private mortgage insurance), 197–198, 232
- points in home purchase, 195, 238–239
- Popov, Alex (entrepreneur), 259, 279, 288
- Porras, Jerry (author)
Built to Last: Successful Habits of Visionary Companies, 346
- portfolio manager. *See* fund manager
- Powell, John Alfred (entrepreneur), 269
- precious metals, 18–19, 170
- predicting. *See* forecasting
- preparation for investing
college investment strategy, 63–65, 67
debt management, 47–50
diversification analysis, 59–63
emergency fund, 45–47
estate planning, 67–68
funding retirement accounts, 52–57
goal-setting, 50–52
insurance for asset protection, 65–66
introduction, 45
tax analysis, 57–59
- Presstek, 93
- price per share, 73
- price-to-earnings (P/E) ratio. *See* P/E (price-to-earnings ratio)
- prices
bond, 138, 142, 144–145, 146
goods/services, 76
home, 196, 250
overpriced investments, 29–30, 91
stock, 52, 75–76, 112, 124, 127–128
Principia for Stocks (Morningstar), 354
- printed investment advice, 331–334
- private compared to publicly traded companies, 72, 73–75
- private mortgage insurance (PMI), 197–198, 232
- private mortgages, 148–150
- Profit Financial Corporation, 342
- profitability of foreign investments, 41
- profits. *See also* earnings
in business value analysis, 319
innovation effects on, 75
long-term upward trend of, 82
rollover of real estate, 208
stock-based sources, 82, 165
- projections. *See* forecasting
- property. *See* real estate
- property management, 209–210
- property manager, 12, 209
- prospectuses, mutual fund, 157
- proxy statement, company's, 125
- psychology. *See also* emotions; family euphoria temptation, 364
gambling. *See* gambling
giving up in hard times, 365–366
gurus, following, 369
ignoring financial problems, 368
importance of goal clarity, 367
overconfidence, 365
overmonitoring investments, 367
psychological returns of investing, 37
refusing to accept loss, 366
risk, 52, 365, 368–369
trusting authority, 363–364
- public compared to privately traded companies, 72, 73–75
- publications, researching business purchase, 308–309
- purchasing. *See* buying
- purchasing-power risk, 32–33
- put option, 18
- pyramid schemes, 313, 314
- *Q* •
- qualified state tuition plans, 65
- quality, bond, 38, 139–140, 170, 172
- quick ratio, 114

• R •

- radio resources for investment advice, 334–337
- Random Walk Down Wall Street, A* (Malkiel), 76, 345
- Reader's Guide to Periodicals*, 309
- real estate. *See also* homeownership; mortgages
- commercial property, 216–217
 - discount property opportunities, 225–227
 - as diversification vehicle, 27
 - escrow services, 251–252
 - individual market performance, 31
 - inspection of property, 250–251
 - introduction, 205
 - Japanese speculative bubble, 94, 95
 - land, 215–216
 - limited partnerships, 229
 - liquidity of, 32
 - market evaluation, 218–219
 - negotiating the purchase, 249–250
 - overview, 12–13
 - pros and cons, 205–210
 - residential housing, 213–215
 - returns from, 41
 - scams, 229–230
 - second/vacation homes as investments, 228
 - selecting property, 217–225
 - selling, 252–254
 - tax considerations, 59, 207, 208, 228, 245, 246
 - time shares, 228–229
 - title insurance, 195, 251–252
 - volatility in, 25–26
- real estate agent
- buyer's broker type, 248
 - commission of, 195, 247, 253
 - lender resource, 243
 - valuing property resource, 224
 - working with, 201, 246–249
- real estate brokers, 212
- real estate investment trusts (REITs), 169–170, 211–212
- recession, 78
- record keeping for small business, 297–300
- Reed, John (author), 218
- refinancing a mortgage, 234, 235, 236, 239, 245–246
- regulation by government, 74, 272–273, 282, 311. *See also* Securities and Exchange Commission (SEC)
- REITs (real estate investment trusts), 169–170, 211–212
- rental property
- discounted property, 225–227
 - REITs, 169–170, 211–212
 - returns from, 207
 - second/vacation homes as, 228
 - selecting, 216–225
 - types of, 213–217
 - work involved in owning, 210–211
- rental rates, and real estate market analysis, 219
- renting compared to buying a home, 192–193
- research
- business publications, 308–309
 - original costs of investments, 376
 - real estate, 202–203, 217–219
 - software for, 353–354
- stock
- 10-k report, 124–125
 - 10-Q report, 125
 - annual report, 117–124
 - financial publications, 116–117
 - fundamental analysis, 92–93, 115–126, 145
 - independent brokerage resources, 115–116
 - intensity of day trader, 104
 - introduction, 109
 - money manager stock picks, 116
 - mutual fund, 151, 153
 - proxy statement, 125
 - risk mitigation, 31

