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Money, Knowledge and Power Why You Are Missing All Three

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Synopsis

Each reader should feel as if they are having a private session with me. All the mystery and secrecy that surrounds banking, investing and many systems designed to take their money (such as with Banks, Brokerage Houses, Investment firms or regular companies) will be brought into the light and explained in an everyday manner, using everyday examples in which a person without a college degree in finance or business can understand.

The use of humor and sarcasm will hopefully make you laugh at yourself (or at least someone you know). All examples are explained in real world situations that the reader can look into their own lives to see these same situations all around them and then hopefully they will see things in a different light. It's all about perception. If you believe the glass is half empty you conserve, if you believe it is half full you aggressively try to fill it up.

Investing, saving and eliminating monetary waste will be so simple and easy once the confusion and illusions are expelled. Convincing the reader that they can change the process, or at least to avoid the processes that perpetuate their downfall is the primary goal. Knowing is half the battle. It's hard to actively avoid or prepare for something that exists, if you don't know it's there. This book will give the reader the "Power of I" in their finances, I can, I will and I must, while giving them insight to the dark side of systems designed to entrap them into unwittingly giving up more of their hard earned cash.

Changing the destructive monetary habits that keeps a person financially challenged and unfulfilled will be discussed in such simplicity that you will want to kick yourself for not taking action sooner. Any illusions that you have of absolutely needing a professional to invest for you will be abolished.

I will not explain all of the aspects of investing in detail. This is purposefully done to get you to do the research if something interests you. You will learn through repetition that if you plan on investing or doing anything yourself, how critical the research is. In this book I will only give you my point of view. I want you to take that point of view and compare it to the other points of view that you may find, to see if my explanations make sense to you. If you find a better view or explanation use it! (Then let me know so I can use it), I would. My point of view may not work for you in your life, but it is essential that you learn to utilize the information given and adapt it to your life.

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Dedication

This book is dedicated to my sons Maurice, Andre and Dexter without whom I would not have been so strong through the tough times. Just the fact that they loved and needed me kept me going when all the odds were against me. Especially to my son Andre who helped me keep the family together for without his help we would not have made it as well as we did.

As a single father with three boys, life has its unique challenges. Most employers did not recognize a man as a single parent and believed he should not be raising children, so I always had to re-invent a way to raise a family under unfair conditions and with unnecessary stress. Long hours, evenings and weekend were common and I would often take my boys to work with me on the weekend and evenings. Andre was always there to help. Even at the age of 5 he was well beyond his years in responsibilities. I have never had to worry that he would not help when needed, which helped me do what I needed to do to take care and feed our family. He may not have thought it was a lot but it was enormous.

I drew my strength from my children and the strength that was shown to them helped them be strong. There was always so much love in our home that we had made for ourselves; even the times when we had nothing, we had so much. I know they never realized those times when we had nothing but as long as we were together we had everything. So, to Andre I say thank you so much for being my son. I know your brothers think the world of you too.

Acknowledgements

Thank you to all the people (too many to name) who intersected my life, that helped and encouraged me along the way. "No man is an island unto himself", a phrase I learned so early in my life and did not really know what it meant until in my adult years with life's experiences as a teacher. I have had so many wonderful people cross my path. Each of these people has left a presence in the being of my existence.

Humor is one of life's great commodities. If one learns to use it wisely, one can become very happy even in times of strife. I thank two teachers that I have had while growing up for using and encouraging humor; Mr. John Hanham (Math, Computer Math) and Mrs. Taylor (English, I do not remember her first name, I think it was Ann). I had both teachers while attending Central Islip High School, NY Long Island (1972-1976) and both used humor in the classroom to help me learn (hopefully not only me). Some people are only lucky enough to have one good teacher in their lifetime; I was extremely lucky and am thankful I had two! Oddly enough with the two teachers who have had the most influence my education, I became a Computer Consultant (Computer Math), Financial Trainer (Math) and now writing a book (English). Me, writing a book? (it's your fault Mrs. Taylor). Who would have guessed? I most certainly could not have. Teachers are severely underpaid!!! Well, the good ones are anyway… Hey, what might have become of me if my Science, Social Studies and Chemistry teachers were also equally as good? What other contributions could I have made? Scary, huh?

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Another great help in my life was Ari Sternberg, a dear friend. For without his years of encouragement, help and understanding, working and taking care of my boys would have been much more difficult than it was and almost impossible.

About The Author

I was born in Atlanta Georgia but grew up in New York on Long Island, one of eight children in the household. Our family was not well off and we moved around quite a bit. I cannot begin to remember all the towns in which we had lived. I went to three different high schools while in the ninth grade! Life was not really fun in my early years. The family always had money problems and that led to my stepfather and mother arguing and my mother always drank a lot. This made me sick to my stomach, literally, and I had to go to the hospital many times for stomach problems due to the constant eruptions and emotional stress in the household.

We were treated harshly, beat and punished so much that I ran away from home briefly after I was to get another beating with an extension cord on bare skin (you don't want one of those beatings), but returned home a few days later. To our family, the story "Mommy Dearest"[1] was an "and they lived happily ever after story", something to look forward to. But that's a story for another book.

One of my vows was never to put my family that I would eventually have, through things of that nature. So, I never drank, used drugs, smoked, cursed or anything and would basically go the total opposite way of my parents. I also did not want to ever be poor again, been there done that.

Becoming a Financial Trainer was probably not much of a stretch of the imagination. My two younger sisters and younger

[1] A motion picture that depicted a well to do mother who beat her child because she used a wire hanger to hang her clothes.

brother (he is now deceased) always thought I was business minded at the age of 12. We played a lot of Monopoly (a board game) and I would eventually rent out the backyard to them and create a play store for them to purchase things that were already around the house with the use of the Monopoly play money. The whole time, I was the banker. Even then I understood that I did not want to be on the consumer side of things.

After graduating high school, I went to New York Institute of Technology in Westbury NY, where I was to study computer science. Computers were very new on the scene and even though I knew more about them than most of my instructors. I was told that I could not touch a computer until my junior year. I was a freshman at the time and I was working to pay for school. That would be a waste of money I thought, and dropped out of college to go to technical schools, Empire Computer Programming Institute (ECPI) and Suffolk Technical Institute, where I could actually program a computer.

My first computer programming job came when the factory I was working in at the time purchased a Radio Shack TRS-80 personal computer. I moved from the factory to the front office to program it. While there I personally undertook the tasks of learning accounting and payroll. I eventually left that job to move on programming computers in check processing for banks and then on to work directly for very large banks on Wall Street in New York City. I became a computer consultant for brokerage houses and investment firms on trading and banking systems, where I started to see how banks and brokerages made their money (and the large profits that were involved) and also understood how this was possible for me to do the same on a smaller scale.

Following information that was given to me, I started to dabble in the stock market to test the waters and got my head handed to me. Then I started noticing what actually controlled the market and it wasn't what people were telling me, I was being misled. The premise was to make it sound so hard no one could understand it but a stock broker. I found this to be a total lie. I saw how and why the money moved. I tried the stock market again with my new found information with success. I could make money with relative ease, regularity and anonymity. I did this for a few years as a subsidy to an occasional job I held. This gave me a lot more time to spend with my boys of whom I used to delegate to someone else while I had to work. I was then able to purchase a home (a very spacious one, 6 bedrooms with a heated pool), cars (sports, SUV, Mercedes), College tuition and family trips. Something I was never able to do to prior to using the stock market to fund my endeavors, using money I already had.

I have worked in the Wall Street arena for over 25 years and have seen many different ways money was made and kept. The really big trick is to keep what you make. Making it is relatively easier than keeping it. When you attempt to keep your money, the term **"Uncle Sam wants you"** brings on an entirely new meaning.

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Contents

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Comments

There are plenty of books on the shelves of book stores teaching you how to invest with strategies and fundamentals. This is not going to be one of them. One of the things this book is going to teach you is where to get the money you need to invest. This is the part all the other books leave out. You can't invest without money can you? Other things this book will cover are how you can invest in yourself, your family and community. This book is meant to spark ideas to get you to think about the future of your family and community. By no means is it to be thought of as a "Recipe for success", there are no such things written. Since books are static and life is dynamic it would be inconceivable that a mere book could account for all the unforeseen events in life and therefore no book can be followed verbatim as some would have you believe.

The use of humor and sarcasm will hopefully get you to laugh at yourself (or at least someone you know) for the things that you may or may not have done. Hopefully it will be the kick in the pants (the fleshy part) that gets your butt into gear and you start to do something about your monetary situations and goals. Use this book as a reference and to provoke thought and conversation about the finances of your family and community. It will hopefully give you insights to the internal workings of many systems in the world of finance and business that no one talks about, and then it will shine some light into the financial shadows that make you cringe in fear.

Above all else, this book is meant to help individuals, families and communities that are suffering in this land of plenty. For knowledge is power, not money. Money is only influence. Those with influence are afraid of those with real power. For with true knowledge, others will follow you without you having to pay them. With money, others will follow you until someone offers them more money. There is no loyalty with money.

If you don't believe me, there is one example I will suggest. All over the world people follow in the name of Jesus, yet he gave not one person any money to follow him. Still to this day, people follow… It must have been the knowledge.

Money scares people… Knowledge terrifies them.

It's Your Life Take Control of It

YOU HAVE BEEN SOLD A LIE!!! I am going to give you two pills, one red and one blue. Oh wait a minute! That was a plot to a movie (The Matrix)… that wasn't real… or was it? You have been brainwashed every since you were old enough for school that you **NEED** to live in debt. Even though the capitalist society is built on this concept, not everyone should adhere to it. So, you can take the red pill, wake up to see the truth or take the blue pill, go back to sleep as if nothing has happened and keep living in debt. So, what are you going to do? I will assume that you want to take the red pill and then do something about this situation since you are still reading this book. You are my Neo and I am your Morpheus. So, we will start with your awakening and training. Taking control of your life is only something you can do only if you believe you can.

Consider this, one percent of the population of the United States of America controls the other 99 percent. Is it a coincidence that the one percent I am talking about is filthy stinking rich? I think not. That one percent owns just about everything (or at least controls it) and wants you to work hard to make more money for them.

Our public school system is in such disarray and it doesn't have to be that way. Remember Lotto and what it was supposed to be used for? Yes, schools and education (they hoped you would forget). To this day, the schools and education system may not have seen any of that money. For if that money was used for its intended purpose all our schools would be new (or at least newly renovated) and each student would have the proper books and materials that they needed for a proper education. Here is something I would bet you never though of, why are our children taught to go out and get a job, go into debt and not how to manage money? Not one school in the United States teaches our children how to manage the money that they are supposed to go out to make. I know in school, I was never taught how to balance a checkbook. Hmmm… sounds like that one percent at work again.

In the current events of the world, the stock market is tumbling, corporate investment companies and banks are on the verge of going bankrupt from bad management, stealing the clients money and bad investments, so what does the government do? It spends millions of dollars a day on wars with other countries, 700 billion dollars for corporate bail out programs, which the corporations being bailed out, immediately start to waste and pilfer that money. It spends none of that money on the people who were actually affected by these bad companies but seeming rewards these same companies for bad behavior. Now imagine if a fraction of that money were spent on educating its citizens. Each school bound citizen could have college educations that would be fully paid for and we would have teachers and schools that are held accountable. But you can't have smart intelligent citizens now can you? They might want to share the power, so it is more beneficial to keep them dumb. It is far easier to control dumb people than smart ones. Fear works very easily on the dumb ones; the smart ones can see and work around such illusion, but I digress…

There is an old saying that states "You will never get rich working for someone else". It's basically true. Think about this, your employer will only pay you enough to keep you working for them.

Is this an accident? No, for if you were paid enough to not have to work for them you would probably not come to work anymore. So, if an employer wants you to continue to work several things need to be in place.

You are not paid enough to stop working (or even work less).

You are encouraged to live beyond your means so that you have to continue to work (debt).

You are discouraged from being an employer yourself.

