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edition to $59.99 per year for the Home and Business version.

Prism

Prism focuses on bill paying. Account balances, due dates and payment confirmation are laid out in a simple interface, along with income. Users can pay bills directly from this free app, which also displays a running total of available funds.

Initial setup of any of these apps, including linking accounts, building categories and setting budgets, takes a few hours. Once they're set up, personal finance apps don't take much attention.

"I like to look at it on a monthly basis to see what I spent and compare it to my budget," says Carraro, who's been using Mint for at least 10 years. "But that's about all the time it needs, once you've got it set up and running."

Kaufman, who also uses Mint, says: "At the end of the year I can just export all of my transactions into an Excel spreadsheet. It puts things into categories, but it doesn't always do it perfectly. So I just double-check, on a monthly basis or at the end of the year."

Safety, security of government bonds

They can be an essential part of your portfolio

By Ed Avis

Note: This is the first of three articles about bonds and the role they play in an investment portfolio. First up: a look at U.S. federal government bonds.

Most investors nearing retirement have some portion of their portfolio in bonds. But what exactly are bonds, and how big a part should they play in your investment portfolio?

First, some basics. A bond is basically a loan taken out by a national government, a local municipality or a corporation. The people who buy the bonds — investors — are lending the money to the bond issuer in exchange for some form of return. That's what makes bonds different from stocks.

When you buy a share of stock, you own a tiny part of that company, and you only earn money if the value of the company increases or the company issues a dividend to stock holders. In contrast, when you buy a bond, you don't own equity in the government or corporation that issued the bond; you have just

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loaned that entity some money.

"Bonds are a big topic of conversation among our clients," says Vincent DiLeva, a senior partner at Signature Estate & Investment Advisors, an investment advisory firm headquartered in Los Angeles. "All of them own some bonds."

U.S. federal government bonds come in various forms, including savings bonds, Treasury bills (commonly called T bills), Treasury notes and Treasury bonds. They differ in the length of time before maturity and whether they pay regular interest payments, but all are considered extremely safe, because they are backed by the federal government. Your principal will not be lost, and you will get the promised interest.

So what is the return on federal bonds? That can be a complicated question to answer because it depends on the amount you pay for a bond and that bond's coupon rate, which is a set percentage of the bond's value that the government pays the bond holder each year.

For example, let's say you bought a Treasury bond with a $10,000 face value and a 5 percent "coupon." You would earn $500 each year—an amount that won't change because it is set at the beginning of the bond's life and remains in effect until the bond matures. The face value also stays the same, so when the bond matures, you would get $10,000 for that bond.

However, what can change is the price an investor pays to acquire the bond if it is purchased on the secondary market.

The government, for example, sells the bond for face value (the government earned $10,000 on that $10,000 face value bond). But if the bond market heats up and enough investors crave the 5 percent coupon and the security government bonds offer, that $10,000 bond might sell for $10,500 on the secondary market. Conversely, if investors decide the stock market is hot and many bond holders decide to shift their money to stocks, that bond's price

