

## Ask the Fool

### What's the Point?

Should I pay "points" on my mortgage? — C.P., Sioux City, Iowa

It depends on how long you expect to be in the house. A point is 1 percent of the mortgage loan. On a \$200,000 loan, one point would be \$2,000.

There are "origination" and "discount" points. Origination points are sometimes charged for originating, or launching, your mortgage. Paying discount points, which serve to lower your interest rate (and thus your payments), is optional. The idea is that if you cough up a little extra money at the beginning, you can pay less over time. The more points you pay, the lower interest rate you get.

The longer you expect to stay in the home, the more worthwhile it can be to pay points. If you pay a few points and then sell your home after two years, you'll have enjoyed lower monthly payments due to the lower interest rate, but the savings probably won't have made up for the points you paid. For example, if you pay \$4,000 in points to save \$50 per month, it will take you 80 months, about 6 1/2 years, to break even.

Try out various scenarios with online calculators at [www.fool.com/homecenter](http://www.fool.com/homecenter) and [www.bankrate.com/calculators.aspx](http://www.bankrate.com/calculators.aspx).

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What does "Nasdaq" refer to? — J.D., Dothan, Ala.

It used to be an acronym for National Association of Securities Dealers Automated Quotation, but it's now a proper noun. Created in 1971, it's the largest U.S. electronic stock market and one of the largest global markets, where shares of more than 3,000 companies trade hands. The Nasdaq lists more companies and, on average, trades more shares per day than any other U.S. market. Learn more at [www.nasdaq.com](http://www.nasdaq.com).

Got a question for the Fool? Send it in — see Write to Us



# The Motley Fool®

To Educate, Amuse & Enrich

## Fool's School

### Give Your Teen Money Sense

Teaching teenagers money management isn't easy, given the advertising industry's pursuit of their disposable income and peer pressure to buy the "right" brands. Still, teaching them to delay gratification, to save hard-earned money and to be wise consumers offers them critical skills that will pave the way to a successful life. What you can do:

- Model good money management yourself. If you're mired in credit card debt, your teen will notice.
- Encourage your teen to get a job. This will provide disposable income and an opportunity to learn about the value of time and hard work. The purchase that looked perfectly reasonable when you were paying for it can seem less necessary when she realizes she had to work five hours to earn it.
- Show your teen how to bargain-hunt. He can often find the same item for less by simply checking



Froogle.com or another cost-comparison site. Teach your children to think critically about the advertisements aimed at them.

- Require your teen to contribute to big purchases, such as car insurance.
- Avoid credit cards at least until your teen has demonstrated a high level of responsibility. Plastic tends to add to a sense of unreality about money, while handing over a stack of bills is a visceral reminder of an item's cost.
- Manage those cell phone minutes. Cell phones provide a unique opportunity to teach your child about obeying limits and the high costs of exceeding them. Require them to pay for any excessive phone charges, and you may get them practicing moderation in no time.
- Open an IRA for your child and encourage her to contribute a percentage of each paycheck by offering to match the contributions. Learn much more about IRAs: [www.fool.com/retirement/ira/index.aspx](http://www.fool.com/retirement/ira/index.aspx). Your teens can learn much more at [www.fool.com/Teens](http://www.fool.com/Teens) and in our book "The Motley Fool Investment Guide for Teens" by David and Tom Gardner with Selena Maranjian.

### Name That Company

I was founded in New York City in 1892. Early customers buying my outdoor gear included Teddy Roosevelt and Amelia Earhart. By the early 1900s I was selling clothing for women and men. Over the years I've offered golf lessons, a kennel, hot air balloons, falconry equipment, hip flasks during prohibition and much more. I filed for bankruptcy protection in 1977, was bought by The Limited in 1988, and was spun off in 1998 as an independent company. I operate more than 1,000 stores today, branded with my name or the Hollister, RUEHL or Gilly Hicks names. Who am I?

Know the answer? Send it to us with Foolish Trivia on the top and you'll be entered into a drawing for a nifty prize!



## My Dumbest Investment

### Dwindling Information — and Dollars

In 1985, on the advice of a good friend, we invested in a company that was not yet trading on the open market. We bought \$5,215 worth of stock and then added an additional \$1,000. For years we received literature from the company that sounded very promising. But the information flow eventually dwindled down to nothing, and my calls to the company went unanswered. We lost all our money. — Sandy, via e-mail



**The Fool Responds:** It can be tricky, investing in companies that are not yet public. Once they debut on the market as publicly traded stocks, they're required by the Securities and Exchange Commission (SEC) to file quarterly earnings reports, detailed annual reports and other reports. You can get in and out of public stocks easily, too. It's tempting to get into a promising company very early, but the promises aren't always delivered upon. Many people who invest in a company's first public shares via an IPO (initial public offering) find that they'd have done better to wait a year or so, until the company proves itself a bit.



Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to The Motley Fool c/o My Dumbest Investment. Got one that worked? Submit to My Smartest Investment. If we print yours, you'll win a Fool's cap!

### LAST WEEK'S TRIVIA ANSWER

Founded in 1869 and based in Camden, N.J., I'm a global maker and marketer of soups, baked snacks, healthy beverages and more. I sport market-leading names, such as Pepperidge Farm, Pace, Goldfish, Swanson, Prego, Arnett's and V8. I invented condensed soup in 1897 and use a million miles of noodles annually. I rake in more than \$7 billion in annual sales. The colors on my soup cans were inspired by the Cornell football team's uniforms in the 1890s. Americans consume more than 2 billion bowls of my top three soups each year. Andy Warhol painted me. Who am I? (Answer: Campbell Soup)



**Write to Us!** Send questions for Ask the Fool, Dumbest (or Smartest) Investments (up to 100 words), and your Trivia entries to [Fool@fool.com](mailto:Fool@fool.com) or via regular mail c/o this newspaper, attn: The Motley Fool. Sorry, we can't provide individual financial advice.

## What Is This Thing Called The Motley Fool?

Remember Shakespeare?  
Remember "As You Like It"?  
In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen.  
The Motley Fool tells the truth about investing, and hopes you'll laugh all the way to the bank.

## The Motley Fool Take

### ExxonMobil Takes the Plunge

ExxonMobil (NYSE: XOM) has gone shopping — agreeing to buy XTO Energy in a \$41 billion all-stock deal.

For most other companies, \$41 billion is a lot of money. ExxonMobil is not most other companies. With 3.27 billion shares held in treasury as of Sept. 30, the company is using just a fraction of its buying power here.

That's not to say this won't be a transformative acquisition for ExxonMobil. XTO has a strong foothold in each of the most promising shale plays in America, including the Marcellus, the Haynesville and the Bakken.



Prior to the late 2008 commodity bust, XTO and other independents were leveraging up to make big shale play acquisitions. Chairman Bob Simpson described this period as "a time to grab hold or sit and miss." Some big players got in on the act by either partnering with an independent or by swallowing someone whole. ExxonMobil was notably absent from the domestic frenzy, though it did grab a large position in Canada's Horn River Basin and stake out prospective shale gas acreage in Europe.

Now that the amazing shale race has gone global, time is of the essence, as competitors are busily scouring the globe. After being late to the party in the U.S., ExxonMobil certainly doesn't want to "sit and miss" as the shale gas boom goes global.