I want you to understand and to be aware. More importantly I want you to think about the things you do and why you do them. Are you doing things out of need, greed or just to impress someone you don't even care about? Or worse, someone you don't even know! There are big differences in what you want and what you need, most people can't tell the difference or don't care what the differences are.

If you are in the latter part, you can stop reading now. Otherwise I will explain further. What you need may be the following:

1. Transportation.
2. Place to live.
3. Food to eat.
4. Ability to make money for all the above.

What you want can be an extensive list, but is an extension of the given list, such as

1. Transportation – Moped or Bentley.
2. Place to Live – Decent clean living quarters or a big mansion.
3. Food to eat – Obtain/grow it yourself, Supermarkets or Restaurants.
4. Ability to make money for all the above – job, career, investments or business.

Your transportation can be any number of different vehicles from a Moped to a Bentley. The trick to this is not so much as how much you make, but how much of what you make you get to keep and what your goals and desires are. Meaning that if what you need is a dependable vehicle to get to work then the Moped (a need) will do providing you live a short distance from work and the weather is decent. You can then save and invest your money so that you may be able to purchase the Bentley later (a want).

Now we need to determine some simple facts about you. Are you ok with waiting until you can afford the item you want? Or do you need to impress the Joneses? I know that I don't need to impress anyone. Either you are impressed by who I am or you are not. I won't work to get your attention. The only people that I really care what they think about me are my immediate family members. If you don't help pay my bills or help take care of my family why should I care what you think? Especially, if I am not doing anything that would harm anyone. But that's just me.

The reason I went through the trouble of mentioning this is that people get too caught up in what others thinks of them in the financial arena and will go into debt big time to make people think something that is not really true about them. What I mean is; I have seen people go out and buy a 40-50 thousand dollar car and have no money in the bank. All to impress friends and people they don't even know! They are living from paycheck to paycheck and all to pay 600-700 dollars a month for a car they really don't need, when a used or low priced car would do just fine for now. Think about this… If a person brought a used car for $2,000 dollars and put 2-3 thousand dollars of work into the car to make it run well, they could put the money away that they would have been using to pay for the new car, and in five years (the same time it would take to pay off the loan) they could have enough money to outright purchase the vehicle they wanted, if the money were invested properly.

Patience is the key; (well, a little intelligence would help too). Let's do the math. $600 dollars x 60 months is $36,000 plus the 8.5 percent interest $3,060 totals $39,060 for the five years. Let's say you spent $5,000 on a used car and put the remainder of the money away without the interest. Let's make this total not $600 a month but $400 a month (use the remaining $200/month for gas, fun or whatever).

You would have $4,800 in your bank account at the end of the year. Hmmm… 4,800 x 5 years = $24,000 plus $1,080 in interest at 4.5 percent is $25,080. Now that's in a savings account. You could invest in stocks or possibly real estate for better returns. Don't get into Mutual Funds; I believe these are the biggest rip-offs in the stock market. I say this for the following reasons; if you ever ask an investment broker to explain what makes the fund go up or down, you will get so much double talk your head will spin. If you want your head to just come off and roll across the floor just ask what their fee will be. They will side-step this question like a seasoned Matador at a bull fight. Mutual funds are a fund comprised of different stocks so it impossible for you to tell exactly where you stand, you have to count on what they tell you it's worth and with all the associated hidden fees, the 8 percent you thought you would make will be eaten by your broker with front loaded or back loaded fees totaling a minimum of about 5 percent. Now according to my math that leaves only 3 percent gain if any (if you are really lucky), not the 8 percent they sold you on. I am being generous here in this example for the 5 percent would be on your initial investment (front loaded) and/or the initial investment plus the profit (back loaded) and other fees such as management and annual operation fees. With single stocks, if you own a company's stock you have a better chance of telling what's going to affect it and you don't need to worry about all those associated fees.

But let's get back to the numbers for now. At the end of 5 years you could have a set amount of $25,080 with 4.5 percent interest or you could possibly have 2–3 times that amount with the proper investments or you can have nothing in the bank because you have just paid off your 5 year old car. Nothing is guaranteed, and if you do nothing… Nothing is your guarantee. If a return of 2–3 times the amount you have invested seems like fiction, I assure you it is not. I have had some investments return 1,100 times my investment in less than a year. Sure there are risks involved and risks are not for everyone, but think of it this way. If you don't risk getting that new job with a pay increase, your pay will remain the same. Your lifestyle will remain the same or get worse for inflation waits for no one and bills only increase in prices and in greater quantities. If you don't risk starting your own business or making smart investments you will work for someone else your whole life. This is good for some, for businesses need people to come to work everyday and do the routine work. Some say that that is not so bad because they are working to get their pension (that is if the company has one). I say one thing to that, remember **ENRON**[2]**…** Those employees thought their pensions were safe also. Now they are back at square one with thirty years left to work for a possible pension with a new company (if they are lucky), if they can find another company that will hire them for that long at the same pay. Not my idea of safe. Now you can be like the ostrich, stick your head in the sand when danger is around, but unless you are about 2 or 3 years old you know that closing your eyes really tight doesn't make you invisible or safe.

Do you realize that if you spent a fraction of the time and effort doing for yourself and working as hard as you do for your job, you could have the things you want and your job would **NOT** be the determining factor on what you could afford? You could still go to work, but happier. Happy in the fact that you are doing what you like, not doing it for the money. Your job treats you like you ask it to. If

[2] The company that was mismanaged and went out of business and took all the employees pensions with it. The CEO was Kenneth Lay.

you come to work and they know you need the job, expect to be treated poorly and/or taken advantage of. If you go to work and they know you don't need the job, you get treated much better for they know you can walk out the door at any moment and not care. They will appreciate the level of the work you do because they know you don't have to do it you want to do it. You can be the best employee that they have and these rules will remain the same.

When was the last time you thought about your future? I don't mean 1-2 years down the road, I mean more that 10 years down that dark road. You had better start shinning some light down that dark lonely road now or when you get to be over 60, you might be that senior citizen working at McDonalds for minimum wage (you know the one you laugh at now). Each and every one of you can start an Individual Retirement Account. You can participate in a 401K plan if your job has one, especially a good idea if the company you work for makes a matching contribution (unfortunately these plans are driven by Mutual Funds). This money is pre tax money (before payroll taxes) that can be put away and can't be readily touched before you retire. You will have to pay taxes on all withdrawals from this type of plan, but you do get a tax deduction now. You could also start a Roth IRA (after tax dollars). If you put money in a Roth IRA, leave the principal in for five years, all earning are tax free (by far the best vehicle). You can invest in Stocks, Money Market Funds and the dreaded Mutual Funds.

This is the one good thing banks are good for but they will not readily tell you about this for they are not going to make a killing charging you fees on it. In fact at most banks, this service is free. Banks are starting to make it really easy to contribute to your IRA accounts. At some banks you can do it on line with a few simple clicks of the mouse and the money you want to contribute is automatically withdrawn from your checking account. This can be done on a weekly, monthly, or whatever schedule you set. It can also be done as a one time contribution that you do whenever you like. I hope you are not waiting for Social Security for your retirement, it may not be there and if it is, it will not be anywhere close to enough to take care of your needs, never mind your wants. The sooner you take control the better it will be for you and your family.

I want to tell you a story about a person that I helped invest some money ($300.00), and in one month I turned it into $3500.00 (by the way, that is an 1166 percent gain). He was ecstatic, but he never did invest again. I believe he stated that he did not want to lose any money. All I could say was **"WHAT?!?!?!"** I just showed him the power of investing, yet he did not see the light! What did he do with the windfall that I just procured for him? He paid bills (I guess he took the blue pill). It's ok to pay your bills but if you are not at the top of your bill list you are doing yourself a great injustice. Many people are like this; they will not do anything for themselves and will continue to eek out a living giving all of their hard earned money to someone else. Is this what you call "Living Life"? Working hard just to give your money to someone else for them to enjoy without getting any joy out of it yourself? Well, thanks, but no thanks, I'll pass. Why not just run your head into a wall and call that fun? What's that? Oh, I see… some people already do that now, hmmm… Ok, Sorry I wouldn't want to disturb them… I guess brain cells are not as important as they used to be. Thinking and the use of simple logic is probably overrated anyway, huh?

Understanding What Financial Help Is

I often observe and study people to see just what they think financial help is. Most think that it is of a direct monetary nature, it is not. My reason for saying this is that if you give someone money to solve a financial problem they will learn nothing and create the same mistakes that got them where they were in the first place. That is help only in the short term. What I attempt to offer people is long term help. This means financial education, for this type of help will keep you from needing financial assistance in the long run.

Financial help is not getting another job, taking out a loan or going into debt in any way to pay bills. It would however be learning how to not waste money and have money work for you. It won't pay the bills immediately but in the long term it will pay all your bills and you will not have to work when this happens. Mind you; you can get another job to begin to finance your self help though. To start with your financial help you must begin to develop a Zen like attitude. You must let debt thoughts go for now for if you don't have the money you probably cannot do much about the debt at this moment anyway. Begin to focus your thoughts on making the money you already have work for you and not on what you owe. You are going to owe till the day you die (and sometime even after that), so let it go!!!

It is very hard for those who think of short term money to divert their thinking to long term financial wealth. Cash has a wicked effect on most minds. If you were offered 100 thousand dollars in a lump sum or over ten years which would you take? Most would immediately take the lump sum payment and over the span of a year or so they may have nothing left, they might even be deeper in debt. I think that in the long term the lump sum payment would be a bad idea; I will explain. Taking the lump sum payment would lead to the government taking 20-30 percent or more in income taxes, which would leave you with 70-80 thousand dollars. However taking 10 thousand a year, it would be easier to find tax deductions to lower this amount of income and possibly eliminate taxes altogether and you would have 9 more years to plan for doing it. Real financial help would be having someone to help you make this type of decision by giving you the pros and cons of your financial decisions, hopefully before you make them… It would also be helping you plan your financial future without taking you to the cleaners to do so.

Under stress people will default then go back to what they know best, with finances this unfortunately would be debt. I attempt to re-train people how to break this cycle of financial self destruction. Help is a strange deed. Most people will not take help even if it is free. I have attempted to help people who were in obvious financial distress and the odd thing about it is that they never had time for me to help them, and I was helping them for free. You basically have to sell help to them for them to take it serious if it doesn't cost anything, they wonder how it could be of any value to them. But if you try to take advantage of them by selling it to them at some outrageous price and they will go out of their way to pay for it and then they will **MAKE** the time to devote to it for they do not want to waste money, odd people…

Sink, Swim or Tread Water

As long as I have been counseling people on their finances, it would be nice to counsel someone before their heads went underwater. Unfortunately people only come to me after they start to drown in debt and everyone has taken advantage of them in their situation. I could do much more for them if they were at least still treading water. The more resources that they had to work with the better I could help. I don't really understand what drives people to not look for help before they start to sink rapidly. Is it that they think they can get out of it or that it isn't that bad? Is it that they look for the wrong kind of help first? I could help them better and they would see results faster if they only had more resources to work with.

I know that society wants you to use up all your resources before asking for help but that does not help you in any situation. Society wants your resources to be used up so that if society has to help it will give you a handout. Nothing to help you get ahead, just enough help for you to exist and survive. You know rocks just exist; I would think that you would want more out of life than that. I would want you **NOT** to use up all your resources before you seek help so that you can use your remaining resources to your benefit and advancement. You just have to learn how that can be possible. Society is not in the business to help you; it's in the business to exploit you. But if you need help, that is where I can assist. As you will read in this book there are many untold ways in which I can help you and that you can help yourself, but you just do not know what they are and how they work yet. This is what I am in the business to do, to help you help yourself.

It is said that if you dig a hole that you can't get out of… **STOP DIGGING!!!!** Digging the hole deeper will not make it any easier for you to get yourself out of it (there is no other side to come out of). It may be necessary to get rid of the shovel you are using to dig the hole with.

