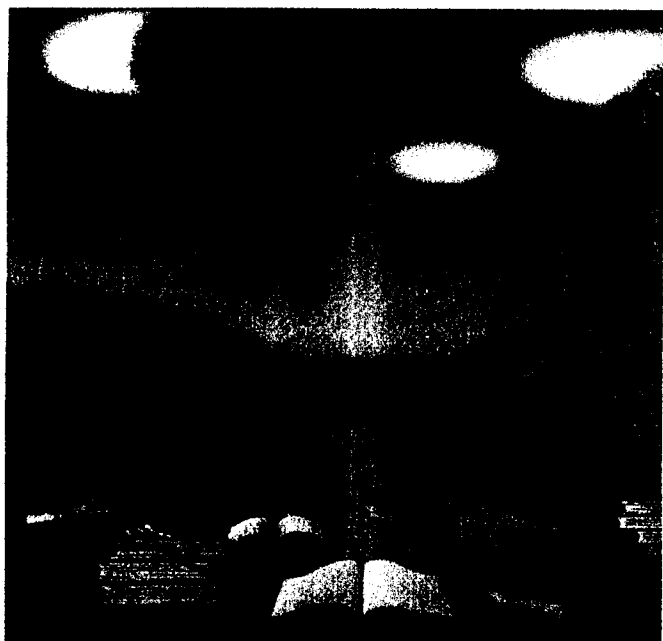
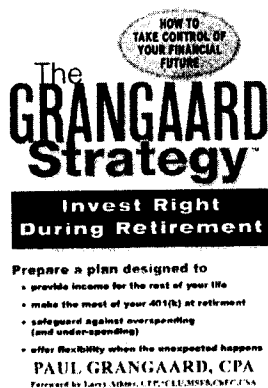


MANAGING YOUR FINANCES

Advice Books for a Golden Retirement



VISIT MOST BOOKSTORES and chances are you'll be hard-pressed to find many personal-finance books written for retirees. You'll find plenty of how-to-get-there advice for young folks still in the workforce, but there's a dearth of guidance once you arrive. That situation is beginning to change because authors and publishers believe they'll soon have throngs of retired Baby Boomers begging for help. In the interim, we believe you'll find the following books full of worthwhile tips.



■ *The Grangaard Strategy*, by Paul Grangaard (Perigee, \$16). Grangaard, a St. Paul, Minn., CPA, likes to tell the story of two retirees. One is a conservative investor who lives on income from bonds and CDs. He's had to make big lifestyle adjustments lately because his income has withered. The other retiree has invested heavily in stocks and sells them periodically to support himself in retirement. He, too, has had to cut back as a vicious bear market sliced his portfolio's value. Both worry their money won't last long enough. If you share these concerns, then this book (which is due in stores by mid January) is for you.

Grangaard lays out a strategy that he believes will allow retirees to generate steady income, preserve their capital, protect themselves from inflation and capture stock appreciation. Conceptually, the strategy is simple: Own bonds (or other fixed-income assets) and stocks. Use the bonds for income, the stocks for growth and as an inflation hedge. Getting income from the bonds means that you don't have to sell stocks in a bear market.

In practice, it works like this: You build a ten-year income ladder with bonds (or CDs or an annuity). Each year, you spend the interest and principal generated by the ladder. During the first ten years, you sell stocks whenever prices rise and set aside the proceeds to build the next ten-year income ladder. (The process is complicated by taxes and required IRA distributions, but Grangaard also tackles those issues.)

The system is designed to work with a portfolio of any size, but we believe it works best for retirees with at least \$250,000, and for those looking to use savings to supplement pensions and Social Security.

Grangaard runs a firm that helps financial planners work with their retired clients. He admits the strategy doesn't guarantee success, but argues that it stacks the deck in your favor. If you don't have to sell stocks for at least ten years, the odds of selling at a loss are reduced dramatically. In fact, since 1926, there have been only two periods in which large-company stocks lost money over a ten-year stretch. The worst ten-year average annual return was -0.9%, between 1929 and 1938.

With today's stocks still unsettled and yields at all-time lows, this book should have broad appeal.