

Wall Street Journal

How to Fix Your Life in 2006

Our reporters offer 15 strategies to save money and time.
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If only you could still feel good about eating steak and eggs.

Americans used to feasting off of low interest rates, cheap fuel and soaring home values had to face some tough realities this year. Borrowing costs are up on everything from mortgages and home-equity loans to credit cards. Heating a home this winter will be more expensive than anytime in decades, and there are numerous signs that the torqued-up housing market has reached its peak. Even the wildly popular high-protein, low-carb Atkins-style diet has fallen from vogue.

The fate of the economy may be out of your hands, but developments across a range of industries have created some opportunities to save money, time and possibly even your sanity next year. As we have in the past on the cusp of a new year, our reporters have mined their beats for new strategies to better your life. Modeled on our weekly Quick Fix feature, their recommendations cover the gamut, from getting more value out of your frequent-flier miles to saving money on student loans.

[There is an alternative way to watch your weight -- for which you'll need a baseball and a deck of cards.](#) There is a fallback answer to some of the confusion about which Medicare drug plan to choose. And we just might be able to help you get through to a real live human being at a customer-service call center.

- **The Problem:** Blue-chip U.S. stocks have been lackluster performers.
- **The Fix:** Boost your exposure to them.

America's largest companies, which were fabulous stock-market performers in the late 1990s, have fared horribly in the current decade. Even after adding in dividends, the Standard & Poor's 500-stock index of big blue-chip stocks is up just 3% over the five years through Nov. 30. That's well behind the cumulative 24% gain for Morgan Stanley Capital International's Europe, Australasia and Far East index, and a pittance compared to the 48% jump for the Wilshire 4500 index of small and midsize U.S. stocks.

As these and other market segments have roared ahead, many investors have given up on blue chips. But now, some experts expect the pendulum to swing back the other way -- leaving investors without blue chips eating dust.

"Large caps will outperform small caps over the next three years," predicts Minneapolis financial planner Ross Levin. His advice: Add a stake in iShares S&P 500 Index, an exchange-traded fund. He also likes Vanguard Growth Index, a regular mutual fund that tracks large-company growth stocks.

--Jonathan Clements

- **The Problem:** Increased restrictions on frequent-flier miles are making it hard to get seats.

- **The Fix:** Switch to hotel points in a program like Starwood's or Intercontinental's, where there is more flexibility.

As planes get fuller and free seats appear scarcer on popular routes, the frequent-flier mile seems less valuable by the year. Indeed, in 2005 Southwest Airlines became the last big U.S. carrier to limit the free seats it gives away on any given flight.

But while hotel-room rates have gone up this year, they're often easier to find free. At Starwood Hotels & Resorts Worldwide, parent of Westin, Sheraton and W, among others, you can use Starwood Preferred Guest points for any standard room that you can book for cash. And this year InterContinental Hotels Group began allowing members of its Priority Club program to use points to pay for rooms at competitors' hotels, too -- heresy in the world of loyalty programs.

If you want to earn hotel points via a credit card, Starwood's American Express card is a good choice. One reason: It will let you trade points for airline miles when you can't resist rolling the dice for seat availability.

--Ron Lieber

- **The Problem:** Even your favorite movie, book, music or TV critic gets it wrong sometimes.

- **The Fix:** Two new Web sites that aggregate reviews, assigning each new release a single score.

MetaCritic.com assigns a score from 1 to 100 for each review of a new book, CD, TV show, movie or videogame. Those numbers are averaged, with extra weight given to more influential publications. While the numerical solution is not a replacement for a good critic, the scores can be helpful in weeding out stinkers.

The other site, RottenTomatoes.com, aggregates many more reviews, but it covers only movies, DVDs and video games. It offers two scores: The average reviewer rating, from 1 to 10, and the overall percentage of positive reviews, with anything over 60% rated "fresh."

Both sites include quotes from the reviews they aggregate, along with links to the full reviews when they are available.

--Sam Schechner

- **The Problem:** You can't reach a human being when you call customer-service hotlines.

- **The Fix:** Little-known codes let you bypass automated phone systems and go straight to a live operator.

Blogger Paul English has posted a customer service "cheat sheet" at www.paulenglish.com/ivr that offers tricks for finding a live operator at dozens of frequently called companies, from American Express to Verizon Wireless.

The site lists codes that you can punch in as soon as the automated system picks up to have your call routed directly to a human. It also helps you foil the newer breed of customer-service hotlines -- those voice-recognition systems that ask you to speak aloud your requests. Saying "agent" or "operator" will usually redirect you to a human at many companies, but you might have to be persistent.

Mr. English is constantly adding new companies to the site, but he also takes requests. If there's a company you need help contacting, click the "update" link at the top of the page and type in the name.

--Jane Spencer

- **The Problem:** Rising interest rates will make federally financed student loans more expensive.
- **The Fix:** Consolidate your loans before July 1, 2006.