Financial Training Camp

I want to get you to think about some seemingly non-related things that you never thought were related to your financial stability. Most people have no idea of what to do with money, except spend it. While that is good for the economy it is bad for you. I am not saying that you should stop spending money, just be wiser about what you spend it on. If you have no idea (or the wrong idea) about what to do with money, let me help you with some ideas. You just don't wake up one morning and you are rich (well, most of us anyway). Now, how do you get to that point? You need to prepare. What I mean is this; if you want to be good at baseball, basketball, soccer or whichever sport you want to play you need to practice. The same is true for your finances, you need to practice. You can't get to be a good or great player in any sport without practice, so why would you think that you need to do something different with your finances.

The athletes you see in the NFL and the NBA didn't just get multi-million dollar contracts then decide to practice. No, a lot of hard work went into this long before the contract was obtained. But what most of you will do is to say **"If I had some money I would invest it".** That's placing the cart before the horse isn't it? You practice what you would do with money long before you get any. You know that old saying **"A fool and his money are soon parted",** don't be this fool. You can practice in many ways. You can set up a mock portfolio and track it to see if anything that you are thinking makes sense when investing. What have you got to lose…? Play money? This is an excellent way to fine tune your investment skills the same way a professional athlete would perfect their game playing skills by creating mock situations to see what the possible outcomes might be and to perfect their skills. In other words they would practice. One of the first things that you need to do is to learn the rules of anything you plan on doing. This is extremely important. Just think of what would happen in a simple game of checkers if you did not know the rules and moves. You would get the pants beaten off of you every time, unless you got extremely lucky and this is not what I would be counting on while investing or in life.

I am a Financial Trainer, the equivalent to a coach and trainer combined for a professional athlete. What I do is attempt to de-brainwash people from the way they were systematically steered into believing in debt then show them that they do not really need debt. There is bad debt and good debt depending on what you need it for. What is bad debt? I say; credit cards, personal car leases and most loans. What is good debt? For the most part it is mortgages and school loans. These are just my opinions and they work for me. I will explain why I think the way I do. Bad debt is debt that puts no money in your pocket and is only designed to take money away from you. Good debt is debt that can actually put money in your pocket… It's that simple. Mortgages and school loans definitely fall into the category of good debt for me. The mortgage on your house is debt that in most cases will aid you in a place to live (since you need to pay for this anyway) and in the long run your house should increase in value so that when you sell it you will get a pretty good chunk of change back. A school loan will aid you in getting a better and higher paying job or career which will thereby pay for the loan itself. Especially if the loan is at a very reduced rate and will be paid back at a much later date.

Bad debt is definitely your credit card. By no means will it put money into your pocket (aside from using it conjunction with the operation of a business). A personal car lease will NOT put any money in your pocket for any reason and you will also lose money on the deal. If a loan is not used to fund money making ventures, it is not putting any money in your pocket. If you were to sit down and figure out how much total debt you were in it would probably frighten you (or at least should). Most people who own a house and one car I would believe are minimally about $250,000 in debt with just those two things alone. Those without a house but own a new car are probably about $50,000 in debt. This is more than likely a lot more than they currently make.

Thoughts on Investing

I like to think of investing in the following manner. By investing in a company I am having all of their resources working for me to make money for me. So, everyone in the company and everyone the company employs is working hard to make me money. The lawyers, sales people, marketers, developers, everyone and I don't have to worry about any of the day to day operations that will make this happen. I don't have any of the overhead but I do have all of the benefits of sharing the profits (dividends) and best yet I don't have to do any of the work! Where else can you get that kind of deal? You have all those people working to make money for you and you don't have to pay them one penny!

Most people dream of investing in real estate and want to purchase some land, house or building to sell to someone else for profit. It is not as easy as one would think. To sell real estate really well, you need capital and the ability to not tell the truth when the truth is perfectly clear. You will need the ability to get someone to pay more for real estate than it is really worth or sell real estate to you for less than it is worth so that you can make money and you need to do all the work and you will have overhead that needs to be taken care of. Compare investing in real estate to investing in the stock market where you will do none of those things. That's why I like the stock market. Everyone is different. You choose for yourself. You may be better at real estate sales. Besides you may not have enough money for real estate and stocks could be your vehicle to lead to you getting enough capital for real estate ventures.

Opening the Brokerage Account

One of the first things you will want to do is to open an account in which to make your investments. A brokerage account consists of two accounts really. One is the actual brokerage account where the investments are kept; the other is the account where the cash is kept. The account where the cash is kept is called the transaction account, which is just a Money Market Account (MMA). The cash sits in this account gaining interest until you decide to use it to purchase your investments. When you purchase an investment the money is deducted from the transaction account to pay for the investment. If you should sell an investment the cash from the sale will be deposited to this account also. The transfers do not happen immediately, they happen three business days after the transaction happens. This is called the settlement date. The date on which all account are settled for this transaction.

Brokerage accounts are free to setup and maintain. If your institution wants to charge you for this account, go to a different institution. Ideally you would want to open this account with the bank you currently use and link the accounts to your checking, savings, credit cards and ATM card (also your mortgage if you have it with the same institution). By linking these accounts you can defy the minimum balance problem with having a checking account if you have the minimum balance in your combined accounts (and I imaging that you will). Again, if you cannot do this at your banking institution… **SEEK ANOTHER BANK!!!**

Finding Good Investments

I always say; **"Invest in what you know and in what you use".** This is such a simple term that means so much. This simply means that you should not invest in biomedical companies if you have no great understanding about what they do or how they operate (chances are you don't normally use their product either). What you can do is to go down to your neighborhood Wal-Mart (or any other large chain store, you can even look on your food shopping list), research which items are moving off the shelves and out the door. Find out why the items are moving so fast, then look into the company that makes the products that are being purchased in great numbers.

If the product is a good product that they can't seem to keep on the shelves, then this might be a money making opportunity for you if you play your cards right. This is exceptionally a good idea if you have teenage children that love to shop in the malls. Find out what they and their friends are buying then do your research. If you invest in the same companies that your teenagers are spending all of **YOUR** hard earned money on their products, you won't feel so bad when the companies stock goes up and you make a little money from owning their stock. It will be like the company just paid you to purchase their product. Investing in this manner is smart to me, for you can get in on the ground floor of a market movement months before the boys on Wall Street have a clue that it is happening. Why? Because you are on the ground floor (in the stores) where the movement is starting. The boys on Wall Street do not often leave their ivory towers to see ground floor activity; they wait for the numbers and news to surface. When it does, then they start throwing around the millions of dollars that they control to move the stock prices, by then you will already be invested where they will invest.

I have invested in things I know and/or use several times, once with Delta (DLT). I was flying all over the country using this airline so I purchased their stock. I got plenty of frequent-flyer miles that I can probably never use (thanks to the Delta frequent-flyer program mileage usage limitations but that's another story). Now being that I owned the stock from the company I was using, when the stock went up, the profits I gained was more than the total dollar amount that I had spent flying with Delta the whole time. So, in essence I was actually was being paid for flying, not paying to fly. Did you get that? Make your habits work for you!

Another time I did this with Apple Computers (AAPL). I was flying (Delta) coming back from Myrtle Beach, South Carolina (First Class). I was listening to my MP3/CD player, (a big bulky Player that I had to burn several MP3 CD's and carry it all around with me) and I saw this woman across the isle that was listening to an iPod. I saw that it was compact and fit into her breast pocket and I was amazed. I asked her what it was and she gave me the run down on what it could hold and everything. After I got off the flight in NY, I had to have one. I went searching from store to store just to find that they were all sold out (this was in August). I finally found the one I wanted and purchased it, took it home, then proceeded to load all of my songs onto it. It took every song that I had and was only half full (over 3000 songs). This was great; I had 9 days of songs that I could listen to without hearing the same song twice. I immediately purchased the stock and some options (I'll explain about options later). But long story short, basically Apple paid me several thousand dollars for purchasing one iPod that I paid $550.00 for.

Because I purchased the stock and options before the Christmas rush, I was invested before the boys on Wall Street saw the numbers from all the iPods that Apple had sold (over 4 million during the Xmas season). So, when the big boys got wind of it and started throwing their millions of dollars at Apple, I just rode the wave that they created. So, I got paid for being astute, no special talent in that and you don't even need a college degree. A crown jewel in this arena was Sirius Satellite (SIRI). There were only two companies in the digital radio world and this was the underdog. With only two major players on the horizon there was plenty of room to make some serious money (pun intended). I purchased 12000 shares of stock at about $2.00 (12000 x $2.00 = $24,000) and 800 options at about $.10 a share (option arithmetic is a little different that stock arithmetic, which I will also explain later). This stock went up to about $9.50 before coming back down to about $6.00 again. I sold at about $7.00 (12000 x $7.00 = 84,000 - $24,000 = $60,000 dollars profit), Not getting greedy, greed kills or can get you killed. Now that's about 4 times what I paid for the stock in just a few months and the options went up to about 1-2 dollars. So, let's do the math… 800 options at let say $1.50 (800 x $1.50 x 100 = 120,000 and 120,000 - $8,000 = $112,000 dollars profit) for an $8,000.00 investment in options (800 x .10 x 100 = 8000). As you can see the options game is not for the meek. You can lose the initial investment if things go wrong, but if they go right… You see the numbers.

The trick to good investing is to not attempt to do what the big boys do unless you have big boy money. If you have ever seen a surfer out in the ocean, you will notice that they do not try to create the wave, they just ride them to shore or as long as they can without crashing into the rocks. Then what happens? They paddle back out and look for the next wave to ride. This should be your investment strategy. You don't have enough money to make waves, so just look for the best wave to ride that comes your way. You can't ride them all to shore so don't try. Ride them as far as you can without running into danger then get off! All surfers know that they should do that!!!

Don't get me wrong I have lost money also. The most I have lost at one time was about 24,000 dollars. It still had a sting to it for a few weeks but hey, it wasn't my money in the first place. It was some of the profits I made from investing in other things and I took a chance and lost. So what! This is the type of attitude you must have to invest and make it big. Take a chance on yourself or give it to the government… I lost so now I have a tax deduction of 24,000 dollars, Yaay!!!! Time to go make some money to get the complete use of this tax deduction…

Funding Investments

Funding an investment is really quite simple and does not take a lot of money to get started. You could start off with $5.00 a week. Just keep placing this amount into your brokerage account until you have enough to purchase something that you have been watching. You could get this "extra" money by doing some simple things like canceling that magazine subscription, not buying that $5.00 Latte one day a week or not purchasing that pack of cigarettes. Hey, I did not say that it would go without sacrifice, but who better to sacrifice for than yourself? The trick to this is that you have to treat the money as if it does not exist once you place it in your brokerage account. You are **NEVER** to pay a bill or anything else with it; the money doesn't exist for all intensive purposes. If you lock it up in a Roth IRA you really can't touch it too easily (and generally neither can the lawyers).

Some people are scared of investing and will say "I could lose my money if I invest it". I say to that **"You were giving this money away before, so what if you lose it. Take a chance on yourself".** You must pay to play. You will be surprised of how much money you were wasting once you start funding your investments. I like to think of it as having the money I used to waste go out and make money for me. This is a good way to start and you won't need to get another job or wait for a monetary windfall to do it. Do you realize that money can work 7 days a week, 24 hours a day and 365 days a year? It cannot get tired; do you want to attempt that? I know I have better things to do. So, tell your dollar bills to go forth and multiply. Have your dollars go out and make friends with Hamilton, Jackson and Benjamin then bring them home for dinner.

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Purchasing Investments

Never use credit to purchase your investment. Some think this is the way to invest, never having to come up with cash to make an investment. The problem is it has a really bad side effect if you lose money. This type of account is called a Margin Account. You are charged a fee to use a credit line to purchase the stocks. The whole amount of the credit line becomes due in a few days and if the investment that you purchase doesn't make money the way you thought it would and you need to come up with the cash for the investment and fees plus the interest charged. Even if you sell the investment you still owe the investment company money because the investment lost money. Now if you didn't have the money in the first place you are in deep @#$%. They can come after you and take money from any accounts you have with them amongst other things (you did read that application you signed for that margin account didn't you).

