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SmartMoney

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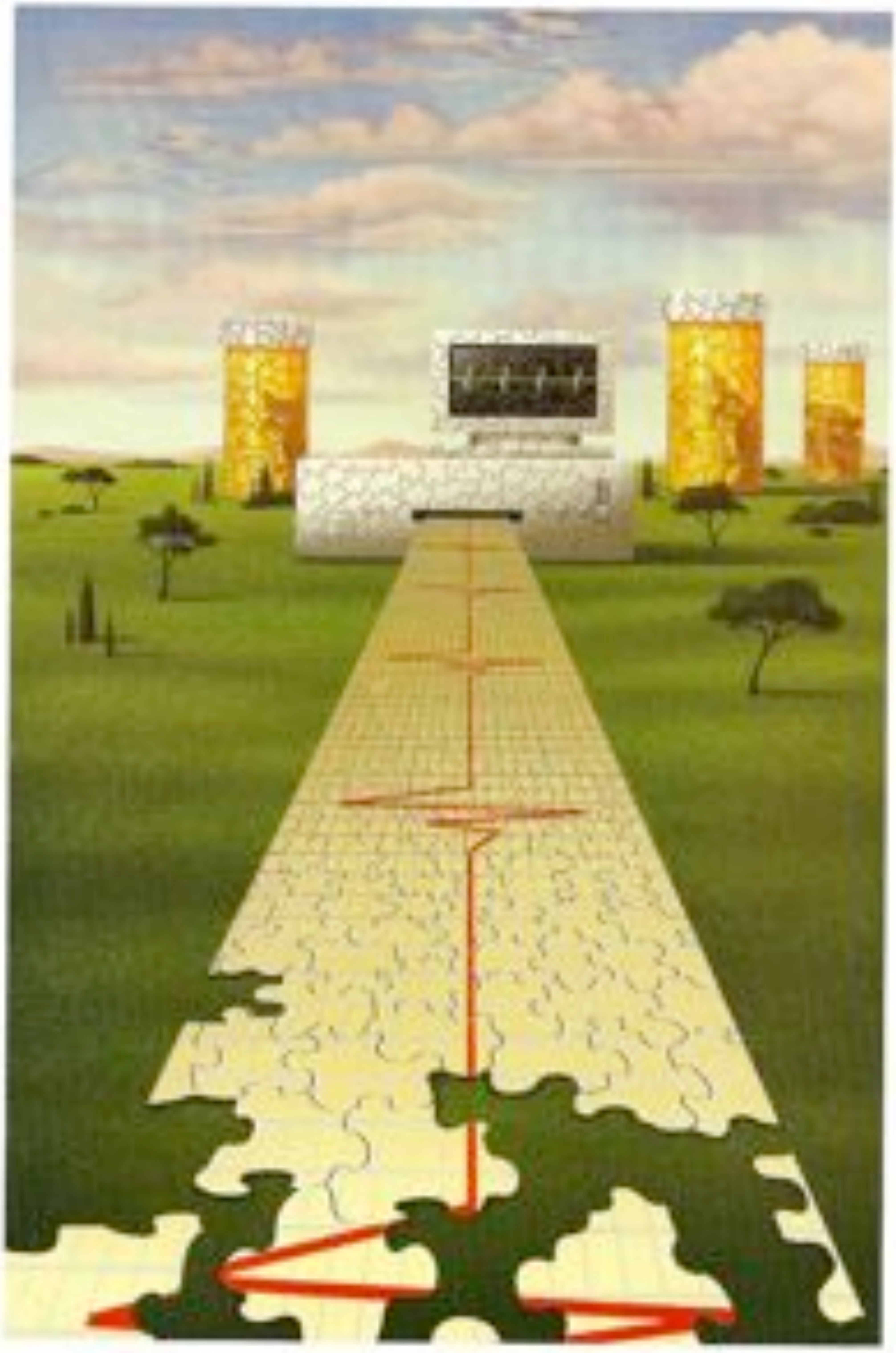

lumbia Business School professor Sheena Iyengar. The more difficult a choice becomes, Iyengar explains, "the more likely it is that you won't choose at all." Still, retirement-plan providers seem to be ignoring this inconvenient truth; the number of mutual funds offered by the average plan rose 42 percent, from 12 to 17, between 2001 and 2007.

