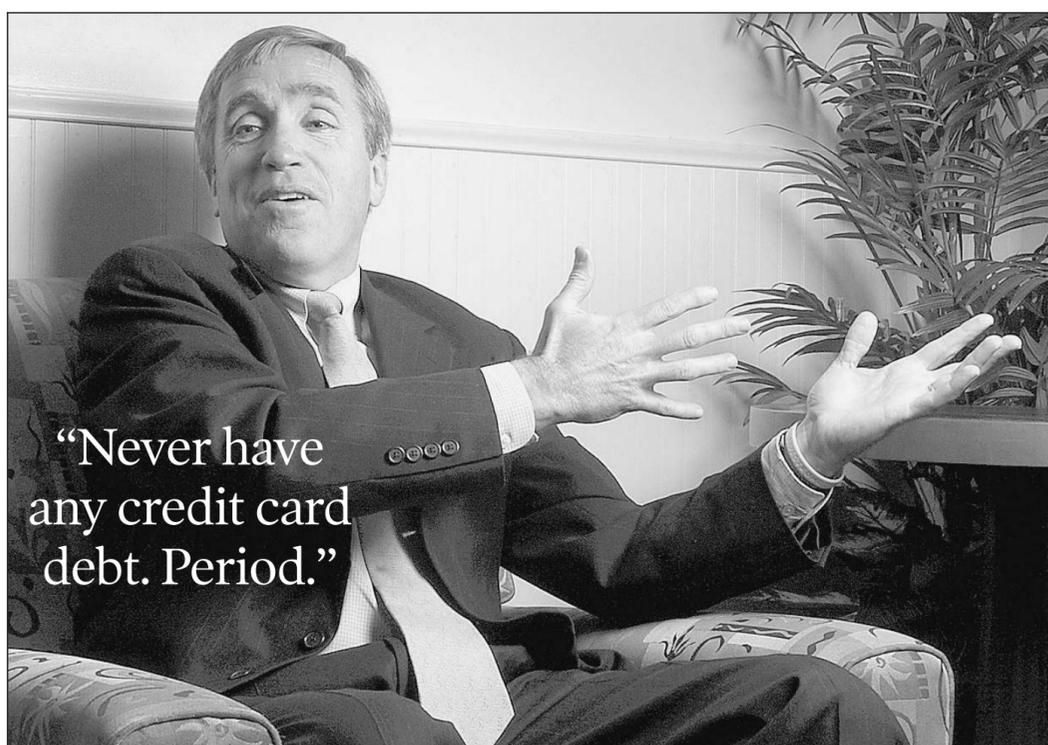


Dollars

SPENDING THEM
SAVING THEM



“Never have any credit card debt. Period.”

LAYNE BAILEY - FILE PHOTO

Vanguard CEO's main advice: Trim debt, invest

Brennan *from 1D*

Q. What do you tell your kids about money and personal finance?

You have to be cognizant of money. That doesn't mean you have to be driven by money. That doesn't mean you have to sit around and watch CNBC all day. It means you have to be thinking of income and outgo. And, never have any credit card debt. Period.

Q. You've impressed that upon them?

Oh yeah. And a lot of their friends have credit card debt in college. But at least with my kids I am pretty confident they will not do it, because they understand math. They understand that interest rates that compound at 18 percent or 24 percent are just a bad deal. My single biggest piece of financial advice is to live within your means. So when you get a job and you need a car, get a car within your means and an apartment within your means. Your financial decision-making is full of trade-offs. That's my most important message to my own children and other people's kids. I get visits from friends with kids who they want me to give the pitch to. And, I am happy to do it.

Q. You give the 401(k) pitch as well?

When I see a young person I say, 'If you make \$30,000 and you have the ability to put 10 percent away, presume you make \$27,000. And, it's pretty easy - you weren't making any money, now you're making \$27,000 and you're putting away \$3,000. The freedom that living below

your means and participating in savings programs creates for you is spectacular. If you don't like your job but you have the resources to sustain yourself you can make a career change. If you are living paycheck to paycheck you can't do that.