Each time you purchase or sell an investment in the stock market there is a broker's fee. This fee should be calculated into your cost per share (called dollar cost averaging). What I mean is if you purchase 100 shares of ABZ[3] company for $35 dollars a share ($3500 dollars) and the brokers fee for each transaction is $25 dollars, your average cost per share is actually $35.50 (add in the cost of purchasing and selling the stock, $3500 + $25 + $25 / 100). So, the stock has to go above $35.50 for you to start to make a profit. This is sometimes overlooked and some sell the stock at less than the $35.50 and believe they made some sort of profit when they actually lost

[3] A fictitious company.

money. So you see that if your transaction cost varies you need to make adjustments to the cost of the stock to track the investments performance. When you purchase stocks from your brokerage account, the amount of the purchase is charged to your Money Market account three business days after you made the transaction, even though the stocks will appear in your brokerage account immediately on the day of the trade. This is called the settlement date (when they settle the accounts). The same thing happens when you sell the stock. In three business days the dollar amount from the sale will show up in your money market account but the stocks will be removed from your brokerage account on the day of the trade.

Tracking Investments

This can be fun or work depending on your attitude. First do not pick a large amount of stocks to research and track, this would make little sense. Only look at 5-10 different stocks. I try not to look at more than 5 or 6. If one is performing poorly or I don't like what I see, out it goes and in comes another one. Don't confuse yourself or over complicate things, keep it simple. How do you pick what you want to track? Just look around. What field do you work in? What products do you use daily? These are good starting points; you should know a little something about things in these areas. It's as easy as your cell phone service provider or cell phone manufacturer. Are these fields starting to take off? Does your cell phone manufacturer make good phones and they are selling fast? Does everyone want the service provider you have? Are they expanding? These are some simple questions that could lead to profitable answers. Can you hear me now?

To track investments you could use something like Quicken, Microsoft Money or some online websites that will allow you to track stocks. I personally use Microsoft Money. What you can also do with something like it is to tie it to your finances and track all expenditures that you make. You can download your bank account and credit card information into it. You can track your mortgage and car payments amongst other things to get a total picture at a glance of what you actually look like on paper to a lending institution. Not a bad deal if you want to get a loan or know at any moment what your net worth is. It is also good for spotting spending habits and you can find out with a few mouse clicks how much you are actually spending in any area. This should be enough to get your butt in gear after finding out you spent $3000.00 last year on lattes and cigarettes.

You can find some free portfolio trackers, stock and option information online on some popular websites such as

Mock Portfolios

http://www.howthemarketworks.com

National Association of Securities Dealers Automated Quotation aka NASDAQ

Stock Quotes, Information and News

http://www.nasdaq.com

The Motley Fool

Stock Pick Information

http://www.fool.com

Chicago Board of Exchange

Options Quotes and Information

http://www.cboe.com

Managing Investments

How do you know when to buy and when to sell your investments? How long should you hold your investments? These types of questions cannot be answered in a book since the conditions are very dynamic. All I can give you are reference points. A long term investment can turn into a short term investment for a number of reasons such as:

Events at the company are affecting the stock in a dramatic way (negative or positive).

No events are happening at the company to affect the stock in any way.

Your needs or goals change (repositioning).

A short term investment can change to a long term investment for a number of reasons like:

Events at the company are affecting the stock in a positive way for longer than you thought.

Your needs or goals change (repositioning).

Profit Taking - You make a good sum of money and sell some of the stock (profit). You keep some to see if this is going to continue in this direction.

Getting Help with Your Investment Choices

Sometime you may not have the time or want to expend the effort in doing the research and making choices for your investments. In this case you may seek an investment professional. An investment professional should take this time to see what your goals are and how you want to get there. They should take the time to put together a strategy just for you, not just for the products they sell and make a commission from. The plan they put together for you should not be the same strategy 100 of their other customers have. It just cannot be possible that they would or could have the same wants, needs, risk tolerances and goals as you.

Beware of investment professionals that show you big fancy offices in an attempt to convince you that you should give your money to them. The only thing this means is that they make a lot of money from fees. They may not make their clients any money at all or they may not lose their clients any money (this is quite different than making money). Remember they get paid even if you lose money (isn't this a conflict of interest?), so their surroundings, their jewelry or the car they drive should not be the determining factor in your choosing of an investment professional. Find out what they know and why they are telling you to invest in what they sell. If it doesn't make sense to you, **DON'T DO IT**! After all it is **YOUR** money. Don't go silently into this good night. If they try to sell you something without listening to your needs, consider walking out the door. If they should tell you "We invest all our clients in this", **RUN!!!** There are some good investment professionals out there but you have to do your research on them to find one.

I want to give you a scenario. An investment company purchases a lot of a particular stock that they think will make money. It does not; it is either doing nothing or losing money. Selling it would incur cost and further loss, so to eliminate the selling cost, they could sell it to their clients and charge them for purchasing it thereby making money on it and again when you decide to sell it. Or they could hide the stock in a Mutual Fund the company operates and sell that to you, charging you for the purchase and sale of this fund.

When seeking the help of investment professionals, ask lots of question and get lots of answers. If ever you ask questions and your investment professional can't give you quick real answers, consider not using their services. This does not mean ask annoying, pointless questions, it means do some research and ask intelligent questions that can help you. This is the way I think of this; if this is what they do all day, why don't they have the answers? And why do I know more than they do, or better yet, why do they **NOT** know about what it is they supposedly do? I guarantee you; they know the fees they will charge you! They may not tell you exactly what they are, but they know what the fees are. I would bet that if someone asked you questions about the job you do all day, you would readily have the answers.

I have seen some clients of whom I have counseled after the fact and I asked them what they were thinking when they gave their money to the investment company. They just said they weren't thinking the investment company just told them what they were putting them into. I have seen people who gave tens of thousands of dollars to investment companies and over 5 years only made a few hundred to one thousand dollars. My thinking would be; if the investment professional saw that you only made a couple of hundred dollars after two years, why did they leave you in that investment for another three years? The really sad reason may be because of front loaded or back loaded fees, they do not have to worry about you. You've already paid for their services to purchase the investment or will pay to sell the investment, so they do not actually have to provide anything. You could do this all by yourself couldn't you? The bad point is that if you don't watch them, they may not be watching out for you. And if you are going to be watching them, you might as well watch your own money. You can't do too much worse and you won't charge yourself a fee if you should lose money. You might as well just pay for some advice and then you take the actions when you are ready to proceed.

Where to Get and Not Get Investment Advice

If ever you get unsolicited emails... **NEVER** invest in the companies they tell you to no matter what they say! If anyone tells you they have a HOT Stock Pick… Disavow any knowledge of them for the stock pick will probably self destruct in five seconds… If someone you trust gives you advice, research the advice. I say "Someone you trust" for if a person doesn't trust the advisor and still takes their advice without researching it, that person may be too stupid to have money anyway. Don't go blindly into the purchase. Should someone tell you that you need to get into a stock quickly, **DON'T**.

Get your information about a stock from multiple sources. No single source should be trusted, especially if the source has a vested interest in the stock. Look at trade journals, Newspapers, Radio, TV (MSNBC), the Internet and NASDAQ (www.nasdaq.com) to name a few. Do your research, research and more research if you plan on investing.

Making Money in the Stock Market

There are numerous ways in which money can be made in the Stock Market. I will attempt to keep it to the simple ways and in simple everyday terminology. I will not get into the technical aspects of trading or the boring research some say you need to use, such things as PE Ratios and fundamentals. I prefer to use common sense research (Although common sense is not all too common anymore). The people who use or purchase the company's products and services don't seem to care about such things as PE Ratio when they are spending their money and they are the base reason the company's stock prices will change. After all, if you and I are not spending money to purchase the companies products or services then how will they make money in the first place? So you see I think it goes hand in hand.

There is no one way to find a company in which you want to invest. I will attempt to explain it in a way that the average person can understand. One term you should understand is OPM which stands for **O**ther **P**eoples **M**oney. This is not an investment term as much as a common sense term for the market. This is what companies do when they want to expand and not take on credit or risk their own money. They issue stocks to raise cash; you purchase the stock and take on all the risk. This sort of money basically never has to be paid back because the stock is sold by investors to investors. The only way a company seemingly pays back the money is in something called a stock buy-back. This is where a company purchases it own stock from the investors so that it can maintain more control over itself.

People mistakenly believe that you can only make money in the stock market when the market is going up, this is untrue. There is short selling[4] and an instrument named “Options” which for the basic principal I will explain here will be used like an insurance policy. Let’s say that you have purchased some stock in the ABZ Company. You want to keep this stock long term but the stock prices start to fall. What you can do here is to purchase Put Options for your particular stock (if available). The price and quantity will vary depending on the price of the stock and how much you want to protect (these things I explain in more detail in the training sessions). The premise is such, you purchase enough put options to protect the amount of the decrease in stock price. This simply means, as the stock price goes down the option price goes up and if you purchased enough put options you will equate the difference in the price the stock price loses or actually make a profit. On the other side, if the price of the stock goes up, the price of the put option goes down and eventually you will lose this money if you do not sell it. That is why I call it an insurance policy for your stock. You pay for it and it only pays you if you use it. Hopefully the price of the stock continues to rise and you make more money than you lost purchasing your option. There are two types of options on stocks, Calls and Puts. Calls are used when you expect the stock price to rise and Puts are when you expect the stock price to fall. You can actually purchase Options without owning the stock but that is a lot riskier and can be very rewarding when done properly. I can not begin to cover all the when, why and where’s to use options. This subject is best left to training sessions for further discussion.

[4] Borrowing a security from a broker then selling it in hopes that the stock price will fall, so that they can buy it back at a lower price to return to the broker thereby making a profit.

What Kind of Stocks Should You Not Purchase?

If you are a serious investor, stay away from penny stocks[5]. There is a reason that they are penny stocks. This is one of the biggest scam areas in the world of stocks. These are the stocks that may be manipulated by unscrupulous persons who will get you to purchase these stocks with tales of huge returns. All the time they have purchased these stocks ahead of time (or have created them) and when unsuspecting investors start purchasing these stocks from the recommendations of a broker, email solicitation etc… the prices start to rise. You are then told to hold on to the stocks for the big returns, the stocks are then sold by these unscrupulous people to other people just like you, then the stock prices fall back down. They will get the huge profits and you will get no profit and a worthless stock. The company the stock is issued for may not even be real. Basically you would be defying the first rule that I taught you of investing in what you know. You know darned well that you do not know anything about these stocks. Greed would have gotten the best of you, your judgment and your money.

Never ever buy a stock where someone tells you that you have to buy it quickly. This is generally a high pressure sell and it is designed to get you to not think about the consequences. Just like when you are being sold real estate, cars or other high cost items. Not necessarily high priced, just high cost… to you!

[5] Stocks with a per share value of under a dollar (US).

How Much Should You Invest?

I generally give the rule of thumb, **"You should not invest more than you can comfortable afford to lose gracefully".** What this means is that if you need the money to pay rent or to buy food… Don't invest it! Or if you will have a coronary or throw a conniption if you lose the money, don't invest it! But once you put it away for investing don't use it for anything else, no matter what the temptation. Investing does take discipline.

Now if you started putting your $5.00 a week away, soon you will have enough to purchase something you like. By then you will have done the research on some companies and you will probably make a good decision on where to put your money. Try not to make last minute decisions in the Stock Market. Acting on impulses can be dangerous and costly! Investing a little at a time (moderation) is the key. If you already have some money to invest, don't rush. Opportunities will still be there tomorrow, possibly not the same opportunities, but opportunities never the less. Try to make sound choices and you will feel better and more comfortable about investing and it will turn out better in the long run. By purchasing a little at a time you will start to amass a large quantity of the stock you wanted. Generally purchase your stock until you have 100 shares then start with another. While this is just an example, it will give you a base to work upon. You can choose any quantity for your hold number.