- research (*continued*)
 - software for, 353–354
 - technical analysis, 126, 340–341, 345
 - Value Line* service, 110–115
 - Web sites, 116–117
 - residential housing, 213–215
 - resources, investment
 - books, 339–347
 - online, 354–360
 - quality analysis methods, 327–328
 - selection methods, 323–329
 - software, 349–354
 - retail business, renting space for, 294, 295
 - retirement insurance, 283
 - retirement investments
 - benefits of, 61
 - bonds in, 138
 - borrowing from, 67, 232
 - as capital source for business
 - start-up, 286
 - college financial aid status of, 64
 - funding of, 52–57
 - homeownership as, 191
 - inflation factor in, 33
 - mutual funds for, 162–163
 - returns compared to mortgage
 - pay-down, 48
 - tax considerations, 48–49, 52–55, 56
 - returns. *See also* dividends
 - analyzing, 34–42
 - bond. *See* yields
 - certificate of deposit (CD), 38, 141
 - collectible, 20
 - compounding of, 38, 40, 54, 56, 369
 - dangers of euphoria, 364
 - day trading compared to long-term
 - investing, 103–104
 - dollar cost averaging, 62–63
 - mutual funds, 158–159
 - real estate, 41, 207, 210
 - savings and money market account, 35, 37–38, 132
 - small business, 41–42, 43
 - stock, 35–36, 39–41
 - tax considerations, 16, 36, 352
 - total return, 35–37, 82, 165
 - tracking with investment software, 351, 352
 - Treasury, 37–38, 141
 - revenue compared to profit in evaluating
 - business, 92, 318
 - Rich Dad, Poor Dad* (Kiyosaki), 383
 - risk
 - bank, 133, 154
 - bond, 15, 137, 141, 142
 - business purchase, 265–267, 304
 - business start-up, 265, 280
 - career, 33–34
 - evaluating, 24–34
 - futures, 17–18
 - goal-setting for investment, relationship
 - to, 52
 - individual-investment, 30–32
 - introduction, 24
 - investing in down market, 379
 - market-value, 25–30
 - mortgage, 149, 235, 237
 - mutual fund, 31, 154, 158–159
 - as necessary for growth, 11, 13
 - options, 17–18
 - overmonitoring investments, 367
 - psychology of, 52, 365, 368–369
 - purchasing-power, 32–33
 - Rockefeller, John D. (investor), 98
 - rollover of real estate profits, 208
 - Roth IRA, 52, 56
 - Russell 2000 index, 43, 84
- S ●
- S&P (Standard & Poor's) 500 index, 25, 43, 84
 - S corporation, 291, 299
 - safety rank for stock, *Value Line*, 112
 - sales, market declines as, 380–381
 - savings account, bank
 - erosion of interest-rate yield from, 16
 - lack of growth, 26
 - as loans to bank, 14
 - money market funds, compared to, 134–136

