

Litchfield reader wants to sell game

Q

I have perfected a new dice game that I feel can't miss being a winner if I could only get some company to manufacture it. Do you know of any company that might be interested in acquiring new games to manufacture?

Litchfield, Minn.

A

You should get a copy of the "Toy Inventor/Designer Guide" from the Toy Manufacturers of America, 200 5th Av., New York, N.Y. For faster service, call the Toy Manufacturers at 1-212-675-1141.

The guide will tell you how to proceed with your idea, including the best way to protect it from being stolen.

Here are some of the questions inventors should ask themselves, according to the guide. Is your invention unique? Will it sell? Is it cost effective? And is it legally protected?

That last question is the one that should be addressed first. You can have a wonderful idea, but it won't earn you a penny if someone steals it. A book titled "The Inventor's Handbook" might be useful to you. It explains how to protect your ideas through patents and your written works through copyrights. You can order a copy of the handbook for \$30 by calling 1-203-359-3500.

There are many unscrupulous companies that prey on people such as yourself, who dream of developing a new game or toy. So be careful before you pay a fee to anyone.

Q

I am 60 and work 40 hours a week, earning \$16,000 a year. I want to retire in a few years. I invested in IDS Financial Services' mutual funds in 1987 — just before the crash. I now have about \$21,000, plus \$7,000 in dividends that were reinvested. The money is in a bond fund, a utilities fund, a strategic income fund, something called the Extra Income Fund and some strategic partnerships. I also have some silver and gold coins. A lot of this money is tied up in Individual Retirement Accounts. I know some of my investments are in junk bonds, but how do I fare with all of this?

Allentown, Pa.

A

Robert Klosterman of R.J. Klosterman & Co. in Minneapolis figured out from the specifics of your letter that about three-fourths of your portfolio is in fixed-income investments, i.e. bonds. Therefore, he thinks you will have a hard time keeping up with inflation — when inflation returns. And a lot of your investments are in junk bonds.

While junk bonds have been doing well of late, they probably are too volatile for a person who intends to retire in a few years.

Klosterman recommends that you diversify. Using the dollar-cost averaging technique (putting a regular, fixed amount of money in an investment at regular, unbroken intervals), Klosterman believes you should move 25 percent of your money into funds that invest in international stocks and 15 percent that invest in U.S. stocks. No-load funds are usually the best way to go.

An additional 25 percent should go into no-load funds that invest in foreign bonds, and 25 percent should be placed in funds investine in high-



John Crudele

grade U.S. government and corporate bonds.

The rest of your money appears to be tied up in coins or in partnerships that cannot be liquidated. Klosterman checked out the partnerships that you mentioned in the letter, and they appear to be doing OK.

But here is a warning from me: The U.S. stock market is high priced, and

Wall Street is expecting an economic recovery more powerful than will probably occur. Be careful if you invest in U.S. stocks — even if you dollar-cost average.

Q

I read your column more than a year ago about Pan Am stock and how it would become worthless. What is your feeling on America West Airlines? Will it ever get out of bankruptcy? Will it survive? We sure would like to buy some America West stock, but we are hesitant.

Sarasota, Fla.

A

I hope you remained hesitant about buying America West stock since you wrote to me a few months ago.

America West's survival and-or its ability to get out of bankruptcy doesn't really matter. Airlines have a tendency to survive in one form or another. And if the economy improves soon, America West could

even prosper again.

But when any company is thrown into bankruptcy, creditors always make out better than everyone else. It's the law.

For instance, America West recently said it plans to file a reorganization plan that would wipe out its common and preferred stock and, in effect, make its unsecured creditors the owners of the company that emerges from bankruptcy. This is referred to as a debt-for-equity swap, and it happens all the time.

A plan like this stinks from a stockholder's point of view, but it is just the way the system works.

John Crudele is a financial columnist for the New York Post. His mailing address is P.O. Box 610, Lincroft, N.J. 07738

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