Trading Stocks Online

I can hear you thinking; I can trade with an online broker for $4 to $9 a trade. Why should I use a bank that will charge me $25? The reason I tell you to use your bank is because of the benefits to you for having all of your accounts under one umbrella (we'll discuss this later). Having your account at the online trading companies, you need to read what was in the fine print… for they may not always tell you just what you are signing up for. Wait till you read that which is hidden in the agreement that you will sign. You may need to have a minimum balance of possibly 10,000 dollars or more and/or make a large number of trades per month to have an account with the low trading fees. With that quantity of trades you will be spending a whole lot more for your account than with the bank unless you are a day trader that makes a lot of profit to cover the charges (hopefully) and I would not recommend you to do that. If you do not have enough trades in a month there may be a fee associated with that which will kill you in the long run. There may also be inactivity fees associated with the account too, be very careful…

Not only do you need to research your stock picks, you need to research the companies that you will be giving your business to. Online trading companies basically have no branch offices so you need to mail them a check to add funds to your account which can take 1 to 3 business days depending on where they are located in regards to you. It could take time for your check to clear for the funds to become available (possibly another 3-5 business days) then you can purchase your investment. They may let you purchase the investment before the check clears, but be careful of this it might be viewed as credit and you will then be charged interest and possibly a fee (especially if your check bounces for any reason). So check first. This all happens again when you want to get money from your account. You sell the investment then three business days later the money appears in your account. Now you must contact them to ask them to send you a check which could take 3 days up to a month depending on how their processing cycles work. After a sale of an investment with your bank you could have the money in hand in three business days wherever you are with online banking and a debit card. So if liquidity and mobility is something you like to have, in this case a bank could provide you the best option.

Contractual Agreements

You must read what you agree to carefully for any service or purchase. Even if you need to take the agreement home to read it or have an attorney look it over, do it. If they do not allow you to take it home to read or get defensive about it, there is probably something that they are attempting to get past you and they want you to make an immediate decision without reading and comprehending all that is in the agreement. If someone ever tells you that it is a “Standard Agreement”… **Make sure you read it extra carefully**.

You would be surprised to know how many people do not read the entirety of what they sign. This is why the companies that you get into contracts with provide such long agreements that you cannot possibly read or fully understand when it is your turn at the counter. And if you do take the time to read the agreement they will probably make you return to the end of the line as punishment. It is amazing to me that if you ask some companies, if you can take the agreement home to read they respond with **“We don’t allow our agreements to leave our offices”**. If that were the case, why is it that after you sign the agreement, you can take a copy of that same agreement home that they could not let leave the building? This is purposely done to keep you from getting assistance before they rope you into something that is not in your best interest that is probably riddled with hidden fees and conditions that you originally didn’t agree to. Remember they can tell you anything you want to hear to get you to sign; it’s what’s in the signed document that actually counts and is legally binding. Even if they outright lied to you!!!

Mutual Funds, To Invest or not to Invest?

What is a Mutual Fund? It's a group of individual stocks that an investment broker or company packages in hopes that if there is a loss in one or more stocks that they will be offset by the gains in the others. These are the type of investments that you would want to make if you do not want to look after your investment yourself. This is why they have the load fees (and possibly other associated fees such as management and annual operating fees) in order to pay the investment managers. If you are going to look after your investments then this vehicle may not be for you, since you will have to pay someone else to watch it while you are watching it too. These fees will cut into any profits that you may acquire.

One reason that I don't like these funds is that you are stuck with the balance of stocks that someone else dictates. This means that if one of the stocks in the fund is going up in price considerable you can't dump the bad stocks in the fund and purchase more of the one that is going up. This is a job for the money manager and they generally do not change the mix of stocks in your fund. You also can't add more money to the fund for the purpose of purchasing more of any particular stock in the fund. The money is basically divided up to purchase a preset percentage dollar amount of each stock, even the bad stocks. Another reason that I don't like these funds is that if the funds manager takes risk with your money (such as options and futures) and hits it big, who says that you will see any of the profits or you would be told you made money (you know that eight percent for the year), whilst they made 1000 percent on the play. Since your fund is comprised of stocks there is no report of you having any options in the fund, so are those profits really yours? But if the action turns into a loss… are you going to unwittingly foot the bill? Plenty of funds have gone down the tubes for this very reason, bad management. Knowing what can happen is tremendous when it comes to your money.

The argument for mutual funds is that they are a relatively safe investment. Hey, so is leaving it under your mattress. But at least under your mattress you know what it is doing all the time because it is under your control. But if you wanted safe why not invest in a CD? That's even insured against you losing money. The reason is that you wanted more ROI (Return on Investment). This always involves some risk. So, since you are going to take a risk anyway, why go broke trying to make a dime? Manage the risk properly and make a few dollars.

If you already own Mutual Funds, you really should make and effort to know about the fees being charged. Take a look at your statement for your account; you will be confused, this is by designed for if you knew what you were paying for you would not pay for it. You really have to decipher the statement and do the math to get the amount you are paying in fees before you even invest one dime. The first thing you need to do is to find out how much you are actually contributing. This can be done by locating the deductions on your paycheck if you are automatically contributing to your fund. Investments are usually done on a quarterly basis so add up all your deductions for the quarter. The next thing to do is to locate the contribution on your fund statement, then locate how much it has purchased. Do the math, you will find some money missing; this is the amount of fees charged. Next find out what percentage of your original contribution this fee is, you should be surprised to find that these fees may total 5 percent or more of your contribution and you may have to pay fees quarterly, annually and possibly again when you exit the fund. Again, you have to do the math, remember they may have told you that you should yield 8 to 12 percentage gain a year? Now subtract the percentage figure you calculated for fees from the percentage gain that was promised, you should be surprised to find just how much you should really be expecting. 12 percent gain minus 5 percent in fees equals 7 percent gain and 8 percent minus 5 percent in fees equals 3 percent. Now these are the optimum calculations and that leaves your gain at 3 to 7 percent, I believe your actual gain would be far less but if you knew that beforehand, why would you invest in these funds? Just do the math, it's all there. They make money, you however may not. In investing I consider any gain under 20 percent a complete joke, unless you are talking about parking very large sums of money for safe keeping.

Did you realize that when investing in mutual funds that the more you invest the more you pay in fees? Meaning that if someone else invested $1,000.00 and you invested $50,000.00 that your fees could be about 50 times higher than the other investor even though it takes the same effort to manage both sums of money. In fact they would be invested in exactly the same investment at the same exact time. So, how is that for losing money straight out the gate?

Should You Be In An Investment Club?

An investment club is comprised of several individuals that want to jointly discuss and invest in the same investments. Basically this is what a Mutual Fund is. In this case all the participants will be the money managers. This is a relatively safe way to be introduced to the stock market because all the participants share the risk. You don't need to have a lot of money and you can be actively involved in the decision making. You can share knowledge, experiences and be social about investing. The drawbacks of being in an investment club is that it is democratic in nature and the decisions that carry the most votes are the ones that get done, even if you don't particularly care for them (just like in a Mutual Fund, huh?). The positive points are that you can learn about investing and investments in a friendly relaxed atmosphere where the risks are limited by you and your group.

The Beauty of Corporations

The compelling difference between a corporation and you is:

Individual:

1. Makes money.
2. The government taxes the individual on the money they made.
3. They get to spend what's left after taxes.

Corporation:

1. Makes money.
2. Spends as much as it wants (before taxes).
3. The government taxes what's left after the spending (expenses).

Now, which will get more use out of their money? So, with a corporation, if you have no money left over there is no tax. Hmmm… we may be on to something here! So you ask, "Hey, what about all of those corporate tax breaks I always hear about?" Well, you could generate enough tax breaks from your spending of money (expenses) to offset the taxes on the money you plan to have left. Then you won't have to spend all the money. That's where the profits come from. Tax breaks include contributing to a company 401K plan! So, setting up a corporation and having control over it, it might be beneficial to you. But you will need to have a Board of Directors and make a legitimate attempt at doing business and other things; we'll discuss these things later.

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One thing to ponder is that if John Smith has control over a corporation (owns 51% of the stock of the company) he can collect a salary, spend the company money for business related things such as cars, trips (where business is just discussed) and even homes. He owns nothing but has control over everything. Now, let's say John smith got into an accident and someone attempted to sue him. Since he owns nothing they would basically get nothing or very little, even though he has control over millions of dollars in cash and assets. He may live in a big house, drive an expensive car etc, etc… and none of this can be taken away for he does not own them, the corporation he controls does. Even if he was made to sell his interest in the company to get money to give the victim, he could sell it to one of his family members (who are probably already on the Board of Directors) for a reduced amount claiming that is all he could get for it and that's all the victim would get, the cash from the sale. He could later buy back the stock (wink-wink) or it be given to him as a gift and he has control again. Actually he can still maintain control by proxy. This means that even though he does not own the shares, the share owners can give him the right to vote their shares. So if he has control of 51% of the voting shares, he has control of the company. Controlling a corporation is having financial protection if done properly.

The Pitfalls of Banks

Have you ever noticed that banks offer basically nothing in return for you loaning them your money? Picture this… You put money in a savings account and the bank will give you 4.35% interest per year on your money (current at the time of this writing). Now this is the same bank that will charge you $7-$30 dollars per month for not keeping a minimum balance in your checking account. Now let's say you were good and kept the minimum balance in the bank for a year to avoid fees. Let's put this figure at $500.00 (That's the minimum that I have found at least one bank), at 4.35% interest that's $21.75 let's say compounded it amounted to $25.00 for the year. That's $5.00 for every $100.00 you let the bank loan, invest and use your money to make more money for itself for a year. Consider this; if you lent a friend $100.00, they would certainly give you back $105.00 the next week with no questions asked. Now you have earned 5%, you have made as much in one week with $100.00 as the bank would give you for the whole entire year. So, why do you do continue to do this madness? If you only did this five times a year you would make 25 percent profit on that same 100 dollars. Try getting that kind of interest from any bank. You could probably loan $100.00 for .50 a day (1/2 percent) and make 15% a month or 3.5% a week and no one would even blink. You have just become the bank…

Businesses have been built on this same simple concept of lending money for a short time such as Payday Loans and other loan companies that will lend you money until your next paycheck, but they charge much more than $5.00 and they have customers lining up outside their doors to give them money (cattle being lead to slaughter). Before you know it you are paying 25-55% of what you took out for the loan. All disguised as fees of different sorts. Hold on it gets worse… Let's say you hold a credit card with the same bank you have that savings account with and you are a great customer (can you hear me laughing?). The bank gives you a great credit card rate of 5.9%, do you realize they just took away your interest you earned on your money? You will leave some money on that card and more than likely, a lot more than you have in your savings account. So, now they are taking money from you and you agreed to all of this and you praise the bank. They just lent you your own money and charged you for it! (You are not the brightest bulb in the pack are you?).

Do you know what banks do with your money? They loan it to homeowners, potential homeowners, business and other banks. Yes, loans to other banks. These loans to other banks are called overnight loans. This is where they loan your money to other banks overnight when the other banks are short of cash to cover withdrawals for the day and make huge amounts of money on the interest and you get none of it. They loan your money to the others in the list and you also get none of that either. But you do get the 4.35% interest for the year after the bank has probably made hundreds or thousands of dollars using your money and you get $25.00. Now, that's what I call making your money work for you! (I am being facetious, can you tell?).

Now to add insult to injury there are laws that govern how much a bank can give you for interest and there are laws that govern how much they can charge for interest on your credit cards and loans. How come they differ so much 4.35% for you and 29.99% for them?

And the minimum interest that they charge on a credit card is always more than what they give you for interest on your money. Do you get the impression that these laws were made by that one percent of the population I was referring to earlier? I want you to think about this, the amount of interest that you can get (allowable by law) can go down by a lot but the interest the credit card companies get to charge you does not, in fact it increases. Which side of the scale do you really want to be on? And what do you do for them? You happily go forth and multiply (your debt) for them.

Do you know what happens at your bank when you write a check? You write a check to pay a bill then send it out in the mail. The company receives the check then deposits it into their account. That night the checks are processed by the banks processing centers (and you wondered why banks close at 3pm). The checks are settled with the FED[6] and the banks accounts are updated that night with the funds. Your account is debited that same night. Now if you were the one who deposited the check you may not see the funds in your account for three business days. This is called float. The banks get to use your money for those three business days interest free for their own purposes. This takes even longer with out of state banks (5 to 10 business days). Those float days are for the banks to get delivery of the physical documents.

