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Market observations

By now the ups, downs, swings and sways of the market leave us all feeling that this is one amusement park ride we could gladly do without. To whom do we turn for a dose of common sense coupled with long experience? John Bogle, founder of Vanguard Group and originator of the index mutual fund, shared his optimism about stocks in the recent *Wall Street Journal* article "[Why a Legendary Market Skeptic is Upbeat about Stocks](#)". Bogle still stands by his long-held belief that diversification and buy-and-hold are the key strategies for most investors, and he opines that the next decade will bear this out with average stock returns of 7% annually.

We are somewhat less sanguine about the road ahead, but Bogle has been right more often than he has been wrong. Indeed, his estimates of the market's potential are within reach assuming economic growth resumes a more normal path. Our updated investment thinking is summarized in a soon forthcoming letter to clients.

Meanwhile, we're pleased to see that mutual fund companies like Fidelity and Vanguard are busily trying to outdo each other in cutting management fees. It may only look like a matter of a few cents on each \$100 invested, but over time lower basis points do add up to higher investment profits.

Colleges and money

Planning for college costs has just become a little easier. Starting this month, all colleges must provide online calculators that will give you a rough estimate of how much you will pay after grants and scholarships are taken into consideration. (The college's financial aid officer should then provide you a more accurate estimate.) Try Colgate's [Net Price Calculator](#) as an example. The U.S. Department of Education website's report generator, [College Affordability and Transparency Center](#), lets you view rankings of the highest and lowest tuition and net prices in various sectors.

The quarter-million-dollar question: Does that elite Ivy League parchment guarantee greater earnings? According to a study described in the *New York Times* article "[Revisiting the Value of Elite Colleges](#)", it ain't necessarily so. The article finishes with some cogent advice from one of the study's authors, economist Alan Krueger: "Don't believe that the only school worth attending is one that would not admit you. That you go to college is more important than where you go. Find a school whose academic strengths match your interests and that devotes resources to instruction in those fields. Recognize that your own motivation, ambition and talents will determine your success more than the college name on your diploma."

Though it's difficult to estimate how much your child might be earning after graduation, a rule of thumb is that student loan payments shouldn't exceed 10% of earned income. [FinAid.org](#) offers a variety of [loan calculators](#) to help you and your child evaluate whether student loan payments will be affordable after college.

Reducing dental costs

What are some options for reducing the cost of dental care other than having a dental insurance plan?

If your dentist suggests a costly procedure, consider getting a second opinion. You can also try to negotiate a lower fee with your dentist, or ask to pay in partial payments. If you do have insurance coverage, ask if the procedure can be spread out over two calendar years to cut your out-of-pocket costs.

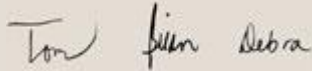
Investigate dental discount plans. The costs are significantly less than a full dental insurance policy premium. Coverage will give you access to a list of dental providers in your area who will charge you the same reduced fee offered to insured patients. However, you will need to pay the fee up front. You can review plan options and look at provider lists for your area at Dentalplans.com. Before signing up, call the provider to verify that they still participate in the plan, and ask about the fee for the required procedure. Discounts can range from 10 - 60%, and there are no deductibles or coverage caps. In addition, a discount plan may cover the cost of cosmetic dentistry, usually excluded by insurance plans.

For basic preventative care, investigate university dental teaching clinics that offer services to the public. In Maine, University of New England's [Dental Hygiene Clinic](#) in Portland provides a range of basic services to the public with no income restrictions, though you can expect additional waiting time.

Wisdom comes with age

If you think you're getting smarter as you get older, you're probably right -- at least as far as making financial decisions goes, according to *The Wall Street Journal* article "[Older but Wiser: Middle Age Is a Prime Time for Finance](#)". Also, since 70 is the new 50, we have a reminder for all of you "45 and up": the open enrollment window for Medicare Advantage, Medigap, and Medicare drug plans is October 15 through December 7, not December 31 as in previous years. We're available to discuss the issue with any clients who are concerned about their coverage.

Best wishes for a happy autumn,



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