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Fool's School

Critical Social Security Tips

Social Security is vastly important to most retirees, often providing more than half of their income, and in many cases more than 90 percent. Thus, it's critical to make smart decisions about it. Here are some tips:

- Find out how much you can expect to receive by visiting the Social Security website at ssa.gov and setting up a "my Social Security" account. (To give you a rough idea, the average Social Security retirement benefit was recently \$1,350 per month, or about \$16,000 per year, while the maximum benefit for those retiring at their full retirement age was recently \$2,639 per month — or about \$32,000 for the whole year.) Knowing what you can expect can help in retirement planning.

- Know that you can control how much you receive, to some degree. Your "full" retirement age is between 65 and 67, depending on your birth year, but you can start collecting your benefits as early as age 62. Collecting early will make your checks smaller, but you'll get more of them, so it

can be close to a wash. For every year you delay collecting from your full retirement age to age 70, you can increase your benefits by 8 percent. Delay from age 67 to 70, and your checks will be about 24 percent bigger.

- Don't think you'll receive little or no benefits if you haven't earned much taxable income in your life or if you're widowed or divorced. Those who are married, divorced or widowed may be able to claim benefits based on their current, ex- or late spouse's earnings record — generally collecting between 50 to 100 percent of the spouse's benefit. (Divorced persons need to have been married for at least 10 years and to not have remarried.)

- Benefits are calculated based on your earnings in the 35 years in which you earned the most money (adjusted for inflation). Aim to work at least that long, if you can.

- Finally, read up on spousal strategies, as coordinating when you and your spouse start collecting benefits can make a big difference. ■

My Dumbest Investment

Not-So-Smooth Sailing

In 2007 I bought 100 shares of Evergreen Solar on the recommendation of someone I trusted. At one point my investment was up 92 percent, but, thinking the company was solid, I neglected to place a trailing stop order to lock in my gains. I went on a sailing trip with no internet access for a while. When I returned, Evergreen had dropped by more than 90 percent. The company went bankrupt, and my shares are now worthless. This was probably my dumbest investment.

— N.V.W., Jamaica

The Fool Responds: Ouch. A trailing stop order would likely have helped you, but it doesn't always do what you want it to. It permits you to leave an order in place to sell your holding if the price drops by a specified percentage or dollar value. Thus, if the stock creeps up, you don't need to keep resetting your stop order. If you set it at 10 percent and your holding drops by 11 percent one day, the order will be triggered and your shares sold.

The order can fail you, though, if a stock drops gradually over time, never by enough to trigger the sale. It can also not work well if a stock plunges very quickly, when there may not be time for your order to be fulfilled at your desired price. It's best to keep an eye on any holdings that may be volatile. ■

Last week's trivia answer

I trace my roots back to 1724, when a publishing company I later acquired was founded. The organization with my current name was born in 1844 as a building company in England. Today, based in London, I'm the world's biggest education company, employing more than 35,000 people in more than 70 countries. I used to own The Financial Times and related publications, but sold that unit to a Japanese company last year. I rake in close to \$6 billion annually. My products and services serve 75 million learners, and I'm aiming for 200 million in 10 years. Who am I? (Answer: Pearson) ■



Write to Us! Send questions for Ask the Fool, Dumbest (or Smartest) Investments (up to 100 words), and your Trivia entries to Fool@fool.com or via regular mail c/o Florida Weekly, attn: The Motley Fool. Sorry, we can't provide individual financial advice.

Ask the Fool

Capital Gains Taxes

Q Are capital gains taxes the same no matter how much I earn?

— C.R., La Crosse, Wisconsin

A Nope. For many folks, the long-term capital gains tax rate is 15 percent. It can be zero, though, if you're in the 15- or 10-percent tax bracket, and if you're in the highest tax bracket, it's 20 percent. Some high earners will also face a 3.8 percent Medicare surtax on their net investment income. Short-term gains (from assets held for a year or less) are taxed at your ordinary income tax rate.

If you have capital losses, you can use them to offset your gains and reduce your tax bill.

Q Can you have too many shares of one stock in your portfolio?

— T.S., Philadelphia

A It's not the number of shares that matters, but their total value. You might have 1,000 shares of one stock, worth a total of \$5,000, and 100 shares of another stock, worth \$10,000. Focus on the percentage of your portfolio that each stock represents — and don't let any one stock's percentage get too high.

