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THE BEST LIST 2008

SAMPLE

*When Every
Penny Counts,
You Can't Afford to
Settle for Less.*

SAMPLE

MONEY

BEST FINANCIAL SERVICES SAVINGS AND CHECKING ACCOUNTS, PLUS HELP WITH COLLEGE BILLS

ONLINE SAVINGS ACCOUNT FNBO DIRECT

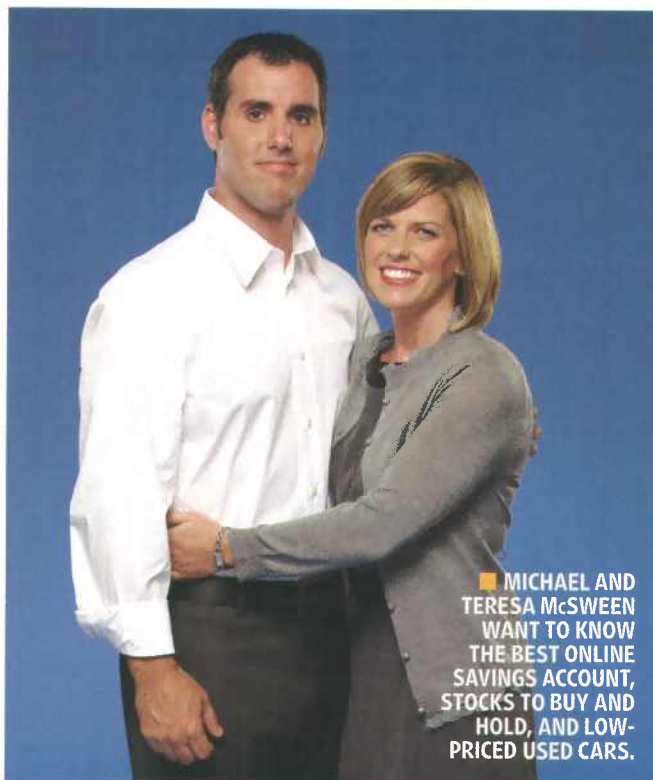
Earn 3.5% on your FDIC-insured savings at www.fnboirect.com. You pay just \$1 to open an account with no maintenance fees and no minimum-balance requirements. You can link the account to as many as three others, including FNBO's bill-payment account. Use electronic transfers to move your funds and your ATM card to withdraw cash.

MONEY-MARKET ACCOUNT EXPRESS MONEY MARKET, FLAGSTAR BANK

Open an FDIC-insured account for \$1 at www.flagstar.com and earn 3.65%, with easy access via free checks and a Visa debit card. Also, get free, unlimited ATM withdrawals through the Allpoint and Presto networks. Federal law limits you to six pre-authorized transfers or withdrawals per month.

CHECKING ACCOUNT SCHWAB BANK HIGH YIELD INVESTOR CHECKING

You don't have to be a Schwab customer to apply for a checking account at www.schwab.com. The account has no minimums and no ATM or other fees. You get a debit card, standard checks and online bill payment, all free. Best of all, your money earns interest while it sits idle, to the tune of 2.2%.



■ MICHAEL AND TERESA McSWEEN WANT TO KNOW THE BEST ONLINE SAVINGS ACCOUNT, STOCKS TO BUY AND HOLD, AND LOW-PRICED USED CARS.

MONEY-MARKET MUTUAL FUND FIDELITY CASH RESERVES

Yields are low in the current market, but safety is first-rate if you're looking for a haven to park your cash until the stock market stabilizes. This behemoth has assets of \$100 billion, a top-rated portfolio and a large, stable customer base. So it's unlikely that depositors would make significant withdrawals (which could cause the net asset value to drop). Plus, Fidelity has signed up for the new government insurance program. Minimum investment is \$2,500, and check-writing is available.

COLLEGE-SAVINGS FUND STATE 529 PLANS

Your money grows tax-deferred and escapes taxes if you use it for college expenses. Two-thirds of the states also give residents a tax break for contributions. Set the investment mix to become more conservative as your child approaches college age; some plans also offer an option with a guaranteed return.

STUDENT LOANS FEDERAL STAFFORD LOAN

Despite reports of scarcity, you can still get these government-sponsored loans, which are available to all

students who apply. Staffords carry a fixed interest rate of 6.8% or lower. If your student qualifies for financial aid, the feds will subsidize interest on the loan until repayment is due, beginning six months after graduation.

LOANS FOR PARENTS PARENT LOANS FOR UNDERGRADUATE STUDENTS (PLUS)

These government-backed loans require a minimal credit check and carry a fixed rate of 8.5% or less. You can borrow up to the cost of your child's education and defer repayment until six months after your student graduates. To find lenders, see "Education Lenders and Student Loans" at www.finaid.org.