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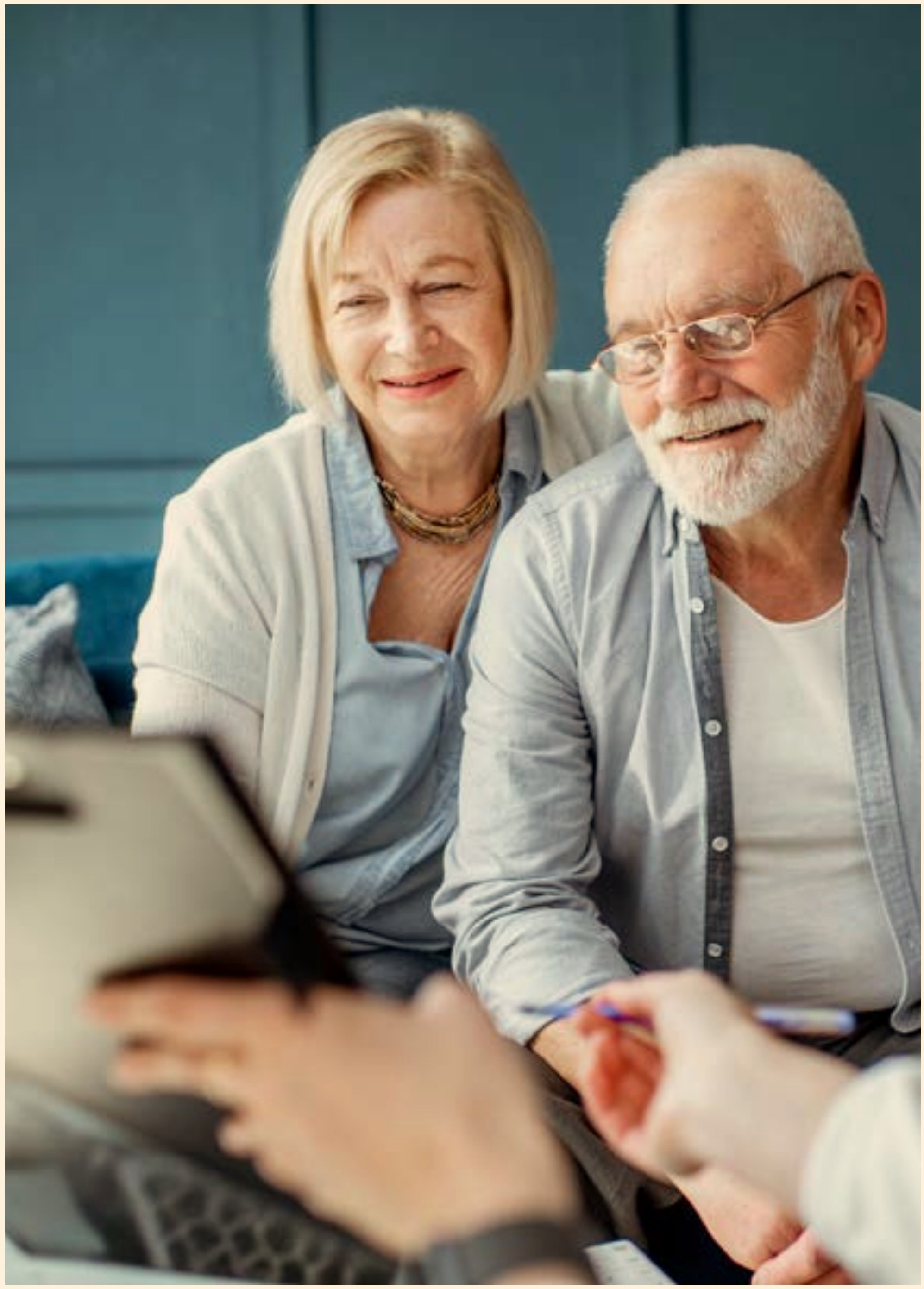

could drop to $9,500.

So when is the right time to buy bonds? That's an even more complicated question, because the answer depends on current federal interest rates, the mood in the economy, and how close the investor is to retiring.

"Since bond prices generally shift in a fashion that is diametrically opposed to interest rates, (when interest rates decline), bond prices would be rising, making them a good bet," explains David Bakke, a personal finance expert at MoneyCrashers.com. "On the other hand, a period of lower interest rates might mean that you should go the route of stocks, since in that environment, there's more potential upside."

That all means one thing: You probably should not be buying bonds on your own; let an advisor design a portfolio that includes the appropriate mix and types for you.

"Most clients, when they're retired, need a cash flow. Once we have a handle on how much income a client needs, we can construct a portfolio that includes so much in bonds and so much in equities and alternative investments," DiLeva says, explaining that the necessary cash flow comes from the bond coupon payments, stock dividends, and other investments that offer some kind of distribution.

Even professional advisors rarely buy bonds directly for their clients. More commonly, the buy bond mutual funds or ETFs (exchange traded funds), which include a diverse basket of bonds, further reducing the risks.

"ETFs are our favorite vehicle for holding bonds," says Mike Piershale, president of Piershale Financial Group in Barrington, Ill. "The biggest advantage is the diversity, and the ETFs are put together by professionals. Plus, we can sell an ETF at any time of the day, and I know I'll get the market value."

Piershale says he prefers ETFs to bonds because the fees are lower. And since most bond funds don't beat the return of a fund pegged to a bond index, paying extra for a manager seems pointless.

The bottom line: Government bonds provide a safe, conservative investment that fits well into the portfolios of most retirees.

"Government bonds can provide safety and security for your retirement portfolio," Bakke says. "Although you may not break the bank as far as your returns are concerned, it might be a good addition to yours if you're not investing in them already."