With all this negativity towards banks, I am not telling you to take all your money and put it under your mattress. What I am telling you is to watch carefully what the banks are doing. Make sure you get something from the bank where you keep your money. Open a brokerage account, 401K plan, or an IRA (a Roth IRA is the best

[6] Federal Reserve – A bank for banks.

one). These things are free to setup and no fee to maintain. If by chance you have a considerable sum of money, make sure you get as much free stuff from your bank as you can (and I don't mean that free toaster). What I mean is free checking, free checking for immediate family members, free bank drafts, free transfers, online banking, better interest rates and the list goes on. If the bank can't give you what you want, look for a different bank, even if you need to look in another state. Do not let them take that which is yours, and let them know you will not tolerate all those nuisance fees. I say, if you have money and the bank wants your business, you can ask for anything you want. If you see something on the managers desk that you like ask for it, the worst they can say is No. So what!!! Make them say no.

Banks will sometimes run scams on you to get your money, but they call it business. What they will do is give you a checking account with what you think is a debit card that has the MasterCard logo on it. It is however not a debit card as you might imagine. They have changed the wording on the card to say “Check Card”. This is very important in the deception on how they process your transactions. The goal is to get fees from you for this “Free” card. The scam works like this. You use the card to purchase something, the vendor swipes the card and you have to sign a receipt for the charge; this is where the switcheroo comes in. It now acts like a credit card. Fine you say? Well, this is where a hold is placed on your account for the charge you signed for. If the vendor does not send the receipt to the bank in the allotted four days, this money will become available again. In this time you may think that the money was removed from your account because you believe you have used a debit card. Wrong, you haven't and when the hold is lifted that money becomes available again. The tricky part is even if you have online banking this transaction never shows up, so if you are not very careful or don't log this transaction in your checkbook and balance it, you may think you have more money in your account than you actually do. This is exactly what they want you to think. If you think this, you will go out and make other purchases, then when those receipts come in and you actually used the card as a check card again, the money will be removed from your account before the charges hit. You go overdrawn, and then they hit you with a 20-40 dollar charge for a bounced check. Hey, what check? You did not write a check you say! With a debit card they could not do this; for when you used the card the transaction would not have be approved and there would be no fee associated with that and the money would still be in the account to cover the other charges. But now they just changed the transaction to one where as if you wrote a physical check or used a credit card then when the transaction hits your account there was not enough money to cover the charge so they pay it then charge you a hefty fee for the **bounced check you never wrote...** Confusing? Just the way they like it. Funny how when you have a big corporation this is called business but if you are an individual or small company the same thing is called a **SCAM**. They changed the way the card had operated for years but never really told anyone about the change. All they had to do was print "Check Card" on it and let you think it was the same card that used to be a true debit card. With a true debit card the fees and shenanigans would not be possible, but then they couldn't take advantage of you and your money.

Here is a scam used by a few banks and one bank in particular that claims it is the first bank in Hawaii for Hawaiians. The scam goes like this; you have a check card with your checking account, each time you use it the bank checks to see if you have enough funds to cover the amount presented. The bank accepts the transaction and you think nothing of it. Now what happens in the back office of the bank is this; if you used your card as a debit card the dollar amount comes directly out of your account and the amount is posted on your statement activity[7]. The problem comes when you have used your check card as a credit card. A similar process is supposed to happen but does not. They do not place this transaction on your statement activity, but they do place a hold on the funds in your account. They claim that they cannot post this transaction to your statement activity, is it not activity? Their reason is that "the item was not presented yet". This is totally bogus; they should place this transaction on your statement activity then remove it only if the item is not presented. They do place a hold the amount of the transaction for about 4 days and if the item is not presented they release the funds. The real reason they do not put this item on your statement activity is they want you to forget you made this purchase. Why you ask? Well if you forget about this purchase because you never saw it on your statement activity and the item does not get presented to the bank in about 4 days they release the funds and you think you have more money in your account than you actually have because the vendor where you used your card with actually has about 30 days to present this item. You never saw the transactions on your statement activity, and when you check your account there is enough money in your account to purchase something you want, and you use the funds. Gottcha!!!, the item gets presented and you are now overdrawn and they will charge you anywhere between 20-40 dollars for an overdraft. They will then tell you that it is your responsibility to balance your account, relieving themselves of any responsibility to you. If you ask why they

[7] Statement Activity refers to online banking where you can review your account transaction anytime you log on to the banks website.

do not place the charged item on your statement activity, they may tell you that their system doesn’t do that. The real meaning is they **WON’T** let their system do it. They intentionally hide this information from you in hopes that you make a mistake and they can charge you and take your money from you. The good banks will put this information on your statement activity immediately. These are the banks you should really deal with, not the ones that will only try to use every excuse to take your money, then say it was your fault they are taking you money. The funny part is if you did this to them (or anyone else for that matter) you would probably be arrested and/or heavily fined, but they are allowed to do this to you (that one percent in action again). They seem to say this is business, but I believe they left out the monkey part. Do not accept this kind of treatment from your bank; it is your money. They are not trying to help you at all, no matter what they say. I have working in the banking/financial industry for over 25 years and know how banks processes should and could operate, so they really cannot slip things by me. But they always try and I call them on it… This bank has even attempted to charge me $27.50 for a 5 cent overdraft. Is this STUPID or what? This bank is not there to help the customers; it is there to rip them off in the guise of doing business. Do not deal with banks that play these types of games. Take control of your money back from them, after all it is YOUR money, even thought they act like they have more rights to your money than you do.

The Usefulness of Banks

Banks can be useful if you know what you are looking at and looking for. Online banking is often free at the banks. If it is not free at your bank then you might want to change where your keep your accounts. Not offering free online banking would be like the bank charging you for walking through their doors to use a teller. Ridiculous if you ask me, but people will find all kinds of reasons to give their money away by paying for something they should really get for free. It actually cost less for a bank to offer online banking than to have a teller and CS Representative at the branch. Online banking offers things such as opening accounts (IRA, Roth IRA, Checking, Savings, Money Market, CD's etc…) right from your computer at 3am if you like. If you decide that you want to open and fund your account, you can do it without having to stand in line or make an appointment. Account transfers are just as easy as going to an ATM without ever leaving your home. If you have a laptop and a mobile Internet connection you can take your bank with you wherever you go.

Trading stocks online is less expensive than using a broker. A trade using a broker (one that works for or with the bank) can be upwards of $85 per trade (for having a human take the information). They will most likely enter the information on a computer screen pretty much like the one you would use, so why pay for this? Trading online with your bank can be about $25 per trade. I find that the brokers that I speak with at the bank know much less than I do (which can be frustrating, annoying and very time consuming), so I would just save more than 66 percent in fees for doing it myself.

Online banking can offer you many free services that you don't have to wait in line to receive and you don't need schedule yourself to go to the branch during banking hours (9-3). The beauty of online banking is that you can take care of your banking when you want to even at 2 am. Have a problem, just send customer service a message and in a day or two, someone will respond. If you word your request for information smartly, even a lesser experienced CS representative can get you an somewhat reasonable answer or can figure out that the request is over their head and route the question to a more experienced CS Rep.

Community Minded Efforts

I am always surprised that families and communities don't take care of each other anymore. I come from a childhood background that if you did something wrong and your parents were not there, you would get punished by the neighbor and then when your parents got home you would get punished again… Double Jeopardy!!! This also fits into an old African saying "It takes a village to raise a child". Everything is so me, me these days. Selfishness has taken over, and with babies raising babies there is not much learned knowledge that can be passed along. I am going to give you some ideas here that if there are any "Village Elders" left, they should gather the people and get them to listen.

Do you realize that with poverty on the rise that families don't have decent places to stay or enough food to eat? This can be taken care of if people only worked together instead of against each other. Here is my idea. Let's say that there were 30 families that were barely keeping their heads above water. Now, if these 30 families got together to form a corporation so to speak, and this corporation was setup to be a general store. These families could contribute money to the corporation to purchase food at wholesale prices. Then the corporation would give the food to the contributing families which would be much more than they could go to the supermarket and purchase (up to twice as much). Now, the families would not get all the food, some would be left in the corporation's general store for sale to other outside families at a reduced price but it would turn a profit that would go to purchase more food for the contributing families or for outright sale.

Since all the families in the corporation would be stock holders, each family would also be privy to a share of any profits that were made from the sale of the extra food. This money could go to pay other bills or re-invest into other areas with the same concept. In this way the community could take care of its own and prosper while doing so. Let's look into some numbers for this concept. We have 30 working families; let's say they all donated $10.00 a week to this fund. That's $300.00 a week going into the fund or $1200.00 a month. Let's now say that for simplicity sake that the "store" ordered 1200 items costing $1.00 each wholesale and that they would normally sell for $2.00 retail. Each family would get $10.00 worth of merchandise, but we will increase the cost of each item for the family 20% to the cost of $1.20 per item. The family would get 8.33 items for the $10.00 they added to the fund instead of the 5 items they would have been able to purchase from the supermarket at regular prices. This would net the store 80 cents from each family or $24.00 for all 30 families' contributions. You might say that that is not a lot of money but look at it this way; each family paid less for their food, got more of it and the corporation made money. All these things are good for your family and community. Now take that $24.00 profit and purchase 24 more dollar items and sell them to the outside families for $1.50; that would yield $36.00. Not much but you need to think of volume. Do this ten times and its $360.00 and so on. The corporation has started to make a profit for helping the community eat at a lower cost. In my opinion everyone wins especially since each family is a stock holder in the corporation and the profits are now part of their accumulation of wealth. With this model if each family contributed their weekly food allowance they would get 33%

or 1/3 more food with the same amount of money they were spending on food anyway and make a small group profit also.

Now, in this **"General Store"** I believe the subsidy to each family would be enormous. This food could be stored in a Self Storage location until it was distributed and/or sold. This would be a community/family business. I believe that the outside families would rather purchase this reduced cost food than going to the chain supermarkets with higher prices. This example was with just $10.00 a week. Most families spend ten times that. So, the $1200 a month would jump to $12,000 a month. Do you think that some food company would want that business and will give the "general store" good deals on the food that would be purchased?

Now this idea was just with food. It could also be done with clothing, household goods and even domiciles. This idea would use the money and tax management concepts I referred to back in the Beauty of Corporations.

The Power of Numbers

One drop of water is seemingly insignificant; however when combined with many other drops of water they helped to sculpt the Earth's surface and some of it's subterranean areas. With that principal in mind, if families and communities banded together they would have some power with the ever growing, large faceless corporations. Imagine the discounts that could be had if those same 30 families I referred to earlier used the same services, such as a cell phone provider. One person speaking for so many would have an effect that you would not believe. Imagine the power you would have with a provider if you wanted to switch 30-100 phones at one time because of bad service. You could even negotiate better rates and services for them to keep your business. As long as we stay individuals, the corporations will have all the power. It's time to take some of it back. In business nothing is set in stone, everything can be negotiated; all you need is the proper leverage. As individuals you have little power to do this, but as a group you will have substantially more power.

Lyrics by James Brown best describe best the ideas which need to be done in a community.

From the song Funky President:

We got to get together, and buy some land.
And raise our food, just like the man.
Save our money, do like the mob.
Put up a factory, and own the job.

Customer Service or is it Customer Disservice?

Out-sourcing Sucks!!! The guy who thought of this idea should have his job out-sourced. I would love to see the look on his face if he went home one day and his family told him he had been out-sourced! Have you ever called customer service just to get someone who you can't understand and who can't understand you? How is that supposed to help? Once upon a time there was a saying that "The customer is always right!" now it's more like "The customer is always wrong!" Gone are the days of the "mom and pop shops" that actually needed your business and would actually give you great service to show that fact. Corporations today have brought out or ran the small shops out of business and therefore don't actually need your business (who else are you going to use?).