Interest rates on popular student loans such as the Stafford loan and the Parent Loan for Undergraduate Students will rise to 6.8% and 8.5%, respectively -- and change from variable rates to fixed. Borrowers should consider consolidating now, while rates look more appealing: The current Stafford interest rate is as low as 4.7%, while the PLUS repayment rate is currently set at 6.1%.

--Anne Marie Chaker

- **The Problem:** You want to lose weight but have a tough time counting calories.
- **The Fix:** Keep a deck of playing cards and a baseball in the kitchen to remind you of proper portion size.

Using visual cues to help you better gauge portion sizes helps you stick to any diet and cut calories without having to count them. The steak, fish, chicken or other protein portion of your diet should be about three ounces, or the size of a deck of playing cards, notes Lisa R. Young, the New York University nutritionist who has come up with several visual aids in her book "*The Portion Teller.*" And a serving of vegetables or fruit should be as big as a baseball.



Locking in a better college-loan deal; cutting your heating bills with a home-energy audit; getting through to a person during a customer-service call; and using a baseball to size your meal portions.

A playing card of steak is about half or even a third of a typical person's portion. Most people have to increase their portion of vegetables to eat a baseball's worth. But eating playing card and baseball portions can cut hundreds of calories a week out of a diet, boost the overall nutritional content of your meals and help you better manage your weight.

--Tara Parker-Pope

- **The Problem:** Rates are rising, making home-equity lines of credit more expensive.
- **The Fix:** Lock in a fixed rate on a portion of your credit line, or take out a fixed-rate home-equity loan.

Many homeowners have turned to home-equity lines of credit as a cheap way to pay off high-cost debt, finance home improvements or fund other spending needs. But lines of credit, which are typically tied to the prime rate, aren't the bargain they once were.

The average rate on a home-equity line of credit now stands at 7.7%, according to HSH Associates, financial publishers in Pompton Plains, N.J. That's up from just 4.68% in June 2004.

For borrowers nervous about rising rates, one option is to choose a fixed-rate home-equity loan. Rates on these loans have moved up only modestly, to 7.64% from 7.05% in June 2004.

Home-equity lines give homeowners the right to borrow up to a certain amount, either all at once or over time. Home-equity loans provide borrowers with a lump sum and a fixed rate.

Fixed-rate loans typically make more sense for borrowers who have a one-time need for cash. A home-equity line can be the better choice for someone who needs the money over time. That's because borrowers pay interest only on the money they have actually drawn from the line of credit.

Locking in the rate on a portion of the credit line provides a way to reduce the potential impact of rising rates. It also allows borrowers to preserve their ability to tap their credit line when needed.

--Ruth Simon

- **The Problem:** You don't save enough money.
- **The Fix:** Use a credit card that helps you save cash automatically as you make purchases.

Saving money by spending it might seem counterintuitive, but a new wave of savings-oriented cards can help consumers put cash aside with minimal effort and add up to big money if used consistently.

American Express recently launched its One card, which contributes 1% of eligible purchases into a high-yield savings account at a 3.5% annual percentage yield. This year, Bank of America launched its Keep the Change program, which rounds up purchases on debit cards to the next dollar and transfers the difference from your checking account into a savings account that currently yields about 0.5%. Bank of America will match savings for the first three months and 5% annually after that.

Credit cards can also help you save for big-ticket payments like mortgages and college tuition. Citigroup has its Citi Home Rebate card and MBNA has its GMAC Mortgage Equity Rewards card, both of which return about 1% on purchases and can help reduce mortgage interest. Then there's the Fidelity Investments 529 College Rewards Card, which automatically credits 2% of eligible purchases to a Fidelity-managed 529 plan account with a \$1,500 annual contribution limit.

--Diya Gullapalli

- **The Problem:** You like the vintage look of your bathroom fixtures, but find the wear, discoloration -- or simply the color -- unpalatable.
- **The Fix:** You can have old tile, tubs and sinks professionally refinished to their original splendor.

Franchises such as Bathcrest, Miracle Method and Perma-Glaze specialize in re-enameling old fixtures, as do many local firms. The process generally works like this: After a thorough cleaning, chips and cracks are filled in and repaired. Then, a multistep process may be used that involves applying an adhesive bonding agent, which allows the enamel to "stick" to the original porcelain surface. The surface is then primed before a coat of paint is applied.

Customers can pick any color they want. For an extra charge, the firms can often custom-mix paints to match the color in wallpaper or even bath towels. Miracle Method says that the cost of replacing a bathtub can easily cost more than \$2,000 if you include costs ranging from demolition to a new tub. Refinishing an existing tub, however, only costs somewhere between \$400 and \$550. Besides comparing prices, ask if the work is guaranteed for a number of years.

--Anne Marie Chaker

- **The Problem:** Your home insurance might not reflect your remodeling costs.
- **The Fix:** Upgrade your policy.

A year filled with hurricanes and other natural disasters highlighted the need for solid home-insurance coverage. But many people haven't updated their insurance coverage in years -- despite doing extensive home renovations or buying high-end home entertainment systems.

