Taking Stock: Social Security may help track lost retirement funds

by Malcolm_Berko

Dear Mr. Berko: Back in 1988, I quit my employer for a better job and left my 401(k) there because I didn't know what to do with it. Now, 19 years later, I can't locate that employer and I'd really like to because the 401(k) had nearly $3,000 in it and I need the money. I've sent you an old statement and hope you can tell me what to do or how to get the money owed to me. Now my wife has 164 shares of a company called Aspreva Pharmaceutical which she inherited from her mother last year. Should we sell the stock or should we keep it? We can't afford to buy more shares but if you want us to sell it and if we do, how should we reinvest the money?

T.T.

Erie, Pa.

Dear T.T.: Many folks, when they leave an employer, fail to roll over their 401(k)s into a personal Individual Retirement Account and/or may not be aware that it's sometimes possible to transfer their old 401(k) into their new employer's plan. So when a former employer decides to close its doors or is purchased by a competitor or changes its name, the old 401(k) gets lost in the ethers and the account is as easy to find as a sea horse on a dude ranch.

A reader had a 401(k) with his Columbus, Ohio, employer in 1987 and that year moved to San Antonio to take a better job had forgotten his old plan which then was worth $3,700. His son, who is an attorney, called the Social Security Administration's Department of Labor's Employee Benefits at 866-444-3272. Within a short time his dad's plan was located and to his delight the account had grown to $19,000. I suggest that you call that same number. If your $3,000 had average annual earnings of 5 percent, it would easily be worth $7,000. Your answer is just a toll-free number away. Good hunting!

Aspreva Pharmaceuticals Corp. (ASPV-$24.08) is a Canadian company that designs medications for uncommon pathologies the market for which is too small to interest big drug companies like Lilly or Pfizer. So ASPV will partner with a large drug company whose existing pills or injectables may have potential for new applications. For instance, ASPV has two Phase III clinical development programs in progress to evaluate Roche's CellCept, an orally administered immunosuppressant agent for the treatment of lupus nephritis.

ASPV is making money - good money, too. Revenues of $251 million this year may exceed an estimated $274 million for 2008. Earnings this year of $3.56 could improve next year to an estimated $4.79. ASPV, which came public in 2004, doesn't pay a dividend, has 35 million shares outstanding, trades at less than five times earnings, has zero debt and $9 per share in sweet, green cash.

However, I'm not impressed with ASPV and I'm concerned about its almost childlike dependence on Roche. I'm also concerned about ASPV's almost empty pipeline and the fact that the CellCept comes off patent in 2009. So something good has gotta happen in two years or ASPV could slowly expire if it fails to find the right prescriptions. Sell the stock. I doubt that your deceased mother-in-law would mind!

When you do, I suggest that you invest the proceeds in the no-load T. Rowe Price Capital Appreciation Fund (PRWCX-$22.14). This is a $10.5 billion, large-cap, blend fund that invests at least 50 percent of its assets in common stocks with the remaining 50 percent invested in convertible bonds, convertible preferreds, foreign securities, corporate or government debt, futures and options. This fund has a low expense ratio, a low portfolio turnover, a five-star ranking and is considered moderate risk. Its five-year average annual total return is 13.2 percent, its 10-year is 12 percent and its 20-year is 12.5 percent. Its worst one-year return since 1987 is minus 1.25 percent, which was in 1990. I believe this T. Rowe Price fund will give you better long-term results than 164 shares of Aspreva Pharmaceuticals.

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