For instance, if one holding represents, say, 25 percent of your entire portfolio, that's rather risky. If the stock plunges, your portfolio will take a big hit. Thus, if one holding grows into too big a chunk of your portfolio, consider selling some shares of it.

On the other hand, if you hold gobs of stocks, and your biggest holding represents just 2 percent of your portfolio, that's not ideal, either. If that stock doubles or triples, its overall effect will be small.

For many people, roughly 10 to 20 stocks is a good number of holdings — enough for diversification, but not more than you can keep up with. ■

Want more information about stocks? Send us an email to foolnews@fool.com.

Name That Company

Founded in 1940 and with annual revenue near \$100 billion and 100,000 employees worldwide, I'm America's second-largest private company. Based in Kansas, I'm a conglomerate with businesses related to oil, chemicals, polymers, minerals, fertilizers, forest products, ranching and more. My brands include Lycra, Georgia-Pacific, Dixie, Brawny, Quilted Northern and AngelSoft. I produce all kinds of things, such as automatic paper towel dispensers, asphalt, fertilizer, fabrics, plywood, pack-



aging, air bags, gasoline, water filters, flooring and electronic components.

Despite all that, I may be better known for being run by two brothers who are major contributors to conservative causes. Who am I?

Think you know the answer? We'll announce it in next week's edition. ■

The Motley Fool Take

A Money Mouse

Walt Disney (NYSE: DIS) is the undisputed global entertainment king, with enormously valuable brands such as Disney itself, ESPN, ABC, Pixar and Marvel. In addition, it has the intellectual rights to many of the most valuable fictional characters and franchises in the world.

The company has a fairly unique business model, with the ability to monetize its assets via multiple platforms. For example, a massively successful movie such as "Frozen" or "Star Wars: The Force Awakens" presents opportunities in areas such as toys and merchandising, home entertainment, live shows and theme park attractions.

Many consumers are shifting from cable TV toward online streaming alternatives, and this is putting some pressure

on Disney's networks division. To offset this, Disney has taken a 33 percent stake in the video-streaming service BAMTech, a leader in sports streaming. Meanwhile, its other segments such as movie studios and parks continue to perform well.

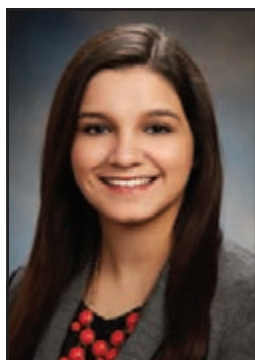
Disney produced almost \$13 billion in revenue during the quarter ended on April 2, up 4 percent over the year-ago quarter, while adjusted earnings per share, up 11 percent, posted the 11th consecutive quarter of double-digit growth.

Disney's stock was recently trading 20 percent below its peak, with its price-to-earnings (P/E) ratio of 17.4 below its five-year average. The stock recently yielded 1.5 percent and is worth considering as a long-term holding. (The Motley Fool owns shares of and has recommended Disney.) ■

AXI International names marketing coordinator

AXI International, a global leader in intelligent fuel management systems, has announced the appointment of Michelle Anderson as coordinator for the firm's expanding marketing department.

Ms. Anderson recently graduated summa cum laude from Florida Gulf Coast University, where she achieved bachelor of science degrees in marketing and business management, and attained a 4.0 grade point average. While attending school, she was a marketing communication intern for a



ANDERSON

Southwest Florida marketing firm. Following graduation, Ms. Anderson worked as a marketing research assistant at FGCU.

She has interned for other technology companies, including Arthrex Inc. and Algenol Biofuels, where she gained relevant experience in engineering and the environment.

Her responsibilities include developing content and collateral materials for AXI's communication channels, enhancing the firm's social media communications, and assisting with media outreach. ■

Physicians' Primary Care adds doctor in Cape office

Dr. Lucia Huffman has joined Physicians' Primary Care of Southwest Florida as a family medicine physician.

She will see patients at the Cape Coral Family Medicine office at 1304 S.E. Eighth Terrace, where she will provide preventive care and adult physicals as well as treatment of chronic conditions such as diabetes and hypertension.

She is a graduate of the University of California in Santa Cruz, where she received her bachelor of science degree in molecular, cellular and developmen-



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tal biology.

Dr. Huffman earned her doctor of medicine degree from the University of Medicine and Health Sciences in the West Indies and St. Matthews University in Grand Cayman. She also earned a master of business administration in health care management from Davenport University in Grand Rapids, Mich.

Her residency was completed at Lee Memorial Hospital in Fort Myers under the Florida State University residency program. ■