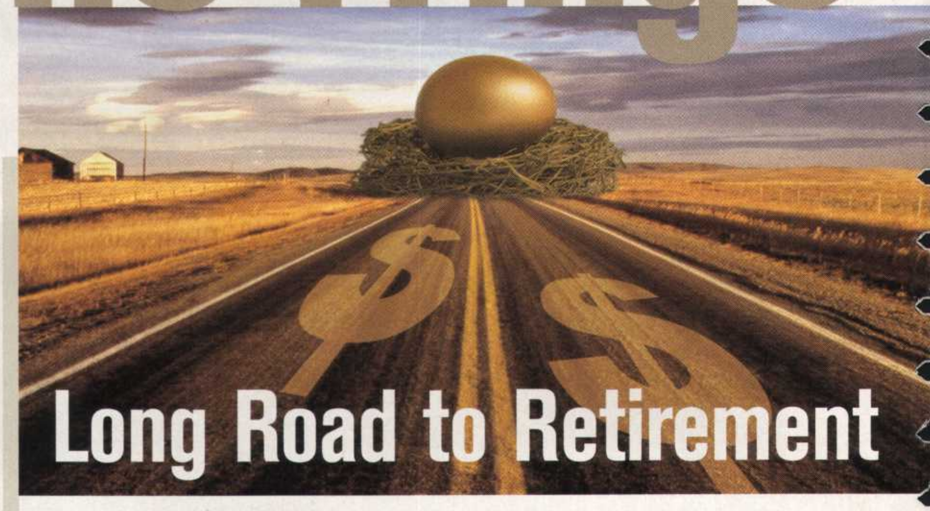
Off The Fringe

NEWS WITH A HOOK



Long Road to Retirement

THE LUXURIES WE ENJOY NOW MIGHT BE ON LOAN FROM OUR LATTER YEARS

By David Frabotta, Senior Editor

We all make sacrifices so we can retire someday. But if your portfolio's quarterly statements looks like mine, then the jagged undulations that resemble the lifecycle of Enron's stock price might have you a little worried despite your best efforts. Am I supposed to know what a Multicap Value Equity 2 Index is?

ANALYSIS

Worse yet, Americans don't save money anymore. In fact, we spend about 100.5 percent of our income, according to the U.S. Department of Commerce Bureau of Economic Analysis. The savings rate officially hit zero in August 2005, making Americans the worst savers of any industrialized nation.

That dubious distinction means our retirement accounts will see even more stress in the near future to fill the void once met by old-fashioned rainy-day funds. It's like tugging on the loose end of great-grandma's afghan: If you yank too hard, it all unravels, and it already has holes and never really covered your feet, anyway.

What's killing our savings and deferring our retirement? Debt: 72-month loans for luxury cars; second mortgages for additions and swimming pools; and credit cards filled with electronic gadgets, power equipment and expensive vacations are eating up more money than we make.

Credit-card-carrying consumers owe an average of $10,000, and Americans owe a whopping $2.35 trillion in nonmortgage loans, according to the latest report by the Federal Reserve. That's a lot of plasma TVs.

A new study is trying to determine if these shopping sprees might be influenced by where we live.

The A.G. Edwards 2006 Nest Egg Index measures the wealth of particular cities, states and regions using factors such as personal savings, debt levels and home ownership. Could wealth be endemic?

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Business briefs

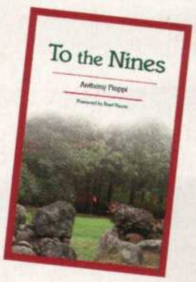
KSL Buys ClubCorp for $1.8 Billion

The private equity firm KSL Capital Partners bought ClubCorp's portfolio of more than 160 golf facilities, and ClubCorp will divest the Pinehurst Resort to the family of management company founder Robert Dedman. The two transactions, which are subject to closing conditions, total about $1.8 billion. The KSL acquisition is expected to close later this year pending the successful sale of Pinehurst. ClubCorp will retain its management contracts under KSL.

"We have new shareholders. ClubCorp is going to go on running as is, but KSL holds all the shares," says ClubCorp Spokesperson Patty Jerde. "ClubCorp will be a portfolio company of KSL Capital Partners."

KSL Capital Partners boasts an excess of $1 billion in committed capital for investment in travel and leisure business.

Book Highlights Nine-Hole Courses



Ask any golfer and you'll find that many have a love of the game rooted in playing nine-hole layouts. Yet the modern golfer has been conditioned to believe that in order for a course to achieve greatness, it must host a major tournament, be longer than 7,600 yards from the tips, and play to a par of 72. But greatness still comes in small packages, nine holes at a time, as evidenced in Anthony Pioppi's new book, "To the Nines." Almost every great architect of the Golden Age has a brilliant nine-holer to his credit.

Pioppi's book is available at *Amazon.com* and *www.greatgolfbooks.com*.

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"When you look at the market rankings, it becomes clear that there are lots of cities in the Midwest where people know how to take care of their nest eggs," A.G. Edwards Financial Planner Sophie Beckman says in a prepared statement. "Although there are definitely pockets of good savers in every region of the country, the Midwestern region shows the greatest consistency throughout."

But don't pack your bags for the Rust Belt or Great Plains just yet. New Jersey, Connecticut, Maryland and Massachusetts all made the top five when broken down by state, and the top-three cities are Los Alamos, N.M., Connecticut's Bridgeport-Stamford-Norwalk corridor, and San Jose, Calif. (Visit *www.agedwards.com* for the complete Nest Egg Index).

So what's the message?

"We found that while external factors, such as economic and employment situations may influence an area's ranking, building a healthy nest egg really comes down to solid saving and investing habits, personal priorities and discipline," Beckman says.

That need for more discipline comes at a time when fewer workers can count on guaranteed pensions, and of course, Congress continues to ignore the looming shortfalls in Social Security. That means self-funded retirement accounts will be the norm, but it doesn't mean they'll be sufficient. Half of Generation Xers risk having less money in retirement (at age 65) then they had while working, according to the Center for Retirement Research at Boston College. Its National Retirement Risk Index was developed to raise awareness of the issues that affect retirement for baby boomers and subsequent generations.

The center estimates that one-third of early boomers — born 1946-1954 — probably won't have enough to maintain their current standard of living when they retire; 44 percent of late boomers risk having less retirement income.

The center's solution: Work an extra couple years to give yourself a cushion, or save more money (3 percent more) beginning at an early age. The former is probably more feasible for those of us without access to a fusion-powered DeLorean.

That's food for thought the next time you wander into the home-theater aisle at BestBuy or pass by yet another status car in traffic.

Keeping up with the Joneses might make you more like them, but it probably won't make you wealthy. ■

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