These same companies make sure that if something goes wrong you can't find the correct person with the knowledge to correct it (this is not an accident, it is planned). They will shuffle you around to different people and each person will have you start over your explanation of the problem from the beginning (like it's the first time they have heard of a problem, such an oddity!). This is probably done to infuriate you into quitting your quest for a solution and just pay. Why don't any of their records show what the problem actually is, since you have called before? But if you made an error it is documenting in 15 different locations in every department and everyone at the company knows about it when you call. If you don't believe me try missing a payment or two… I am sure they will get you to the correct person in the correct department to speak with fast to get payment. If you have a problem with a bill that was over-charged, good luck, it's your fault the bill is so much (that's the attitude you will probably get). Big corporation have no responsibility to families or communities all they care about is draining all the capital they can from the families and community. They design products to break easily so that you need to replace them every so often. They provide sub par services, long lines and a list of other poor services. But what are you going to do, go to the competitor? They do exactly the same thing. As it stands in the world of today, who you think may be the competitor may actually be the same company. You are just taking from their left pocket to put in their right pocket. So, do you think they really care?

One day I was in Bloomingdales[8] in a mall in NY and I heard an irate customer state to the sales clerk, “How can they charge that much for that, I am never going to shop in this store again. I am going to shop at Macy’s from now on!” Now ignorance being bliss, she thought she was actually going to hurt someone with this move or that someone would even care. I guess she expected someone to chase her to the door in an attempt to get her business back. She did not realize that Bloomingdales and Macy’s were owned by the same corporation (Federated). So, she was not doing anything that anyone really cared about (at least not Federated). But as you can see being an astute investor you would possibly know facts like these and they may possibly help you make a wise investment one day or at least help you to not make dumb statements.

As I referred to earlier, that it was not an accident you get shuffled around… If you don’t believe this, the next time you are paying bills take a look at where the payment processing center is. I would bet more often than not the payment center is in different state

[8] An upscale department store in the New York area also referred to as Bloomy’s.

from the one in which you live in (or in a remote location in your state). This is to make sure that when you have problems you just can't walk into their office or even better yet you can't readily sue them for whatever they do or don't do. You see, the laws are that you have to go to the state and county where they your account is handled to sue. So since you don't live in that state, you are in for a world of financial dilemmas attempting to sue them, making it not feasible for you to do so. The processing center in your state is most likely for another state for the very same reason.

These big corporations have very little concern for the customers. You are just cattle being herded for slaughter to them. Their real concerns are their stock holders (this is why you should be one). They must generate profits to please the stock holders anyway they can. If this means denying you of good customer service and have your call routed to another country because labor is so cheap there, then so be it. As long as you keep paying for it, who cares. I have **NEVER** had one of these out-sourced phone calls go well. A recording would have done a better job. I cringe every time I must call customer service for my bank or any company for that matter. You know customer service can be handled in emails very effectively. I know most times I don't need an immediate answer to a situation (and besides it 2 am), but you know the reason why some companies discourage this or just do not allow this? For if they actually put something in writing and they were wrong you would have proof (and they don't want that!). You don't have this with a phone call. So, it's back to the customer is always wrong… and they can just deny any and everything. This problem is going to get worse in the online world. Since you have to log on and make the changes yourself, you are responsible for any mistakes, even if you don't understand their business. You will basically have to read everything on their website to make sure you didn't miss something or agree to something just by using the site. And don't think they will be clear about anything; after all they are attempting to trick you into paying for something.

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The Power of Knowledge

I may never have to really worry about money. Not because I have so much of it, I don't, but because I know how to make a dollar out of fifteen cents. If you know how to make money you will never really be broke. You can lose everything you have and with your knowledge and a little confidence, you can get it all back and even more. It may take some time and you may have some difficulties, but you always know that you can do it. Just remember, they can take away all your money, but no one can take away your knowledge of how to make money.

Teaching the understanding of finances and how money works is what I hope to accomplish with this book, private sessions and in my training sessions. I go by the old saying that **"If you give a person a fish, they eat for a day. Teach them to fish and they eat for life!"** I am attempting to teach you to fish, figuratively speaking. Having only a job to rely on is like someone giving you fish on a weekly basis. Once they stop giving you the fish, now what do you eat? Where will the fish come from now? You never learned to fish… Some would say that if they lost their job, that would be the time to learn how to make money. To me, that would be like being in the middle of the ocean then beginning to read a "learn to swim book" while the ship is going down. I would like to have learned to swim beforehand in the relative safety of a pool, where I could fail, not drown and start over again if I didn't quite get it correct.

What is knowledge anyway and why is it so important? Basically it keeps you from having to repeat the same things over and over in the hopes of getting it right. It also really cuts down on making really big mistakes because you learn from the mistakes of others. Therefore you will tend to get things done faster and better. You may not always know what to do but you will generally know what not to do… Knowledge can be the difference in good or bad luck. What is my definition of good and bad luck? A person's prior preparation and the way they take advantage of the situation or the way the situation takes advantage of them. The same situation could exist with different outcomes.

Situation: A record company needs a singer and offers you a lucrative singing contract… you accept.

Good Luck: You were singing since childhood and are very good.
Bad Luck: You can't sing and get caught lip syncing.

As you can see the situation never changed, they both have the exact same situation but… It was the preparedness and actions that changed the outcome not anything else. Knowledge I believe would have kept the person that could not sing from making a huge mistake thinking that no one would notice. I think that knowing how to make money is more important than how much money you make on your job. You can have a job also but you should not be totally dependant on it. It is a very satisfying feeling when you know you can make more money than your job pays you (if you want to). You don't have to make money all the time but it is good to know if you need some you can make it and not by getting another job or hoping for a raise.

Knowledge can be a scary thing, beliefs can be even scarier. So don't open the doors of knowledge unless you are prepared to walk in. Knowledge has the ability to change everything, even how you think. On the other side, if ones mind is closed, nothing can enter it or change how it thinks. Imagine this; there are three things, your hand, an empty glass and a picture of water. Your mind is represented by the empty glass and knowledge is represented the picture of water. If you take your hand and cover the glass (making it a closed mind) you can attempt to pour all the water you want into the glass and none or very little will ever appear in the glass. This is exactly how a closed mind works. This is not very smart. This is why beliefs are even scarier than knowledge; beliefs mainly operate in closed minds. For if one believes something intently, no amount of sense or facts can change what they think. A belief requires no proof to exist whatsoever, so you cannot disprove it, even with a mountain of evidence. The closed mind will not accept it, like the water rolling off the back of your hand. So it is very important that you not believe that there is nothing you can do about your financial future. With the power of knowledge you can change your future and nothing can get in your way to stop you from achieving this goal. Things may slow you down but nothing will stop you.

Rebates, Why Would You Want One?

I do not purchase products with mail in rebates. Why? Because I believe these procedures are just rip-offs to the consumer. If the company wanted to give you a discount they would not disguise it as a rebate. They would just give it to you at the point of purchase. What is a rebate really? Why do they play this game? A rebate is a system that is designed to get your hard earned money. How it works is you pay upfront (most likely overpay) for a product and the company sends you a check at a later date. That is if you fill out the rebate form, cut off the proper portion of the package, photocopy the original receipt[9] and mail it in before a certain date. If any of these things are done incorrectly or incompletely you lose the rebate (this is actually what they want, why else would they put you through this nonsense).

Now, tracking the rebate is another problem. The normal rebate procedure takes from 6-8 weeks. Just time enough for you to forget about it and they can keep the money. Some companies are better at allowing you to track the rebate. They will use a third party company that you can contact via the web or phone to track your rebate. But if anything goes wrong, like any of the information is missing or incorrect or the procedure to get the rebate was not followed exactly, you lose the rebate, no second chances (that's nice of them). I just for-go all of this and only purchase products with in-store rebates that you don't need to send off for or product that have no rebates at all. Why would you want to go through the hassle of rebates? They are probably just over charging you anyway, then they will just give back

[9] They use to want you to mail the original receipt, this way you couldn't return the product even if it were defective.

what they over-charged you for in the first place (if you jump through enough hoops), otherwise it is called profit for the company.

Things You Should Know About Credit

Most people have severe misunderstandings about credit which leads to a severe misuse of it. Do you think that you need credit to live? Sometimes you may need it, but not generally. Credit can also be a tracking device for Big Brother. Do you realize you can be tracked everywhere you use it? Tracked with where you are, what you are doing or purchasing with it when you use it? Talk about no privacy… If someone wants to find you, they just need to check your credit card usage and they will narrow the search.

In general, you don't need credit unless you are purchasing a really big ticket item like that house you want to live in or possibly a vehicle. Other than that I don't see a reason you need it. If you want to stay out of debt you should not spend more money than you have. I know it sounds simple but it's the simple things that people overlook. If you don't have the money for that Plasma TV, wait till you do. Find a way to make the money to purchase it without going into debt. Too much hard work you say? Not really. Once you learn to invest you can learn to speculate. What is speculation? That just means that you will attempt to anticipate the movements of a particular area of a market over a short period of time and then place yourself in position to take advantage of it. This is where you can make lots of money quickly. The market does not have to be the stock market. It can be any market such as real estate, computers, dairy… anything.

Now back to the credit issue… I realize that you already have credit and possibly problems with it. I will attempt to assist you in this matter. Do you know your credit score? Do you know what it's called? It's called a FICO score and it was developed by Fair Isaac & Co. A FICO score above 650 is considered good, Above 700 Excellent. Do you know what affects this number? If you apply for credit too many times in a short period of time, it can hurt your score. If the amount of credit you have available is more than your income it can hurt you score. And of course those late payment really hurt. What helps? Any credit accounts that you have had for a long time and kept current (the longer the better), and of course all those accounts with the on time payments. Having more income than available credit debt really helps.

There are three different major credit reporting agencies, Equifax, Trans Union and Experian. You should regularly check to see what is on your credit report. You can get an absolutely free credit report each time you are denied credit from a lender using these credit reporting agencies. How you do this is when you receive the denial letter from the lender, it will tell you which credit reporting agency they have used. Write a letter to this CRA[10] and request a credit report. You will need to give them your current address, social security number, date of birth and who denied credit to you and when. That's it; you can get a credit report each time you are denied for free. If you want to pay for a credit report; you can get one from each CRA or you can get a combination report that reports from all three. You can get one free credit report per year without being denied credit, so use it. Visit their websites for more details (www.equifax.com, www.transunion.com and www.experian.com), but avoid anything where they are selling you something. If you need a credit report right now then you will have to pay about 8-15 dollars for the online report. Avoid the credit watch services; if you want to

[10] Credit Reporting Agency

spend that kind of money you can just get the credit report yourself. The credit watch services just let you know when something has been added, deleted or if someone looks at your credit report for credit worthiness. Unless you are having identity theft and/or fraud problems, this service is a waste for the normal person.

If you use one of the "Free" online credit report companies, please read anything online that they have regarding your rights and usage of the site. Some online credit reporting websites will attempt to get you to give away your rights to privacy by using their websites (simple by logging onto their sites) in order to get a free report. Your information will be shared with just about everyone and can actually be sold also. If you need to purchase something to get the **free** credit report, don't you dare do it! If you are not sure, use the tried and true method of making the request in writing to one or all three major credit reporting agencies. You can't be tricked into anything that way.

After you get your credit report, if you see something on your credit report that is not accurate, report this dispute to the credit reporting agency in writing (you can also report this dispute online). In most cases they will research it and remove it if it is truly incorrect. Ask them to remove outdated closed accounts, they do not help and may actually hurt you. Each person's credit report probably contains about three incorrect things, including inaccurate addresses, employers and credit accounts. Remember they do not care if your credit report is accurate; having it accurate is your job.