Home-insurance coverage typically reflects the costs to reconstruct a home and replace its contents, not the home's market value. To assess your insurance needs, check to see if your private bank offers insurance-advisory services or go to an independent risk-advisory firm.

Several insurers have been rolling out policies geared toward wealthy homeowners. These typically have higher coverage limits and cover more events -- often paying the entire cost of rebuilding a luxury home. By contrast, many standard policies cap the total payout amount.

--Rachel Emma Silverman

- **The Problem:** Sorting through the new Medicare drug plans is confusing.
- **The Fix:** Just sign up for something by May 15.

The worst choice for a person in need of Medicare coverage would be to put off enrolling for too long. The deadline is May 15, 2006, and missing it means paying higher premiums later.

The government's plan-comparison site at www.medicare.gov, and operators at 1-800-Medicare, can do personalized searches of plan costs based on a person's medications. People who don't take many drugs still should sign up for something -- perhaps a plan with a low premium -- to get protection for unexpected costs.

Medicare beneficiaries who already have drug insurance that's as good as the new plans generally shouldn't switch. As long as the current coverage is "creditable," they won't be subject to the penalty if they end up enrolling in one of the Medicare drug plans in the future. ([See more](#))

--Sarah Lueck

- **The Problem:** You want to read more blogs but don't have the time and patience to visit and navigate dozens of sites.
- **The Fix:** Sign up for an account with a blog aggregator that consolidates and organizes posts from all your favorite blogs on one screen.

This year the number of blogs has continued to balloon, and keeping up with them has become something of a social and professional necessity. But scrolling through all those screens can be dizzying. Sites like Bloglines.com or NewsGator.com, which will pool the content of your favorite blogs (and some content from other sites) onto one screen, can help.

Unlike a blogging search engine, which allows you to search for key terms throughout the blogosphere, these sites aggregate content from blogs you choose, packaged in a form that is easy to read. Most of the services are free, but some charge one-time fee of around \$30 for software that allows you to access your email or to use the service on your cellphone.

--Jessica E. Vascellaro

- **The Problem:** You're dreading skyrocketing home heating bills this winter.
- **The Fix:** Get an energy audit of your home to figure out how you can save.

Residential heating bills are expected to soar as much as 71% in some parts of the country this winter season, but homeowners can cut their bills by hundreds of dollars by hiring an "energy auditor" to check for leaks and suggest money-saving fixes.

These audits generally cost between \$300 and \$400. Some auditors use a "blower door test," in which a machine sucks all the air out of the house so they can go around to check for places where fresh, cold air is seeping back in. Some audits also include an infrared thermography test, which determines how well-insulated a home's walls are.

The tests generally take two to three hours; some utility companies offer them free or at a lower cost than independent contractors. (Check with your local utility for recommended auditors.)

Craig Stevens, spokesman for the Department of Energy, says that owners of large, older single-family residences that may not be as well-insulated as new newer structures stand to benefit the most from an energy audit. Or you can go to www.eere.energy.gov/consumer/tips/home_energy.html to find out how to check for leaks -- and plug them -- yourself.

--Cheryl Lu-Lien Tan

- **The Problem:** You want to save personal computer files, such as emailed love letters, for posterity.
- **The Fix:** Make a book using one of several new on-demand printers.

Electronic storage media, from floppy disks to DVDs, generally become obsolete within a generation of their introduction. But paper can remain readable for centuries if kept in a dry environment. And it's becoming easier -- and cheaper -- to put your personal

documents on the printed page. A growing number of online vanity publishers, such as CafePress.com and Lulu.com, allow users to upload text from a program like Microsoft Word and purchase books one at a time. CafePress will print a 400-page paperback book for a base cost of \$19, plus shipping. Lulu will print a hardcover book of that length for \$23.

Another cheap solution: Bring your disk to a local copy shop. Most can print and bind several hundred pages for less than \$50.

--Sam Schechner

- **The Problem:** With interest rates rising, you're not sure whether to lease or buy a new car.
- **The Fix:** Consider leasing first.

In recent months, many car makers have boosted efforts to encourage leasing by offering more generous deals. They're aiming to help their profitable certified used-vehicle programs, among other reasons.

According to CNW Marketing Research, the average financing rate this year is 5.27%, up from 4.58% last year and 3.96% in 2003. In contrast, leasing rates have only moved up incrementally, thanks in part to greater manufacturer subsidies. The average lease rate this year is 1.91%, up from 1.82% last year and 1.77% in 2003.

Many car makers are also making it easier to get out of leases. DaimlerChrysler's Chrysler Group, for instance, is offering a lease pull-ahead program through Jan. 3 in which customers with 12 or fewer lease payments remaining can turn in their vehicles and get up to four payments waived if they lease another vehicle.

Still, most of the deals are only on specific vehicles or in specific regions, and the best deals will likely be for 2006 models. Leasing also may not be the best choice for those who want to keep a car longer than four years, customize their vehicle or drive 20,000 or more miles annually.

--Jennifer Saranow

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