- returns from, 35, 37–38, 132
- taxes, relationship to, 58
- savings rate, calculating, 50–51
- SBA (Small Business Administration) (Web site), 286, 309
- Schedule E, 220–221
- Schell, Jim (author)
 - Small Business For Dummies*, 268
- scholarships for college education, 67
- SCORE (Service Corps of Retired Executives) (Web site), 286
- Score Learning, 285
- Scottrade, 188
- SEC yield number, 171
- second mortgages
 - investing in, 148–149
 - refinancing a home, 234, 235, 236, 239, 245–246
- second/vacation homes as investments, 228
- Section 179 tax deduction, 299–300
- section 529 college tuition plans, 65
- sector-specific investing, 84, 86, 169–170
- securities. *See* bond(s); stock
- Securities and Exchange Commission (SEC)
 - broker commission regulation role, 181
 - contact information, 356
 - fraud prosecution, 335
 - online scam prosecution, 354
 - Web site, 116, 124, 358–359
- securities certificates, storage of, 187
- Securities Investor Protection Corporation (SIPC), 187, 188
- self-employment retirement plans, 55, 283
- self-employment tax, 283
- seller financing of real estate purchase, 233
- seller's inspection report, 251
- selling
 - brokerage costs for, 376
 - mutual fund process, 155
 - in overpriced market, 30
 - real estate, 252–254
 - reasons for, 371–373, 375–376
 - tax consequences, 373–376
 - Treasuries, 145
- SEP-IRA (simplified employee pension individual retirement account), 55, 283
- Seto, Matt (author)
 - Whiz Kid of Wall Street's Investment Guide, The*, 343, 344
- share price compared to market value basis for indexes, 84
- shared housing pros and cons, 200
- shares of stock. *See* stock
- short selling, 85
- short-term capital gains, 58, 59
- short-term focus of media investment coverage, 333, 335, 365
- short-term investment
 - bonds, 38–39, 139, 173–174
 - choosing vehicles for, 60, 61
 - day trading, dangers of, 103–104, 105
- Siconolfi, Michael (journalist), 102
- Siegel, Jeremy J. (author), 38
 - Stocks for the Long Run*, 345–346
- silver, 19
- simplified employee pension individual retirement account (SEP-IRA), 55, 283
- single-family compared to shared housing, 200
- SIPC (Securities Investor Protection Corporation), 187, 188
- small business
 - balancing personal life with, 300–301
 - business plan development. *See* business plan development
 - buying an existing. *See* buying
 - consumer debt to invest in, 48
 - customer relations, 292–293
 - elements in successful, 257
 - entrepreneurial opportunities inside companies, 262
 - entrepreneurial potential, 257–261
 - financing of, 71–73, 284–288
 - homeownership gateway to, 191
 - incorporation pros and cons, 288–292
 - investing in career as employee, 262–263
 - investment options overview, 263–267
 - liability insurance, 66
 - liquidity of, 32
 - overview, 13–14
 - ownership and personal wealth, 11, 42
 - record keeping, 297–300