MONEY

TOOLS TO HELP YOU RETIRE

ROTH IRAs, FUNDS
AND MORE

ALL-AROUND RETIREMENT ACCOUNT ROTH IRA

If you see higher taxes in your future, the Roth IRA looks better than ever. There is no upfront tax break, but you benefit from tax-free growth and tax-free income in retirement. Plus, you get the flexibility to withdraw contributions (but not earnings) anytime, tax- and penalty-free. And you can tap earnings early to pay for college or buy a first home.

SAMPLE

TARGET-DATE RETIREMENT FUNDS

T. ROWE PRICE

T. Rowe Price target-date funds have a high exposure to stocks, so their recent performance has been slightly worse than that of their peers. Year-to-date to October 13, the Price 2020 fund, designed for people planning to retire in about 12 years, was down nearly 33% from a year earlier, compared with a 32% drop for Fidelity's 2020 Freedom fund and a decline of about 29% in Vanguard's 2020 fund. But the higher stock allocation will increase chances for growth over the long run.

IRA FOR KIDS

SCHWAB

One of the few financial institutions that lets you establish a custodial IRA for a minor child, Schwab (www.schwab.com) offers a no-fee IRA with the lowest minimum-investment requirement in the industry—\$100. As long as your child has earned income, he or she can contribute up to \$5,000

this year to an IRA—or up to the total amount of earnings if he or she earned less than that.

NEW ONLINE RETIREMENT TOOL TD AMERITRADE'S WEALTHRULER

This free, comprehensive tool (www.tdameritrade.com/planningretirement/wealthruler.html) helps you determine whether your current savings are on track and suggests ways to catch up if you're behind. For those close to retirement, T. Rowe Price's new retirement-income calculator (www.troweprice.com/ric) projects whether your savings will generate adequate income.

ANNUITY INCOME TOOL

METLIFE

This new guide (www.metlife.com/incomeannuities guide) shows how including an income annuity as part of your retirement investment portfolio can boost your spending power and provide guaranteed income that you can't outlive.

ONLINE TOOL FOR 401(K) PARTICIPANTS

FIDELITY

The largest provider of 401(k) plans "makes it easy for participants to get in, get the information they need and get out," says Lee Kowarski, principal of Kasina, a consulting firm for the asset-management industry. Kasina selected Fidelity as the top-rated site out of more than 80 record keepers for defined-contribution plans, followed by T. Rowe Price and Vanguard.

INVESTING

STOCKS AND FUNDS

WINNERS TODAY AND BEYOND

AGGRESSIVE FUND

CGM FOCUS (CGMFX)

When the stock market turns around, chances are that CGM Focus will be at the head of the pack. Man-

ager Ken Heebner, who has been managing funds since the 1970s, is terrific at identifying themes and picking stocks that will benefit. He holds only about 35 stocks, trades feverishly and often sells short. Although Focus is down 43% this year to October 13, it returned 24% annualized over the past decade.

ONLINE BROKER

FIDELITY

The Boston-based giant, best known for its mutual funds, is no slouch when it comes to brokerage, either. Fidelity offers excellent research and a wide variety of investment choices (if you're shell shocked by the stock market's collapse, check out the wonderful bond marketplace at Fidelity.com). The Web site is friendly, customer service is top-notch, and Fidelity's commissions are fair in light of all you get.

BEAR-MARKET FUND

GRIZZLY SHORT (GRZSX)

When stocks stumble on the way up, bear-market funds,

MONEY

CREDIT CARDS CHOOSE THE CARD THAT FITS YOUR SPENDING STYLE



YOU WANT CASH REBATES

American Express Blue Cash

Earn a hefty 5% rebate on gas, groceries and drugstore purchases, plus 1.5% on everything else, once you reach a \$6,500 spending threshold with this card (www.americanexpress.com). Until then, you receive 1% on those everyday purchases and 0.5% on whatever else you buy. You could save \$580 on annual charges of \$22,630.



YOU WANT A BREAK ON GAS

BP Visa

This card (www.chase.com) will lower your annual bill by about \$490 if you spend \$2,900 on BP gas and \$19,700 on everything else. For the first 60 days, you receive a 10% BP rebate; 4% on airfare, dining, lodging and car rentals; and 2% on everything else; after that, the rebate is cut in half.



YOU WANT TRAVEL PERKS

Simmons First Visa Platinum Travel Rewards

Earn one point per dollar spent with this no-fee card (www.simmonsfirst.com) and use the rewards for free plane tickets, hotel stays, restaurant meals or car rentals. You need only 22,000 points for a coach ticket, worth up to \$325, to any destination within the 48 contiguous states.



