

Splitting Up

Q I see that Warren Buffett's company, Berkshire Hathaway, just split its B shares 50-to-1. Is that good news? — *T.W., Chicago*

A Splits are usually executed by companies that have been doing well, so in that sense they can be viewed positively. But they don't represent any real change in a stock's value. Imagine you owned 100 shares of Meteorite Insurance (ticker: HEDSUP), trading at \$40 apiece. Then the shares split 2-for-1. You'd suddenly have 200 shares, worth \$20 each. In both cases, the total value is \$4,000 — it hasn't changed.

Berkshire's split is unusual in that it's 50-for-1, since a single class-B share was trading in the \$3,000s pre-split. (The company's class-A shares were recently trading for more than \$100,000 apiece!) Before and after the split, Berkshire operates the same businesses, employs the same people and has the same prospects. Its class-B shares simply have a lower price now.

Q Which big companies have women in charge? — *C.L., Baton Rouge, La.*

A There are more than a dozen women running Fortune 500 companies — but 97 percent of the firms are still run by men. At least the numbers have been rising in recent years, up from just six in 2002. Meet some powerful women: Brenda Barnes, Sara Lee; Carol Bartz, Yahoo!; Angela Braly, WellPoint; Lynn Elsenhans, Sunoco; Susan Ivey, Reynolds American; Andrea Jung, Avon Products; Christina Gold, Western Union; Ellen Kullman, DuPont; Carol Meyrowitz, TJX; Ursula Burns, Xerox; Indra Nooyi, PepsiCo; Irene Rosenfeld, Kraft Foods; Laura Sen, BJ's Wholesale Club; Patricia Woertz, Archer Daniels Midland. There are many other high-profile women in business, such as FDIC Chair Sheila Bair and Safra Catz, President of Oracle.

Got a question for the Fool? Send it in — see Write to Us



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Retirement Tips

Most of us will have to rely mainly on ourselves for our retirements — pensions are disappearing and Social Security likely won't be enough. Here are some tips.

First, think twice before parking too much money in your employer's stock. While you probably do know more about it than any other firm, you're already collecting most or all of your income from it, which means you're already financially dependent on it. By spreading your dollars among stocks or mutual funds, you'll reduce the risk of completely wrecking your finances in the unlikely (but still possible!) event that your employer goes belly-up.

Second, consider maxing out your 401(k) to achieve the greatest long-term growth. That doesn't just mean contributing enough to get the maximum company match. Saving 10 percent or, better still, 15 percent of your salary will make a huge difference in the wealth you can amass over time.

Third, tend to your investment selections. If you sock away all your money in conservative investments, it won't grow very quickly. If you're close to retirement, you probably want that sort of safety. But if you've got decades to go until your golden years, you might take at least a bit more risk in exchange for the chance of better returns.

Fourth, don't cash out of your 401(k) when you change jobs. You'll lose a hefty chunk of any payout to taxes, for one thing. And thanks to the power of compounded growth, the loss of a relatively small amount now could blow a big hole in your future returns. Instead, talk to your new and old employers' HR departments about rolling your old 401(k) into a new one, or transferring it to an IRA.

Finally, make the most of IRAs, too. A Roth IRA will let you withdraw your investments in retirement completely tax-free — that can make a big difference.

For clear and concise retirement advice, along with stock and fund recommendations and model portfolios, take advantage of a free trial of our Rule Your Retirement newsletter at www.ruleyourretirement.com.



Name That Company

Headquartered near Dallas in a 13-story pink granite building, I was launched in 1963 with \$5,000. I'm a premier direct seller of skin care products and cosmetics, with annual sales topping \$2 billion. My independent sales force is composed of more than 2 million people in more than 35 nations. My founder used the Golden Rule as her guiding philosophy and encouraged employees and sales force members to prioritize their lives: God first, family second, career third. (She wrote several best-sellers, too.) Some of my top salespeople travel in something that Bruce Springsteen has sung about. Who am I?

Know the answer? Send it to us with Foolish Trivia on the top and you'll be entered into a drawing for a nifty prize!

My Smartest Investment

A Handy Loan

When I was a sophomore in college in 1993, I qualified for a subsidized loan. I wasn't sure if I should take it, because with scholarships and savings, I would be able to cover my expenses. I did take the loan, and was therefore able to invest my savings in a growth and income mutual fund. Well, by graduation a few years later, my fund had more than doubled, and I was able to repay the loan entirely. — *Philip, via e-mail*



The Fool Responds: Credit card debt and other high-interest-rate debt should be avoided at all costs. But it can make sense to take low-rate loans, to free up money for investments where you expect to earn more. For example, if your loan costs you 4 percent and you hope to earn 8 percent or more in your stocks, you stand a good chance of doing well. Just be sure to factor in the chance of things not going your way. The late 1990s were a booming period for the market. If you use this strategy, you need to have a plan in case your investments fall short.



Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to [The Motley Fool c/o My Dumbest Investment](mailto:TheMotleyFool@fool.com). Got one that worked? Submit to [My Smartest Investment](mailto:MySmartestInvestment@fool.com). If we print yours, you'll win a Fool's cap!

LAST WEEK'S TRIVIA ANSWER

Based in Louisville, Ky., and about half a century old, I'm the nation's fourth-largest health insurer and the second-largest Medicare benefits provider. My business units include group health insurance, individual health insurance, Medicare, TRICARE and specialty benefits. I have more than 10 million medical members and millions of other members, and my network includes more than 600,000 doctors, hospitals, pharmacies and other providers in every state. I'm a member of the Fortune 500, employ 28,000 people and offer "Guidance when you need it most." My ticker symbol is what you can do with a tune. Who am I? (Answer: Humana)



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 this newspaper, attn: The Motley Fool. Sorry, we can't provide individual financial advice.

What Is This Thing Called The Motley Fool?

Remember Shakespeare? Remember "As You Like It"? In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen. The Motley Fool tells the truth about investing, and hopes you'll laugh all the way to the bank.

The Motley Fool Take

Textron Refocuses

From one perspective, Textron (NYSE: TXT), the maker of Bell helicopters and Cessna business jets, is not a bad-looking business. According to its 2009 earnings report, it generated \$500 million in manufacturing free cash flow last year.

Textron accomplished this in the face of the fiercest recession in recent memory, one that hobbled sales in its industrial segment and drained away more than 40 percent of Cessna's revenue stream. Despite these obstacles, Textron still managed to generate cash.

For defense industry investors, the Textron Systems division holds special attraction as the home base for the Shadow UAV. The plane is so popular that the Pakistani government ordered a dozen Shadows to assist its efforts in quelling Taliban activity along the Afghan border.

And yet the Shadow is overshadowed by a dirty little secret: Textron isn't just a manufacturer; it's also a banker — and not a very good one. Expecting easy profits from playing a finance game it was ill-skilled to win, Textron got neutered in large part because its finance division flailed in this economy.

The best news is that over the last 12 months, Textron has extricated itself from about 35 percent of its "managed receivables" (read: "poorly managed receivables") business. Slowly but surely, it's getting back to what it does well.