- small business (*continued*)
 - returns from, 41–42, 43
 - setting up shop, 293–296
 - start-up plan, 263–265, 279–283
- Small Business Administration (SBA) (Web site), 286, 309
- Small Business For Dummies* (Tyson and Schell), 268
- Small Business Sourcebook*, 309
- small-company stocks, 84, 104, 106, 115, 166
- Smith, Fred (entrepreneur), 269
- socialism, 74–75
- software resources, 349–354
- sole proprietorship, 288–289, 299
- Sony, 346
- South Seas bubble in England, 97
- space for small business, leasing, 293–296
- Spectrum Group, 13
- speculative bubbles, historical, 91–98, 345
- spending, controlling, 51
- St. Louis Federal Reserve (Web site), 358
- Stafford Loans, 67
- Standard & Poor's (S&P) 500 index, 25, 43, 84
- Starbucks, 110–115
- Starker exchange, 208
- start rate for ARMs, 239
- state taxes and investing, 52, 55, 58, 140, 180
- stock
 - appreciation of, 35–36, 82, 165
 - bonds, compared to, 72
 - buying. *See* buying
 - convertible bonds, 142
 - depreciation of, 35–36
 - direct purchase from companies, 128–129
 - dividends, 82, 165
 - emergency fund in, 46
 - exchange-traded funds (ETFs), 88, 153, 160–161
 - historical performance, 39–40
 - individual companies. *See* individual stocks
 - large-company, 43, 83–84, 115, 166
 - long-term investment value, 39–40, 46, 81, 106
 - mutual funds of, 86, 154, 157–158, 164–170
 - penny stock dangers, 104, 106
 - prices, 52, 75–76, 112, 124, 127–128
 - returns from, 35–36, 39–41
 - selling. *See* selling
 - small-company, 43, 84, 104, 106, 115, 166
 - valuing. *See* P/E (price-to-earnings ratio)
 - stock buyback, 72
- stock market
 - brokers' conflicts of interest, 102–103
 - bull compared to bear markets, 85
 - day trading dangers, 103–104
 - definition, 83
 - Depression-era decline in, 43, 98
 - diversification in, 27
 - efficient market hypothesis, 76–77
 - Federal Reserve's role in, 79–80
 - forecasting, 114–115, 333, 338, 345
 - foreign, 40, 41, 84
 - gambling problem in investing, 105
 - historical performance, 25, 89–101
 - indexes, 83–86
 - individual company performance, 30–31
 - inflation effects on, 78–79
 - interest rate effects on, 77–79
 - introduction, 81–82
 - IPOs, 73–74
 - keys to success, 106–107
 - liquidity of, 32
 - overview, 11–12
 - profits. *See* profits
 - as source for business financing, 71–73
 - timing considerations, 89–101
 - volatility of, 25, 27–29, 46, 112
- Stock Market Miracles* (Cook), 340
- stock-picking strategy, individual, 87, 88–89, 107
- stockbroker
 - bond purchasing through, 143, 145, 146
 - brokerage account for ETFs, 161
 - conflicts of interest for, 102–103, 182
 - deep discounter, 183
 - discount, 115–116, 129–130, 181–184

fees for selling compared to buying, 376
 independent resources, 115–116
 introduction, 181
 mutual fund, 156–157
 online, 184–188
 penny stocks, 106
 as radio investment adviser, 334
 reasons for hiring, 181
 storing securities certificates with, 187
 stockholders' equity, 122
Stocks for the Long Run (Siegel), 345–346
 subprime mortgages, 141, 146

● T ●

T. Rowe Price

annual report analysis, 118–124
 mutual funds, 168, 177, 179
 as online broker, 188
 Web site, 180, 183

tax considerations

actively managed compared to index funds, 160
 analysis prior to investing, 57–59
 annuities, 56
 bank accounts, 16, 58
 bonds, 58, 141, 171, 173, 174–176
 business ownership, 264, 283, 290, 297, 299–300
 capital gains tax (CGT), 36, 58–59, 374–375
 cash flow compared to net profit, 113
 CDs, 133
 college savings plans, 64–65
 day trading consequences, 103
 dividends, 36
 effect on return, 16, 36, 352
 homeownership, 192, 198, 202
 importance of, 107
 incorporation pros and cons, 288–290
 land purchases, 215
 marginal rate, 58
 medical costs, 282
 money market funds, 178, 179
 mortgages, 49–50
 mutual funds, 87, 168, 169, 170, 177

real estate, 207, 208, 228, 245, 246
 retirement investments, 48–49, 52–55, 56
 selling investments, 373–376
 state taxes and investing, 52, 55, 58, 140, 180
 Treasuries, 140
 tax credit for lower-income savers, 53–54
 tax-free investments
 analyzing need for, 59
 bond funds, 174, 175, 176
 money market funds, 16, 135
 tax withholding for employees, 297–298
Taxes For Dummies (Tyson), 376
 TD Ameritrade (Web site), 184, 188
 technical analysis, 126, 340–341, 345
 technology securities, 25, 84, 324
 television resources for investment advice, 334–337
 10-k report of company, 124–125
 10-Q report of company, 125
 tenants in rental property, 12, 213, 216
 TIAA-CREF, 169, 177, 180
 time horizon for investment, 27–29
 time share property, 228–229
 timeliness rating for stock, *Value Line*, 112
 timing the markets, 29, 76, 89, 91, 98, 107
 TIPS (Treasury inflation-protected securities), 142
 title insurance, home, 195, 251–252
 total return, 35–37, 82, 165
 townhome home type, 199
 tracking software for investments, 350–353
 trade weighted exchange index (TWEXBMTH), 358
 transaction costs, homeownership, 194–195
 Travato, Ben, 85
 Treasury bonds (Treasuries)
 as basis for ARM index, 240
 bills (T-bills), 37–38, 79–80
 bond funds, 174, 175, 176
 buying, 145
 CDs, compared to, 134
 introduction, 140–141
 money market funds as based on, 179
 Treasury Department, U.S. (Web site), 145