YOU WANT A LOW RATE

Wells Fargo Prime Rate

Cardholders who carry a monthly balance will appreciate this card (www.wellsfargo.com) for its 5% interest rate and \$19 annual fee. The rate will never exceed prime, the rate at which banks lend to their best customers. Free alerts remind you when your bill is due and notify you if you're approaching your credit limit.

which bet on stocks losing value, can help ease the pain. Grizzly Short runs stocks through computer models to decide which ones to sell short, aiming to profit on a three- to four-month price drop. The fund has gorged on recent market pain, returning a whopping 83% over the past year to October 13, compared with Standard & Poor's 500-stock index's 38% loss.

LOW-MINIMUM FUND

AMANA GROWTH (AMAGX)

Start investing in this top fund with just \$250. Manager Nicholas Kaiser invests in large, growing companies that pass muster on Islamic principles, ruling out those that profit from alcohol, tobacco, gambling, or borrowing or lending money. Those restrictions have insulated the fund from the carnage in the financial sector. The fund gained 8% annualized over the past five years to October 13, trouncing the S&P 500 by an average of nine percentage points per year. Year-to-date to October 13, the fund lost 29%.

STOCK TO PUT AWAY AND FORGET

PROCTER & GAMBLE (PG)

With a stock-market value of \$188 billion in mid October, the hugely diversified consumer-products company owns nearly 100 different brands—from Gillette razors to Pringles potato chips. Over the past ten years to October 13, the Cincinnati firm has churned out 11% annualized earnings growth, and the shares have returned 6.5% a year.

STOCK FUND TO WEATHER A TURBULENT MARKET

T. ROWE PRICE CAPITAL APPRECIATION (PRWCX)

No matter what the market has done since Capital Appreciation opened in 1986, this fund has stuck to its disciplined value strategy and stayed in the black every year except 1990. The latest streak may end this year; to October 13, the fund surrendered 28%. But Capital Appreciation, which typically holds two-thirds of its assets in stocks and the rest in cash, bonds and convertible securities, has returned 10% annualized since its inception. It even managed to gain 24% during the calamitous 2000–02 bear market.

VALUE FUND

FAIRHOLME (FAIRX)

Bruce Berkowitz and his team have delivered the goods since the launch of this concentrated fund in December 1999. From its inception to October 13, Fairholme has gained 11% annualized, beating the S&P 500 by 15 percentage points a year. Berkowitz focuses on companies that generate cash flow, and this year the fund has taken a large position in several health-care companies, including Pfizer. Fairholme lost 28% in 2008 to October 13, but it avoided the debacle in financial stocks.

WAY TO BET AGAINST BONDS

PROSHARES ULTRASHORT LEHMAN 7–10 YEAR TREASURY (PST)

Spooked investors have been piling into Treasury bonds, pushing their prices up and their yields down. As a result, the ten-year

Experts' picks Their best investing ideas in a volatile market

BEST STOCK THAT DOESN'T PAY A DIVIDEND: BERKSHIRE HATHAWAY

Chris Davis, who co-manages Selected American Shares (a member of the Kiplinger 25), says Warren Buffett of BERKSHIRE HATHAWAY (BRK.B, \$3,780) must be "excited at the prospect of having so many opportunities to buy assets on the cheap." Earlier this year, Buffett announced plans to buy Constellation Energy Group and acquired interests in General Electric and Goldman Sachs. "He'll deploy a heck of a lot of capital in a lot of different ways," says Davis.



BEST FOREIGN STOCK: GOLD FIELDS

A renowned bargain hunter with decades of experience, Jean-Marie Eveillard, who manages First Eagle Overseas fund, digs gold in general and GOLD FIELDS (GFI, \$8) in particular. In all of the four First Eagle funds with which Eveillard is involved, he says, "we have owned gold for a while as insurance against extreme outcomes." Gold Fields, a South African mining company, has 1 million ounces of identified gold reserves. Eveillard thinks the company is worth about \$20 per share.



FAVORITE MUTUAL FUND: PROSPECTOR OPPORTUNITY

At West Capital Management, in Philadelphia, Dane Czaplicki conducts exhaustive due diligence of mutual funds. One of his favorites is PROSPECTOR OPPORTUNITY (POPFX), which invests mainly in small and midsize companies. Czaplicki likes this fund because its managers—John Gillespie and Richard Howard, previously of T. Rowe Price, and Kevin O'Brien, formerly of Neuberger & Berman—have invested their own money and "treat clients' capital like their own." The fund lost 25% in 2008 to October 13.