Q. Did you always do everything right with your money or did you make some mistakes as a young person?

I didn't have any for a long time. I came out of grad school with a bunch of grad school debt. I guess I have always been prudent, probably boringly prudent my whole life. My first house was far less expensive than it could have been. I've just been pretty disciplined. But I will probably tell you the primary discipliner, if you will, early on was the fact that as a young married couple my wife and I both had grad school debt. I think actually I probably ended up avoiding mistakes because I had the forced discipline of financial obligations.

Q. What's the smartest thing you did with your money - early on?

No question that it was participating - participating to the max, even when it was painful, which it was - in our 401(k) plans. And, I've always made an IRA contribution. I do it every Jan. 2. It is just a habit. Those are two really good habits and they are applicable to everyone. You don't have to be the chairman of Vanguard.

Q. You've said that sometimes it seems investing is more complicated than it needs to be. So why are there so many mutual funds? Vanguard is a big contributor to the sheer number of funds.

Doesn't that make it harder on investors?

First, there are too many funds. Too many expensive funds. Too many funds that don't perform very well. But within a broadly diversified fund complex like Vanguard, which serves 8 million households, we have differentiated needs. And then there is a level of do-it-yourselfness - people who want to construct a portfolio. Do most people need a small-cap international fund? The answer is no. But is it a very viable option within the context of certain investment programs? The answer is yes. So having a large number of funds is not an impediment to people being successful.

We've tried to offer both paths - the simplified package solution but also to give our clients funds to manage their portfolios themselves. The intimidation factor comes from the investment firms that manage to convince you that you are not up to doing it yourself and that you have to pay for the privilege, which we obviously don't agree with.

Q. What is the appropriate allocation for a 25-year-old and a 35-year-old?

I think most young people should be dominant in equities, presuming they are going to invest regularly. If you are young and a regular investor, you have time and equities should over time be markedly to your advantage. It means you can't watch your account balance every day. It means you may want to open your statement but then throw it away.

Amy Baldwin covers money-related topics for 20- and 30-somethings in Out of the Red. Reach her at (704) 358-5179 or abaldwin@charlotteobserver.com.

Foreclosures stymie resales

The Study

About 2.3 percent of single-family homes in Mecklenburg County foreclosed from January 2003 to early 2005, according to county records. The Observer compared sales prices per square foot during that period with prices in 1999 and 2000. The analysis did not include the sales of foreclosed homes.

In neighborhoods with a foreclosure rate of less than 1.15 percent, or half the county average, prices increased an average of 16 percent. By comparison, prices were flat in neighborhoods where the foreclosure rate was more than twice the county average. Average prices declined in 20 of the 299 neighborhoods with low foreclosure rates, and in 43 of the 79 neighborhoods with high foreclosure rates.

Sales *from 1D*

Bobby Spivey. While prices in higher-income neighborhoods are rising, he said, prices in lower-income neighborhoods are flat or dropping.

Average prices actually declined in 39 of 73 neighborhoods with high foreclosure rates, most of them low-priced.

The findings, consistent with research in other cities, show the consequences of foreclosures extend beyond the families that lose their homes.

A study of property values in Chicago found each foreclosed home within a city block decreased the value of a home by 1 percent. The 2005 study by the Woodstock Institute examined the impact of almost 4,000 foreclosures in 1997 and 1998.

Foreclosed homes often are resold at steep discounts, undermining the market for neighboring homes. Such homes also can stay vacant for months or years before resale, creating eyesores that may deter potential buyers of neighboring properties.

"If there are multiple foreclosures on a street, people know it," said Dan Immergluck, a professor at Georgia Tech University who co-authored the Chicago study.

The best advice for home shoppers? Make sure you know it, too. — DATABASE EDITOR TED MELLNIK CONTRIBUTED

Staying Out of Trouble

Study your neighborhood: Your home is probably your largest investment. If it's in a neighborhood with a lot of foreclosures, it may be a bad investment. You can check the history of neighboring homes on Mecklenburg County's real estate Web site, <http://meckcama.co.mecklenburg.nc.us/relookup/>. Click on "street name lookup" to retrieve sales records for all homes on a particular street.