Treasury inflation-protected securities (TIPS), 142
 triple-net office lease, 295
 Tripp, Alan (entrepreneur), 285
 Trump, Donald (real estate investor), 208, 230
 tulip bulb investment mania, 97
 Tweedy Browne Funds (Web site), 169, 180
 TWEXBMTH (trade weighted exchange index), 358
 Tyson, Eric (author)
 House Selling For Dummies, 254
 Let's Get Real About Money, 53
 Mutual Funds For Dummies, 161, 347, 354
 Personal Finance For Dummies, 51, 68, 234, 280, 368
 Small Business For Dummies, 268
 Taxes For Dummies, 376
 Web site, 155

• U •

unaudited performance claims, 338, 343–344
 United States
 1920s speculative bubble, 96–98
 1960s stock market bubble in, 95–96
 housing market declines in, 26
 Japanese market bubble, relationship to, 93–95
 stock market indexes in, 83–84
 total value of stocks, 40
 Unsubsidized Stafford Loans, 67
 U.S. stock fund category, 167–168
 USAA Funds (Web site), 170, 179, 180
 utilities, dividends from, 82

• U •

vacancy rates and real estate market analysis, 218
 valuation
 business for purchase, 318–319
 property, 219–225
 stock. *See* P/E (price-to-earnings ratio)

value averaging, 63
Value Line Investment Analyzer (software), 353–354
 Value Line Investment Survey, 110–115
 value stock fund category, 166, 381–382
 Van Andel, Jay (entrepreneur), 316
 Vanguard Group, The
 bond funds, 173, 174, 175, 176
 founding of, 270
 hybrid funds, 177
 index fund quality, 160
 international funds, 169
 management quality at, 159
 money market funds, 179
 precious metals fund, 170
 REIT fund, 170
 Treasury-based fund, 175
 U.S. stock funds, 168
 Web site, 180, 183, 188, 359–360
 variable (adjustable-rate) mortgage, 235–238, 239–242
 venture capital (general partners), 42, 287–288
 Venture Economics, 42
 volatility
 bond, 140, 150, 174, 175
 certificate of deposit (CD), 150
 company size effect on, 166
 emotional response to, 52, 365–366
 mortgage, 150
 real estate, 25–26
 stock market, 25, 27–29, 46, 112
 Vu, Tom (real estate promoter), 229–230

• W •

Wal-Mart, 269
Wall Street Journal, The, 83, 117
 Walton, Sam (entrepreneur), 269
 wash sale rules, IRS, 376
 wealth, personal, 2, 10–11, 13, 42
 Web site investment resources, 116–117, 354–360. *See also* Internet; *specific Web sites*
Whiz Kid of Wall Street's Investment Guide, The (Seto), 343, 344

Williams, Richard E. (financial specialist), 62
Wilshire 5000 index, 84
Winams, R. Foster (journalist), 81–82
work-from-home scams, 314
Wozniak, Steve (entrepreneur), 269
Wright Investors' Services, 356–357

• **Y** •

yield curve, 139
yields. *See also* interest rates
bank account, 15–16, 134
bond
bond fund considerations, 171–172
CD yields, compared to, 133–134

definition, 35
inflation effects, 16
long-term investment, 38, 137
municipal bonds, 141
purchasing decision, 146
stock returns, compared to, 27–28
term lengths, relationship to, 139
typical, 38–39
CD, 133
money market fund, 15–16, 134
Young, Owen D. (corporate president), 98

• **Z** •

zero coupon bonds, 143