But there's good news for the overwhelmed and indecisive: In the long run, how much you save is far more important than which fund you choose. That's largely because over time, most funds "revert to the mean," with winners eventually having down years while also-rans get their act together. A recent study by Putnam Investments compared two scenarios: one where investors put 3 percent of their salary in funds with great three-year track records, and another where they saved three times as much in funds with poor track records. Over a decade later, the group who saved more finished with—surprise—more than three times as much money. The difference in performance created only "minimal, virtually meaningless differences in retirement wealth."

Investors can't go entirely on autopilot, of course. Eventually, they'll have to choose a couple of funds—and in a household with two working adults, that might mean choosing for two 401(k) plans, two IRAs, two taxable investment accounts. But once the pressure to sort through dozens of funds goes away, the choices get much simpler. The mix of stocks and bonds is important: Generally speaking, investors need at least 60 percent of their money invested in stocks, more if retirement is a long way away. Once they've decided on their allocation, the easiest move is to repeat it in every account. Investors can do this with just three funds: one domestic stock fund, one international stock fund and one bond fund. "You can absolutely make it that simple," says Sue Stevens, a Chicago-based financial planner. It also helps to stick with low-priced index funds, since high fees are like a permanent tax on your returns. Stevens likes the low fees of Vanguard's Total Stock Market Index, Total International Stock Index and Total Bond Market Index funds.

■ simple solutions

TIP 1: Some retirement plans now offer "auto-escalation," which automatically increases the rate at which you're saving by, say, 1 percent a year. If you're getting raises, you'll save more without seeing your take-home pay drop.

TIP 2: How often should you tweak your mix of stocks and bonds? Not very. You only need to rebalance once a year.

simplify your health care

THE DOCTORS IN NASHVILLE TOOK just a few hours to diagnose the bump at the base of 4-year-old Sam Lallo's spine—nothing serious, The average household is keeping track of 14 credit cards, which helps explain why Americans incur almost $1.4 billion a month in late fees.

thank goodness. But it took another six months for Sam's father, Greg Lallo, to sort out the reams of paperwork generated by that short outpatient visit. Bills in duplicate and triplicate from three doctors and the hospital, plus a sheaf of insurance statements, made it nearly impossible to figure out what to pay when and to whom. Greg was stymied even though he works in the business as a product developer for a health-coaching company: "It's still blurry to me," he says.

No question, health care is a hassle, and an expensive one at that. The typical family of four will spend about $15,600 on health care this year, according to the consulting group Milliman, and medical care—including bill management as well as exam-room time—will suck up at least 20 hours per household per year. That's hardly startling, considering a single physical exam can generate four bills and three "explanation of benefits" statements from your insurance company. The blizzard of paperwork can be additionally costly because of what it hides: As many as eight in 10 medical bills contain errors, buried amid the fine print and jargon.

A handful of companies have sprung up to help consumers navigate their medical bills. At Web sites like Change:healthcare and Smart Medical Consumer, users enter information from their bills manually; the applications then sort and reconcile the charges, flag any errors, and tell them what to pay. The sites, which are free, work by spotting errors in the billing chain—the kinds of mismatches between doctors, patients and insurers that can lead to endless delays and wrangling. Change:healthcare also offers a feature that looks for outliers, flagging charges that seem way too high.

Of course, software can't carry your flag into battle in a billing dispute with a recalcitrant insurer. To tackle particularly thorny or expensive disagreements, some patients are hiring medical billing advocates to take up their cause. Many of these professionals have a background in managed care—they've worked for the enemy, in other words. Consumers can find a list at *www.billadvocates.com*. Health advocates often work for a cut of the savings, so they've got an extra incentive to work hard.

■ simple solutions

TIP 1: To avoid paperwork hassles and potential mistakes, consumers can upload medical records to online document repositories like WebSafe. Doctors anywhere can get access to the records with a password.

TIP 2: Patients stuck in a billing dispute with an insurer can get help from a health care advocate: Find a directory at www.billadvocates.com.

simplify your credit cards

IF THE AVERAGE AMERICAN CARRIES around more plastic than Pamela Anderson, it's hardly an accident. Consumers collectively sifted through 7.4 billion solicitations last year, with seemingly everyone, including the alma mater and the mini-mart, angling for a slot in our bulging wallets. But as our card collections grew, so did our tardiness, to the tune of about 60 million late fees a year. The fees average about $27, but it's our credit ratings that take the most serious hit—a single missed payment can lower a consumer's score by as much as 75 points.

Who needs the drama? The psychic and financial rewards are greater for those who spend most of their