DIVIDEND-PAYING STOCK: JOHNSON & JOHNSON

Chief investment officer at Harbor Advisory, in Portsmouth, N.H., Jack De Gan takes a cautious approach that favors buying blue-chip stocks and holding them for years. JOHNSON & JOHNSON (JNJ, \$56) sells everything from drugs to Band-Aids, and "consumption of most of its products doesn't change with the economy," says De Gan. "This is an all-weather stock." It recently yielded 3.3%.



WEB SITES BARGAIN SHOPPING, INSURANCE QUOTES, CHEAP TRAVEL

INVESTING

BONDS

Investinginbonds.com

A one-stop shop, this free site provides historical prices and call information for specific issues, plus a wealth of market data.

STOCKS AND FUNDS

Morningstar.com

For copious commentary and statistics on both stocks and funds, this site is hard to top. The juicy stuff will cost you \$159 per year for a premium membership.

FINANCIAL SERVICES

CREDIT REPORTS

AnnualCreditReport.com

Forget copycat sites. This is the official Web site where you can get a free report from each of the three credit bureaus once a year.

CREDIT SCORE

myFICO.com

Buy your score from one credit bureau for \$15.95 or from all three for \$47.85. Plus, get advice on how to raise your score, and use the site's EZ Error Correct system to dispute mistakes.

TAX CALCULATOR

Kiplinger.com

If you got a tax refund, give yourself a pay raise by using our easy tax-withholding calculator (kiplinger.com/tools/withholding).

SOCIAL SECURITY CALCULATOR

www.ssa.gov/estimator

Type your name, Social Security number, birth date, birthplace and mother's name into this secure site, and it will show your estimated benefits based on your up-to-date earnings record.

HEALTH INSURANCE

eHealthInsurance.com

Provides immediate quotes for

most major health insurers and compares policies. For personalized attention, call 800-977-8860 or find a local broker through www.nahu.org.

HEALTH INSURANCE

Coverageforall.org

Offers strategies for finding coverage, especially for people with medical conditions or modest incomes.

MEDICARE

Medicare.gov

Chock-full of detailed information about Medicare, with excellent tools to help you pick the best Part D plan or Medicare Advantage policy based on your specific medications and health condition.

LIFE INSURANCE

AccuQuote.com

An easy way to get term-insurance rates from many of the top companies. Call 800-442-9899 for personalized help, especially if you have a medical condition.

LIFE INSURANCE

Insure.com

Use this site to see the detailed criteria you must meet to qualify for each company's term-insurance rates.

AUTO INSURANCE

InsWeb.com

Lets you compare price quotes from several major insurers (the number varies by state). Also a good resource for money-saving tips on every kind of insurance. For personal help, contact an agent through the Independent Insurance Agents & Brokers of America (www.iiaba.org).

HOMEOWNERS INSURANCE

AccuCoverage.com

For a fee of \$7.95, you can calculate how much coverage you need. Plug in data about your home's age, building materials and other details, and get an immediate estimate of its replacement cost.

CUSTOMER SERVICE

Naic.org/cis

The National Association of Insurance Commissioners maintains complaint records for each insurer in every state. Focus on the complaint ratio: the number of complaints for every dollar the insurer collects in premiums.

CONSUMER SERVICES

CUSTOMER SERVICE

Gethuman.com

Chop down the phone tree. This site lists customer-service numbers for almost 800 major companies and government agencies, plus the codes to reach a live representative quickly.

ENERGY-SAVING TIPS

Energystar.gov

Audit your home for energy wasters, figure potential savings and payback times for improvements, shop for Energy Star-rated products and even locate where to recycle burned-out compact fluorescent bulbs.

ONLINE BARGAINS

Dodtracker.com

This deal-of-the-day site surfs the Web for the best bargains on everything from electronics and jewelry to tools and kitchen gadgets.

CHEAP GAS

Gasprices.Mapquest.com

Rather than rely on volunteer "spotters," Mapquest updates fuel prices daily via a data feed from the Oil Pricing Information Service. Type in your zip code and rank stations by price or distance.

CHARITY WATCHDOG

Charitynavigator.org

A user-friendly site that rates more than 5,000 charities based on how they handle day-to-day operations and plan for the long term.

TEXTBOOKS

Bigwords.com

This search tool delivers consistent savings by culling some 100 book retailers and renters worldwide. For instance, we found *Introduction to Psychology*, by Rod Plotnik and Haig Kouyoumdjian, which retails for \$130, at Valorebooks.com for \$70 and at Chegg.com for \$47 (including shipping) for a semester-long rental.

