

HOW FAR MUST YOUR NEST EGG GO?
ONLY 45% OF RETIREES THINK THEIR ASSETS NEED
TO LAST AT LEAST 20 YEARS. THE REALITY:

Chance of living 20 years past retirement



NOTE: Based on average retirement ages: 64 for men, 62 for women.
SOURCES: LIMRA, EBRI, Center for Retirement Research at Boston College

Plan



Yes, You Can Dump Your Bank

MAD AS HELL AND DON'T WANT TO TAKE IT ANYMORE?
BREAK OFF YOUR BANKING RELATIONSHIPS WITHOUT
GOING OFF THE GRID. *by Ismat Sarah Mangla*

DOES "DITCH MY BANK" make your list of resolutions for 2012? Join the club. Americans' simmering resentment toward big banks seems to have finally bubbled over: In the two months after Bank of America threatened a monthly fee on debit cards, 441,000 folks joined more consumer-friendly credit unions—equal to about 75% of the new members for the entire previous year. In addition, customers of the 10 largest retail banks are so fed up with rising fees and dismal

rates that the institutions stand to lose a combined \$185 billion in deposits over the next year, says consulting firm cg42.

Simply switching banks, however, might result in a frustrating game of whack-a-mole; a different institution could adopt the same miserable practices a few months from now. On the other hand, stuffing your dough in the mattress isn't practical, let alone comfortable. How about a third way? Today "you can conduct most of your banking with institutions that aren't banks," says Alex Matjanec of MyBankTracker.com. While going bank-free isn't for everyone, the truly incensed might try these alternatives for managing cash, growing savings, even borrowing.

BEST CHECKING ALTERNATIVE BROKERAGE CASH ACCOUNT

Most major brokerages offer cash-management accounts that function exactly like bank checking: You can set up direct deposit, get an ATM/debit card, write checks, even pay bills online. "Brokerages are competing with banks to build a relationship with you," says McLean, Va., financial planner Gordon Bernhardt. Since the firms hope you'll use money you store to buy investments, they don't nickel-and-dime the cash accounts.

In fact, the options at five of the six brokerages MONEY surveyed (e*Trade, Fidelity, Schwab, Scottrade, TD Ameritrade, and Vanguard) were virtually fee-free. No monthly charges or minimums; no fees for bill payments; gratis withdrawals from any ATM, including reimbursements for surcharges applied by banks. A brokerage

account was typically required, so look first to the firm where you already keep investments.

Vanguard was the anomaly among those that MONEY looked at. It alone required a certain threshold of assets—\$500,000 for access, \$1 million to avoid fees. And it's the only one that didn't offer FDIC insurance; the rest hold uninvested funds with a partner bank or their own bank entity.

BEST SAVINGS ALTERNATIVE SMARTYPIG.COM

Savings motivation site SmartyPig.com offers 0.7% on balances up to \$50,000, 0.5% for amounts over that—pretty decent compared with the average bank savings yield of 0.14%. And while the site

isn't itself a bank, it stores your cash with one, so your money is insured. Of course, you can do a bit better, around 1%, at a handful of online banks, but SmartyPig serves up other benefits banks don't—like helping you save.



Rather than offering traditional accounts, SmartyPig makes you create goals, such as "vacation," which you fund by direct deposit or transfers from a bank or brokerage. You can track progress graphically, and share the info with others. (Or set one generic goal, like "emergency fund," to simply take advantage of the rates.) Saving for a purchase? Once you've met your target, you can choose a retailer gift card worth up to 11% more than your balance.

BEST BORROWING ALTERNATIVE A CREDIT UNION

While credit unions offer similar services to banks, these not-for-profit cooperatives aren't beholden to shareholders or the bottom line. "That unique structure typically translates into more favorable terms for borrowers," says Greg McBride of Bankrate.com. A five-year new-car loan averages 4.9% at banks, vs. 3.5% at credit unions, reports Informa Research Services. For home-equity lines of credit, banks are offering 4.7%, credit unions 4.4%. Rates on fixed mortgages come up about equal, though you'll probably save a few hundred in fees and get more direct access to decision-makers at a credit union. Search options at findacreditunion.com. And don't assume you won't qualify for one. Many have relaxed their membership policies, says Matjanec. **M**

Why a Brokerage Can Be a Better Bet

WHILE FEES AND MINIMUMS ON BANK CHECKING ARE AT ALL-TIME HIGHS, YOU PAY NOTHING FOR THE SAME SERVICES AT THESE BROKERAGES.

Bank checking (average)	VS.	Fidelity, TD Ameritrade, Schwab, Scottrade, e*Trade
\$4.37	Monthly maintenance fee	\$0
\$585	Minimum balance required	\$0
\$3.81	Cost for using out-of-network ATM	\$0
	FDIC coverage?	

NOTE: e*Trade caps ATM reimbursements at five a month unless you have \$50,000 in assets with it (then it's unlimited).

SOURCES: Bankrate.com, brokerages