



## In This Issue

[Index funds: know-nothing investing?](#)

[Lower car rental rates](#)

[Credit reporting practices overhaul](#)

[The power of good enough](#)

[PFPG charitable giving](#)

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## Index funds: know-nothing investing?

According to Benjamin Graham, the father of modern security analysis, there are two types of investors, distinguished only by how much time and effort they want to put into trying to beat the market. "Enterprising" investors, whether professionals or amateurs, spend their energy on analyzing individual stocks and bonds, while "defensive" investors might lean towards index funds, satisfied to invest in all the securities in a market index (e.g., the S&P 500) without delving into the performance of individual holdings. According to Jason Zweig's *Wall Street Journal* blog article "Investing in Stocks Against the Indexing Goliath," the defensive approach has become increasingly attractive to US investors, partly because of superior performance.

S&P Dow Jones Indices reports that mutual funds run by enterprising stock pickers are for the most part lagging behind the very benchmarks that index funds simply replicate, and have been doing so for the past decade. Why are the active fund managers bringing up the rear? A manager may temper an enterprising and unconventional approach because of the fear of losing clients during a period of bad returns. In short, if you have the time, the knowledge, and the stomach to pick stocks - or invest in a fund where the manager does it for you - ask yourself if you can truly stay the course. Otherwise, the defensive approach may just be the right one for you.

## Lower car rental rates

Sounds almost too good to be true, but the auto rental website AutoSlash.com will search for lower rates or coupons for an existing reservation. If a lower rate is found, you'll be automatically rebooked. And it will continue to search for a better deal until your travel date.

Not every auto rental brand is available when booking through AutoSlash. However, if you have already booked your reservation through a rental company's website, enter the details into AutoSlash, and it will track your reservation and notify you of rate drops (or suggest other companies that have lower rates). Savings using AutoSlash have averaged around 25% for those who book their rentals at least two weeks before their travel date, according to news reports. (Several of us at PFPG have used the service successfully.)

The website also provides useful tips about whether or not to purchase additional insurance coverage, and suggests you carefully investigate the rental coverage your credit card provides before assuming it will do the job.

## Credit reporting practices overhaul

Ever have an error on your credit report? (Don't forget to check your report periodically by obtaining free copies from all three agencies at [www.annualcreditreport.com](http://www.annualcreditreport.com), a practice we remind our clients

about every year.) In the past, credit report disputes have been handled by automated processes involving overseas workers and partial data matches to update your records - sometimes incorrectly, leading to identity errors and major hassles for the consumer.

Happily, the three major credit bureaus have agreed to sweeping changes in how they correct errors, thanks to an investigation led by the New York State attorney general. Specially trained employees will resolve disputes that result in mixed credit files (where one person's report is confused or blended with another person's), and there will be a six month moratorium on reporting medical debts, allowing time for insurance payments to complete. Though the changes are required to begin over the next three years, the credit bureau industry anticipates that most of the changes should occur during the next 6 - 18 months - a major positive development for consumers.

## The power of good enough

If you've spent hours agonizing over a major (or minor) purchase, poring over *Consumer Reports* or other specialty publications and reading umpteen Amazon reviews, wondering whether you're getting the very best, here's another approach. In a recent article in *The Atlantic*, psychologist Barry Schwartz, author of *The Paradox of Choice: Why More is Less*, posits that "satisficers" - those who settle for "good enough" - are happier and less likely to be clinically depressed than "maximizers" - perfectionists who must always choose the very best. He believes that as one's financial circumstances improve, what used to be perfectly fine becomes no longer acceptable, especially as the Internet provides ever-increasing opportunities to evaluate our choices against our peers and what else is available. His suggestion: the next time you need to buy something - a new laptop, the latest phone, a new washer - call your favorite fustpot, ask them what they have, and just buy that (if you can afford it). It will probably be good enough for you, and save a lot of time and energy. And for everyone biting their parental nails over whether their child will be accepted by Harvard, Princeton, or Yale, this is a like-minded solution: the very real Goodenough College in London.

## PFPG charitable giving

Each year PFPG chooses several organizations to be part of its charitable giving program. As a member of the Maine business community for almost 17 years, we often support Maine-based nonprofits. In 2014, we chose three organizations: Community Financial Literacy, whose mission is to empower refugee and immigrant communities in Maine by providing them with financial literacy skills for a better future; Good Shepherd Food Bank, which provides food for those at risk of hunger by soliciting surplus food and distributing it to non-profit programs throughout Maine; and Maine Women's Fund, a public foundation that benefits Maine women and girls through strategic grantmaking, community engagement and support to nonprofit organizations dedicated to social change. We encourage you to visit their websites to learn more about them.

Happy spring!

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