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WEDNESDAY, DECEMBER 27, 2006 D1

Inside

How to Claim Revived Deductions

It may be tricky to figure out how to claim three recently resurrected deductions. Taxpayers filing the old-fashioned way (via paper) will have to pay attention to the dotted line, says Tax Report's Tom Herman.

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Taming Pet-Care Costs



Few people consider the cost of caring for the puppy or kitten they got over the holidays. One way to cut expenses: Brush pets more often.

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■ **Tracking Hedge Funds:** New tools offer ways to track hedge funds and get, in effect, something similar to returns for the funds.

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■ **Common Sense:** Now's the time to take stock of market losses, says Jim Stewart, and revisit them later.

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■ **Me & My Car:** Answering readers' questions on whether to believe a service indicator, deciding on an Acura model and finding a full-size station wagon.



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■ **Tricks of the Trade:** When opening a bottle of bubbly, keep your thumb on the cork, a winemaker says.

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Leisure & Arts

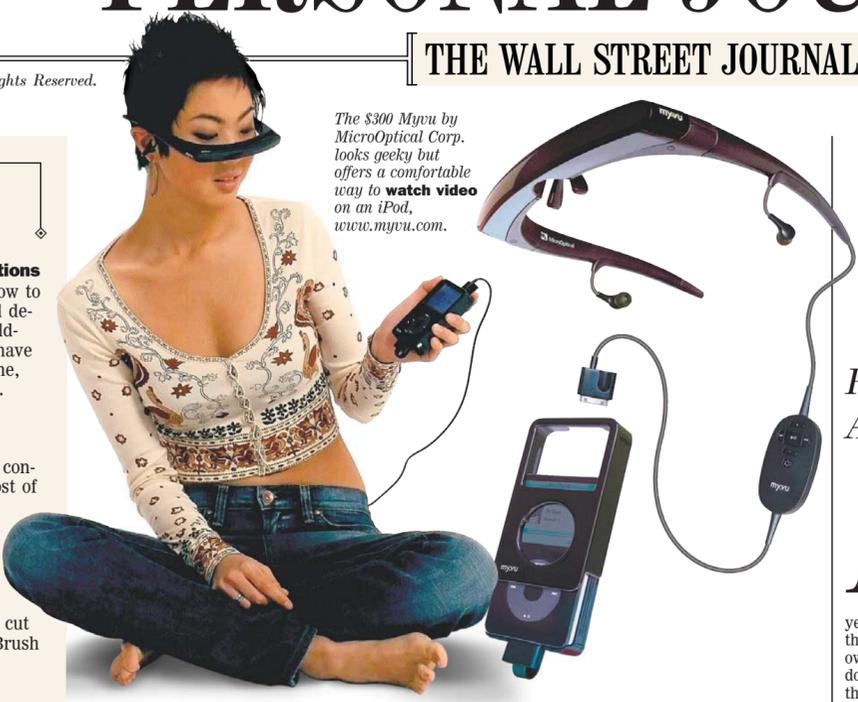


Tan Dun's "The First Emperor," directed by Zhang Yimou of "House of Flying Daggers" fame, with Plácido Domingo in the lead, meshes traditional Chinese opera with Western music.

John O'Sullivan's "The President, the Pope, and the Prime Minister" weaves the lives of the three people who most deserve credit for the Soviet downfall.

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The \$300 Myvu by MicroOptical Corp. looks geeky but offers a comfortable way to watch video on an iPod, www.myvu.com.

A New Prescription For Watching iPod Video

We Test the Myvu Viewer And Like Its Big-Screen Effect; Juicing Up the Dork Factor

WHEN APPLE COMPUTER INC. introduced its iPod with video in October 2005, users started looking at the popular portable music player in a new light. Its first purpose—playing music—still took precedence, but its larger screen and video-playback capabilities suddenly made it visually entertaining, as well.

Last September, Apple upped the ante by adding downloadable movies to its iTunes Store and releasing a new iPod with a brighter screen and longer video battery life. But the fact remains: watching movies or videos is most naturally done while looking up and out, as with a television set or in a movie theater, not by looking down at a little screen in your hand.

This week, we tested one of the geekiest gadgets we've seen in a long time: the \$300 Myvu by MicroOptical Corp., www.myvu.com, which looks like a pair of futuristic sunglasses with built-in earbuds. Myvu attaches to your iPod, and when you look through its lenses, it displays your iPod's videos on a built-in screen with optics that create the illusion of watching a television set from across the room; the earbuds provide accompanying audio. It also comes in a universal version that works with other gadgets, rather than just with the iPod.