ONLINE COUPONS

RetailMeNot.com

Get access to more than 100,000 store coupons, online savings codes and shopping tips—such as how to get a free birthday treat from Coldstone Creamery.

CELL-PHONE SERVICE

BillShrink.com

Tell this user-friendly site where and how often you talk, and it will compare plans from the major carriers and recommend the best one for you.

PET CARE

PetInsuranceReview.com

Compare plans from all the major pet-insurance providers, and get customer reviews and ratings.

PET MEDICATIONS

1800PetMeds.com

No other service even comes close to the leading purveyor of pet medications. You can reach the company by phone at 800-738-6337.

TRAVEL

TRAVEL BOOKING

Kayak.com

Kayak scours more than 140 sources for the best fares, hotel rates and vacation packages.

LAST-MINUTE TRAVEL

US.LastMinute.com

Book your whole trip just days or even hours before takeoff. Some of the sweetest deals pop up at the last minute.

Treasury yielded just 3.9% in mid October. Meanwhile, consumer prices climbed 5.4% over the past year, making 3.9% look especially paltry. Eventually, yields will rise. The ProShares exchange-traded fund is designed to provide twice the inverse return of the Lehman index in its name.

LIVING

TRAVEL, CARS, HOME, FUN

SAVE ON ENERGY COSTS, AIRFARES

AIRLINE SOUTHWEST

If you plan to check luggage, Southwest is the only way to fly. Check two bags without paying the annoying fees that can add up to \$65 each way on other airlines. Plus, there are no fees for booking, changing tickets or selecting seats.

FREQUENT-FLIER PROGRAM SOUTHWEST RAPID REWARDS

No fees, no complicated redemption process, and you don't even have to count miles. Simply track your trips: Sixteen one-way flights in two years get you a free round-trip ticket. And if you're a really frequent flier, you can bring friends: Rack up 100 flights in a year and another person can fly free with you for a year. One drawback: The program has a limited number of partners.

LOW-COST DESTINATION PANAMA

Get the huts-over-water ambience of Fiji without paying the \$1,700 airfare. Using Kayak.com in mid October, we found a \$351 round-trip flight from Washington, D.C., to Panama during the first week of March. On Expedia, a trip for two—including the fare from D.C. and a six-night stay at the four-star Veneto Wyndham Grand hotel—cost less than \$2,000. Bonus: The greenback is widely accepted.

USED CARS FOR ABOUT \$10,000

COMPACT, SMALL WAGON AND SEDANS

One size doesn't fit all, so we offer four choices. Prices are from Edmunds.com and assume you're buying from a private party.

COMPACT: 2006 Hyundai Elantra GLS Hatch (\$9,750; 21 miles per gallon city and 29 mpg highway)

SMALL WAGON: 2006 Pontiac Vibe (\$10,800; 22 mpg city/29 mpg highway)

MIDSIZE SEDAN: 2006 Hyundai Sonata GL (\$10,700; 21 mpg city/30 mpg highway)

LARGE SEDAN: 2005 Buick LeSabre Custom (\$10,500; 18 mpg city/27 mpg highway)

HYBRID HONDA CIVIC HYBRID

Tops for value is the Honda Civic Hybrid. Although it gets slightly lower fuel economy than the Toyota Prius (averaging about 42 mpg versus 46 mpg for the Prius), it has been selling for close to its \$23,270 sticker price, whereas at many dealers the Prius has been commanding nearly \$2,000

Experts' picks Top choices for travel or celebrating a special event



BEST CARRY-ON TRAVEL BAG
Doug Dymant, the founder of OneBag.com, advises choosing a bag without curves and wheels, both of which take up storage space. It should also be soft-sided and made of industrial nylon so it's malleable and can handle being stuffed into overhead compartments. For business, Dymant's pick is the Red Oxx Air Boss (www.redox.com, \$225), pictured. Its three compartments organize your laptop, business and personal items. For leisure, his choice is the Genuine Gear Voyageur (www.meipacks.com, \$136).

BEST OF THE HOLIDAY BUBBLY

Brisk global demand and tight supply have driven even nonvintage Champagne prices over \$50, says **Steve Tanzer**, who publishes the bimonthly journal *International Wine Cellar* (www.internationalwinecellar.com). Tanzer recommends NV Charles Heidsieck Brut Réserve (\$55), which he says "harmoniously combines fresh fruit notes of dried pear and peach with deep, yeasty notes of toffee, toasted bread, truffle, roasted nuts and smoke."

If you're not wedded to a French bubbly, Tanzer recommends 2005 Mont Marçal Brut Reserva. This Spanish wine is "unusually delicate and refined for a cava." And at \$15, "it's a steal."

