millionaire in the making

Marcelle Hobbs

OCCUPATION: Realtor
RESIDENCE: Orlando, Fla.
BOTTOM LINE: Total assets, $800,000. Hobbs, 50, has half of her investments in commercial and residential property, half in stocks. She also contributes $2,000 annually to a 10-year-old IRA (in stocks and two international funds).
FIRST STEPS: In 1966, Hobbs won a high school stock-picking competition with a single choice: Learjet. In 1979 her full-time job was raising two boys, but she was convinced that she could make money in the market. With a $5,000 blessing from her husband, Hobbs bought Ametek. She almost doubled her stake in a year and sold. Hobbs became an active trader, selling as soon as she realized a 20% return.
TURNING POINT: After a year, she tallied how much she'd spent on brokers' commissions. The result: an instantaneous conversion to long-term investing. "Once a year everyone should review how well they would have done if they were still holding on to a stock. It's an eye-opener." —JOAN CAPLIN

Bright Ideas

The birthday bonus

Suppose the government gave you $80,000 just for turning 21. Would you buy a cherry-red Camaro? Start a business? Perhaps pay for college? Yale Law School professors Bruce Ackerman and Anne Alstott, authors of *The Stakeholder Society*, want every American to have that choice—and to receive that money. This may sound like the most farfetched idea since the flat tax, but the book has gotten rave reviews from the ivory-tower set.

Ackerman and Alstott argue that with $80,000 in their pockets, young adults might act with surprising responsibility and make the most of a head start in life. But besides the Camaro problem, another sticking point to the plan is its price tag—$250 billion, to be financed by a wealth tax.

"It's easy to underplay the political appeal of this program," Ackerman counters. "Average couples with two kids will ask themselves, 'Will we be able to give our kids $80,000 apiece?' They know what the answer is." —PAT REGNIER

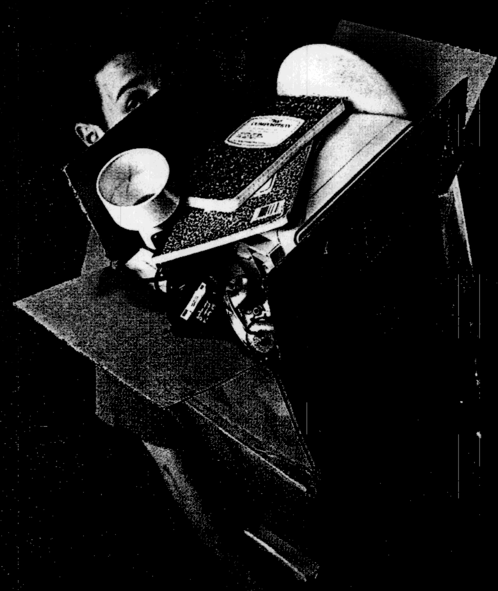
What would you do with $80,000?

Newsletters

Investing in a cure

David Kliff, 38, a financial planner in Buffalo Grove, Ill., was diagnosed with insulin-dependent diabetes in 1995. Last September he launched *Diabetic Investor*, an investment newsletter that covers the diabetes-care industry. As of June 24, Kliff's model portfolio was up 12.5%. He plans to launch a no-load mutual fund next year.

Q. Why is diabetes care a good investment?
A. Diabetes is growing to epidemic levels. From a company standpoint—I know this sounds kind of gruesome—it's a perfect disease. There's no cure and tons of disposables.
Q. Which companies do you recommend?
A. The most recent addition to our model portfolio is PolyMedica, which owns the largest distributor of diabetes supplies to senior citizens on Medicare. MiniMed, an insulin-pump company, is our best-performing stock, up 157% since September.
Q. How much of your personal portfolio is in diabetes-related companies?
A. Ninety percent. I've learned a tremendous amount about a disease that I'm going to have for the rest of my life and that will eventually kill me. —NATASHA RAFI



The college costs you forgot about

The money you'll need for a year's tuition ($3,243)[1] and room and board ($4,530)[1] is only the beginning. Don't forget to budget for these:

$662 Books and supplies[2]
$612 Transportation to and from school[2]
$135 Late-night pizzas[3]
$446 Alcoholic beverages[4]
$325 Spring break in Fort Lauderdale[5]
$503 Credit-card debt[6] (may include items listed in other categories)

Note: [1] Average cost per year at a public university.
Sources: [2] The College Board 1998-99 College Costs. [3] Based on a one-quarter share of 40 orders at $13.50, the average student purchase from Pizza Hut. [4] Center for Addiction and Substance Abuse, 1994. [5] STA Travel. [6] MasterCard.

Bud Lee (left) John Kuczala bottom)