We tested the iPod-specific version and wore the Myvu to watch various types of videos, including music videos, television shows and movies. Overall, it's a pretty cool device, with a

good-looking visual illusion that MicroOptical says is comparable to watching a 27-inch screen from six feet away. It would certainly come in handy on a long flight. But you'll scare yourself if you look in the mirror. We can't imagine wearing one while walking down the street, even though it's designed to enable seeing above and below the bar of space where its screen appears.

MicroOptical isn't the only maker of a new video-viewing device, and competitors have pro-

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Making Your House Pay in Retirement

Reverse Mortgages Turn Home Equity Into Income, And Costs—a Big Drawback—Are Coming Down

By JEFF D. OPDYKE

Reverse the Curse

Here's what you need to know about reverse mortgages:

- You must be at least **62 years old** to obtain a reverse mortgage. The older you are, the more cash you can get.
- Your **equity decreases** as your mortgage balance increases each month, yet you will never owe more than the value of your home—even if the value of the mortgage ultimately exceeds that.
- Reverse mortgages can be **substantially more expensive** than traditional ones, so pay attention to underlying costs.

A REVERSE mortgage could help you pay for retirement—or it could cost you and your heirs a lot of money. The housing boom of recent years has fueled record growth in these products, which give homeowners an income stream they don't have to repay until they sell their home or die. But reverse mortgages have long been weighed down by high costs and complexities. Now, they're coming in for a makeover that may save consumers thousands of dollars.

Sensing growth opportunities as baby boomers retire, financial-services firms such as **IndyMac Bancorp Inc.** and the privately held **Seattle Mortgage Co.** have been cutting the costs of reverse mortgages and offering special deals. Now, big national lenders are eyeing the market: **Bank of America Corp.** recently waded into reverse mortgages with a pilot project in Phoenix, though it won't say when it plans to roll out the program nationally. **Countrywide Financial Corp.** says it expects to launch a new reverse mortgage in 2007. The competition from both is expected to put further downward pressure on costs.

The federal government, meanwhile, is trying to push down costs as well. The Department of Housing and Urban Development, which insures most re-

verse mortgages, is looking into lowering the origination costs and mortgage-insurance premiums that homeowners pay, according to HUD officials. At the same time, **Ginnie Mae**, a federal housing-finance agency, announced in October that, for the first time, it will begin packaging reverse mortgages for sale on Wall Street. Ginnie Mae's move is widely expected to lower interest rates that consumers pay, since studies have shown that the agency's guarantees in the traditional mortgage market lower rates by between 0.5% and 0.8%.

"Lots of forces are at play right now that are working to bring costs down for consumers," says Ken Scholen, director of the AARP Foundation's Reverse Mortgage Education Project. While the changes are still taking shape, he says that in 2007, consumers "will have lower costs and more choice. If you're not facing a really urgent need for cash, the smartest thing you can do is wait."

With a reverse mortgage, homeowners at least 62 years old can tap into a portion of their home's equity without selling their house or taking out a home-equity loan, which can strain monthly finances. Unlike a traditional mortgage requiring monthly principal and interest payments, a reverse-mortgage lender pays the homeowner instead.

Borrowers have several options for receiving the

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Social Networking Comes to Health Care

Online Tools Give Patients Better Access to Information And Help Build Communities

By LAURA LANDRO

AT DAILYSTRENGTH.ORG, patients and caregivers dealing with hundreds of issues, including asthma, celiac disease and depression, can join a support community, start a wellness journal, share advice and recommend doctors, link to news stories and Web sites with disease information, and even send other members a virtual hug.

The social-networking revolution is coming to health care, at the same time that new Internet technologies and software programs are making it easier than ever for consumers to find timely, personalized health information online. Patients who once connected mainly through email discussion groups and chat rooms are building more sophis-



The CDC has held virtual health fairs on subjects like flu pandemics on the **Second Life Web site.**

The same technologies are making it possible for advocacy groups, government agencies and health-care providers to update consumers on relevant health news and deliver personalized health-awareness

messages, reminders and alerts to email accounts, wireless devices and mobile phones. Online collaborations known as wikis, which let different users jointly work on Web-based information such as photo albums and contact lists, are developing to help communities plan for public-health emergencies, such as **fluwikie.com**, a flu-pandemic planning site. Mainstream advocacy groups and government agencies are offering their own specialized health-information "feeds" to consumers, and even experimenting with three-dimensional online computer worlds that use surrogates known as avatars to let visitors interact.