For an interactive map of foreclosures from January, 2003 through early 2005, visit www.charlotte.com/news, then under Special Reports, click on the Foreclosures link.

Before You Find a Home ...

- Get educated: Find a housing counselor through the Web site of the Department of Housing and Urban Development: www.hud.gov/buying or by calling (800) 569-4287.
- Get ready: Several months before your search, visit a local bank or credit union. Ask if you qualify for a market-rate loan. If not, ask how you can.
- Get pre-approved for a loan before you start looking at homes. You can generally afford up to three times your total annual income. Buyers get in trouble when they fall in love with a home, then shop for a lender to provide the money.
- Get a good rate: Visit several mortgage brokers or lenders. Ask each for a "good faith estimate," a document listing your interest rate and closing costs. Total fees should run between 3 and 5 percent of your loan amount, and no more.

brown & glenn Realty

Real Estate Property Management Services

Residential Property Management
Homeowners Association Management
On Site Property Management

Making Charlotte Home
Leasing Properties throughout the Charlotte Area

704.332.7734 • www.brownglenn.com
1012 East Boulevard • Charlotte, NC 28203

Thank you for allowing us to service your needs since 1931.

MANAGEMENT DEVELOPMENT PROGRAMS

MANAGEMENT CERTIFICATE PROGRAM

Develop Your Knowledge of Business Essentials.
SPRING 2006 COURSES

- Accounting for Non-Financial Managers Feb 8-10
- Leadership in the Post-Information Age Feb 21-22
- Fundamentals of Finance Mar 1-2
- Communicating for Managerial Effectiveness Mar 14-15
- Strategy Formulation and Implementation May 11-12

Choose from several elective courses to complete the certificate program.
Take any of the courses without enrolling in the certificate program.

KAREN HOPES
System Analyst

For information or to register:
www.ContinuingEd.uncc.edu
704-687-2424 or 877-741-0134

UNCC-CHARLOTTE
CONTINUING EDUCATION

ATTENTION!!
NOW IS THE TIME
TO TREAT YOURSELF!

Riverview Inn
"South's Most Famous Old Fashioned Seafood House"
Est. 1946

Treat Your Employees/Customers
To A Real Treat

Let us come to your location and serve our Famous "All You Can Eat" Fish Fry.
We bring the cooks and the kitchen
-Cooked On The Spot-
Visit us on the web at: www.the-riverview-inn.com

Call for Details (704) 399-3385

FIRST TRUST BANK

OUR MAIN OFFICE HAS NOW RELOCATED TO 1420 EAST THIRD STREET

PLEASE VISIT US AT ANY OF OUR LOCATIONS TO TAKE ADVANTAGE OF THIS GREAT CD SPECIAL

FOR AMOUNTS \$10,000 AND OVER

4.50%*

6 TO 11 MONTHS

Limited time only
*ANNUAL PERCENTAGE YIELD

Locations:
1420 East Third Street 704.377.3936
2245 Rexford Road 704.365.3360
108 Gateway Blvd., Mooresville, NC 704.662.9004

APY accurate as of current date. Advertised rates subject to change without notice. Penalty for early withdrawal. Member FDIC.

FIRST TRUST BANK

OUR MAIN OFFICE HAS NOW RELOCATED TO 1420 EAST THIRD STREET

PLEASE VISIT US AT ANY OF OUR LOCATIONS TO TAKE ADVANTAGE OF THIS GREAT CD SPECIAL

FOR AMOUNTS \$10,000 AND OVER

4.75%*

12 TO 17 MONTHS

Limited time only
*ANNUAL PERCENTAGE YIELD

Locations:
1420 East Third Street 704.377.3936
2245 Rexford Road 704.365.3360
108 Gateway Blvd., Mooresville, NC 704.662.9004

APY accurate as of current date. Advertised rates subject to change without notice. Penalty for early withdrawal. Member FDIC.