Both the American Cancer Society (cancer.org) and the Centers for Disease Control and Prevention

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Getting Going / By Jonathan Clements

The Icebox Cometh: Fixing Your Finances With a Common Household Appliance

WELCOME TO refrigerator finance. Want to manage your money better in 2007? Maybe it's time to learn your lessons the old-fashioned way—through constant repetition and public humiliation.

That's where your refrigerator comes in. Not only do you visit it regularly, but it's also the family bulletin board that is perused by your spouse, the kids, nosy guests and just about everybody else who passes through the kitchen.

My hunch: If you bare your financial soul on the refrigerator door, you will be a far better steward of your finances in 2007. Intrigued? Try these seven steps.

1. **Mend your ways.** Need a will? Got a credit-card balance? Don't have life insurance? Draw up your top five financial priorities for the coming year and post them on the refrigerator. If you aren't ready for that much exposure and potential humiliation, consider tacking up the list in a less public place, like inside your clothing closet or beside the mirror in the master bathroom.

2. **Save yourself.** Next, head to www.dinky-town.net and click on the Retirement Planner, which will quickly tell you whether you're on track to generate your desired retirement income. One hint: When you input the "percent of income to contribute," include any matching employer contribution to your 401(k) plan.

If you discover you are falling short, figure out what percentage you should be salting away. Scrawl "2007 savings goal" on a piece of paper, write the magic number underneath and slap it on the refrigerator.

3. **Admit your sins.** We all mess up financially. But if we don't tell anybody, our blunders often don't seem so bad—and we're far more likely to repeat them.

Yes, folks, it's time to 'fess up. Write down your five dumbest financial mistakes and add them to the refrigerator.

4. **Take a guess.** While you are acknowledging your earlier errors, you might as well crush any confidence you have in your forecasting abilities.

Yesterday, the Dow Jones Industrial Average closed at 12408, 10-year Treasury notes were yielding 4.6%, gold was at about \$625 an ounce and February light, sweet crude oil futures were around \$61 a barrel. Write down those numbers—and what level you think these key market indicators will be at in 12 months.

While you're at it, write down your predictions for which of your investments will perform best in 2007 and which will perform worst. Then cross your fingers and hope you get it all badly wrong, so you will never again be tempted to make short-term investment bets.

5. **Grab a yardstick.** It's hard to calculate your portfolio's overall performance, because you are probably adding and withdrawing money all the time. But you can at least see how your mutual funds compare to an appropriate yardstick.

To that end, list the funds you own on the refrigerator, and also which index you will compare each fund to. Alternatively, pick a suitable index fund as your benchmark. Thereafter, every June 30 and Dec. 31, write down the 12-month performance for both your funds and their benchmark index—and see just how good you are at picking funds.

6. **Go slow.** When investing, the less we do, often the better we do. With that in mind,

limit yourself to just three new investments in 2007.

As you make each new investment, mark on the refrigerator what you bought, when you bought it and what price you paid. Faced with this sort of public scrutiny, you will likely think long and hard before putting in your next trade.

7. **Take target practice.** All investors should have a written asset allocation, specifying what percentage of their portfolio is earmarked for U.S. stocks, foreign shares, bonds, and cash investments like Treasury bills and money-market funds.

If you are an investment junkie, you might go into further detail, setting target percentages for blue-chip stocks, small U.S. companies, developed foreign markets, emerging markets, real-estate investment trusts, high-quality bonds and high-yield junk bonds. You might even divvy up some stock categories between fast-expanding "growth" stocks and bargain-priced "value" shares.

When you post your target allocation on the refrigerator, include how frequently you will rebalance. Every so often, you should check whether your portfolio is in line with your targets.

If it isn't, lighten up on overweighted sectors and add to those that are below your target percentages. This rebalancing will keep your portfolio's risk level under control and it may boost returns, by compelling you to buy low and sell high.

Of course, even with all these financial reminders on your refrigerator, you may fail to follow through. But look on the bright side: If you avoid the issues, maybe you'll also avoid the refrigerator—and that could do wonders for your waistline.



Michael Sloan