Missing a payment or just being late on a payment on any outstanding debt that is on your credit report can lead to one or all your credit card companies raising your interest rate to the maximum without notice. It doesn't even have to be the credit card company that you are late paying it could be any one of the other accounts that appears on your credit report. This is another benefit to having a debit card and not a credit card. Read your credit card agreements carefully. You don't even have to sign it for it to be legal. All you have to do is use the credit card after you have received the agreement and you have accepted the terms. They will routinely send these agreements in the mail with your statement and they are long and with small print. So, if you just throw those documents away when you get them, you have no idea of what you have just agreed to and it will also be legally binding the next time you use that credit card. Remember, the law is not to protect the consumer; it is to protect the businesses.

What Happens When a Credit Card is Used

If you want to travel, rent a car, hotel room or purchase airline tickets you need a credit card these days (you can also use your debit card with the MasterCard logo like a credit card with most companies). There is a reason for this and it has to do with businesses not wanting to have to deal with phony reservations or people who would make reservations and not show up. Just image what would happen to a business if they held reservations for people who never showed up? Other people who wanted the service would be turned away and the business would not make income on the reserved service. A business could go bankrupt if they were not able to collect for no shows.

What a business does when they take your reservation is take your credit card number in case you are a no show (to make sure you are a real person), then they can charge you for the reserved service anyway if you don't show up or cancel outside of the required cancellation times. When you arrive at your destination the business will charge your credit card for the full dollar amount of the service or a pro rated figure. This is to check if you have enough money to cover the fees or a portion thereof. This charge on your account for the dollar amount requested is held for about 4 days, while the credit card company waits for the credit card receipt for the service from the issuer. If the credit card company does not receive this receipt in about 4 days, they will release the charge for the dollar amount that was held and that money will become available again.

Things You Should Know About Debit Cards

Do you realize that you can use debit cards just as you would a credit card and you can only spend the money that you actually have? Well almost, banks are starting to allow you to spend more than you have in your account and then you get hit with overdraft fees (you still have to watch those banks). These types of transactions happen if you use your card to purchase gas at the pump (and some other credit type of transactions). What happens is a hold is placed on your account for one dollar (even though you purchased $50 worth of gas. A few days go by and then if the credit card company does not receive the purchase slips, you won't get debited for the other 49 dollars and the one dollar is credited back to your account. If you check your account you will be $50 over what you should have but you did not notice that the gas purchase was not taken out yet and you spend that $50 again. Now you are overdrawn and they have you! Fees, fees and more fees, so be careful, you might want to let the clerk inside debit the card for the full amount so that you won't run into this problem.

Debit cards don't offer the same purchase protection that credit cards do. It is a little more difficult to do a charge-back[11] to a vendor for undelivered or bad goods. With a credit card the card company fights for you, with a debit card you may need to fight for yourself. What this actually means is that with a credit card if something happens you can stop payment on the item and the vendor will have to fight with the credit card company for payment. With a debit card,

[11] When there is a dispute with a vendor you attempt to resolve it with the vendor then call the credit card company and they credit your account and debit the vendors account for that amount.

the money is already deducted from your account and you would have to attempt to get it back from the vendor, the bank will not help in these matters and you are on your own. So, if you will be using a debit card make sure you only use it with reputable vendors.

Things You Should Know About Gift Cards

This is a con if I have ever seen one. You go to your local department store to get a gift for someone, you can't make up your mind on the gift so you decide to purchase a gift card and let them pick out there own gift. This sounds like a good idea and a convenience. It is if the person uses the card quickly, but if they do not the card may have an expiration date, a monthly fee for non usage or even a fee to use it to purchase something. Please read these terms very careful before purchasing the card. The person you give the card to may not have a use for that type of store and it may take some time for them to use it, costing them money to do so.

The next problem is if the store or the card company files for bankruptcy, the money will be lost. You will not get any of that money back and it will be a wasted gift. It would seem that an American Express Travelers Check or a Visa Gift Card would be a better choice, for the cards can be used at any store that accepts the card and it would be less likely that one of these companies would file for bankruptcy causing you to lose your money.

Credit Traps

You've just received that new credit card application in the mail for 0% interest on balance transfers. You rush to fill it out and get your balance transferred from your 16.9% interest credit card. You think you are safe now, maybe even a little smarter. But lo and behold you may not be. Just be late with one payment and the rate could jump to as high as 29.9% without notice. It's all in the details… Read everything before you sign. You could be slammed with higher rates than you currently have. The other thing with those cards is that the 0% interest is only good for a few months. If you don't watch this date you will get slammed with higher rates at the end of the term, even if you make every payment on time.

Credit is designed to entrap you. Just about all credit is laced with high fees for late payments to interest rate hikes. It is more likely that you will be late or miss payments than it is for you to make every single payment on time. It was found that the creditors can get more money from you by adding high fees since the interest they can charge has a legal limit. There is no limit to what they can charge you for fees, just for interest. This is probably the reason banks change their credit card billing cycles occasionally to catch you off guard and collect fees. Changing those dates sometimes really messes up your payment cycle the date you get paid may not correspond to the new billing cycle or your automatic bill payments you make will be off schedule. This is not done with mortgages with the same banks. You do know that with any credit if you miss as much as one payment your creditor can call the whole loan due if they want to? It is not normally done but it can be. Want to add insult to injury? Credit card companies have started to charge their customers with higher interest rates even if you are late with a competitor's credit card payment. They have even sunken to new lows for they check your credit report to see if you are late with any payment then pushing your credit card interest rates to the highest rates allowable by law. So much for being a good customer…

What is credit anyway? I call it an agreement to pay more than something is worth because you may not be able to outright purchase it. Sounds crazy to me that someone would want to pay more for something than it is worth on a regular basis, but that's just me... It's like going to the store, seeing a brand new plasma TV that you want with a price tags that says it sells for $2000.00 then you go looking for a sales person saying to them "Please I want to buy that TV but I want to pay $2225.00 for it!" That's what a little over 11 percent looks like.

Most people fall into the trap of thinking that they can pay their outstanding credit card bill within the grace period, thereby avoiding any interest accruing on the account. Yes, this can be done but have one financial problem or forget once and this deal is dead. This is not a plan unless you planned on falling into the trap.

Credit Repair, Can It Be Done?

If you have bad credit, can you repair it? The answer is No! In my option, repair suggests that something can be made good as new, almost like new or good again. You can't make your credit like new or good in a short period of time. What you can do is to possibly make it more appealing to a lender or better said, not as bad. This can be done by removing old or inaccurate information. If the information cannot be verified, the credit reporting agency by law has to remove it. So don't be afraid to ask (in writing) if you see something inaccurate or dated. This can be anything from a company that went out of business (this information most likely cannot be verified) to a small company that was brought out by a large corporation (very old records do get lost). The companies have a specific time limit (usually 30 days) in which to verify your account once the credit reporting agency asks for the information. If it cannot be verified in that time limit the account is removed from your credit file. If the company later finds the missing data they can reapply for it to be placed back on your credit file (this almost never happens since they probably wrote it off long ago).

This is the best you can do. You can't add good credit information to your report (well, not legally anyway). There are some credit repair companies that will attempt to get you to pay them to repair your credit. They may even provide false information and accounts to the credit bureau on your behalf to make it appear that you have accounts in good standing which could boost your credit rating. They will sometimes create a new credit identity for you that will contain no credit information then add new accounts to it to make it seem like you have good credit. This is fraud so you really should not venture down this crooked road.

The better credit repair companies will basically do the things that I have suggested in the first paragraph. These are things that you could do yourself and save yourself a hefty fee. This is what we are really after anyway. You can then stop throwing money away so that you will have more to invest.

Assets vs. Liabilities

There are common mistakes concerning assets vs. liabilities. Let's make a list of a few things most people view as assets and liabilities:

Assets:

Vehicle
House
Bank Accounts
Stocks and Bonds
Real Estate

Liabilities:

Loans
Credit Cards
Household Bills (electric, gas, oil, groceries etc…)
Fuel for Vehicle
Child Care

But the truth of the matter is that some of the things on your Assets list are actually liabilities. They are only used as an asset if you want to go into debt. Let's look at it this way; your house and vehicle are really liabilities. Why do I say this? I consider anything that is not making you money and you **have** to keep putting money into a liability. In my opinion assets take care of themselves (or at least don't cost you more money) and may even make you a few dollars. The house and car (unless they are totally paid for) have loans associated with them. Just stop paying for those things as see what a liability they really are. With your bank account, stocks and bonds you can stop putting money in and they don't cost you anymore and you may even make a few dollars (real assets in my book). Real estate can be in either column depending on how it is structured. If it is rental properties that pay for themselves then it's an asset, if you have to pay for it monthly out of your own pocket, then it's a liability.

So do you know why these obvious liabilities make it to the assets column? It's because if you take out a loan and default on it they can take it from you or make sure that when you sell it they get paid first. So it's really an asset to them not you! They never have to make any payments on it (no out of pocket cost) and they get to keep it or force you to sell it if you default (they make a few dollars).

Just take a look at the liability column. What is in the list that they would want? Your credit card debt? Your electric bill? I don't think so… I believe there would be nothing in the list they would want. That is why the house and vehicles are listed in the assets column. So when considering your net worth, reevaluate just what you are calculating it for; is it for gaining wealth or going into debt.

Real wealth is calculated by how much cash you can get your hands on quickly without taking out a loan or using credit. Your house should not be part of that equation, unless you plan on living out of doors for a while. This should not be confused with credit worthiness. That is a formula to see how much debt you can afford, not how wealthy you are. I personally know a person who makes only about 20 thousand dollars a year but has over 100 thousand dollars of available credit on credit cards. What sense does this actually make? The only time this type of scenario would ever make any sense would be if the person holding the credit was going to use it to fund money making ventures, perhaps start a business. Most people who are in this exact position will go broke protecting a good credit report and will not have any cash in the bank to speak of. Protect your money not a report!

Money Management

What is the big deal with managing your money? Well, for one thing, if you manage it well you won't spend more than you currently have and you will get better use out of what you do have. Most people are in the habit of making a dime and spending a quarter. Any second grader will tell you this math doesn't add up. There is only a matter of time before that house of cards collapses in on itself. What can you do about this and how can you break this downward spiral? This is going to be the toughest part of getting you turned around. It will take about 5 year to get this done properly. If you are determined, this time can be shortened a bit.

What do you need to do? You need to start with a pen or pencil and pad (a spreadsheet if you are computer savvy). This is what I want you to do; go through all your bills and expenditures to collect all the monthly payments that should be made (quite different than the payments you actually make). Put them in one column then add them up. Do the same with all your income. Immediately you will notice a huge gap in the numbers that you have. This difference is what we need to eliminate or at least cut down on for now. I am guessing that you have in your bills column things like rent, food, gas, car payments and things of that nature, but I am also guessing that you also have things like magazines, assorted fees, small loans and many other miscellaneous things.

There are a few things that you can do now. Either you can decrease what goes out, increase what comes in or both. If you want to effectively manage your money you need to work on decreasing what goes out even if you increase what comes in. This will haunt you till the day you die if you don't get a handle on this. The expenses you have can multiply exponentially while the income most definitely will not. Think about this; your income can suddenly stop however your bills will most likely never do this. So you need to keep expenses under close control at all times. Since I can't readily see what expenses you have listed, I will have to trust that you have honestly put them all in. Now, let's start with the eliminations, what can you do without from your expense list? Do not eliminate fun and entertainment from your life. These are very necessary or what's the point of living? But let's not go overboard here either.

As I mentioned earlier, you can cut out one Latte a week or a pack of cigarettes (or other such expenditures). You can contemplate not having such an expensive car. Sacrifices will have to be made, its better that you make them willingly before the finance companies and other debtors force them into existence for you or you stress out trying to keep up the payments. If the finance companies make the choice for you, you might still be required to pay for things that you don't have in your possession anymore (not a good move). You will have to think about the bad things as well as the good. Any good decision maker will do this and base their choices on the available facts instead of on emotions.

Is there anything that you could sell to pay off the loan associated with it? Or sell something to pay off an open loan? You can always get these types of things back (or newer ones). This may free up a good chunk of change for you. Remember the goal is to get the expense column to be less than the income column. In this way you won't have to work as hard (job) to get to where you want to go and you will be happier without all the unnecessary stress. The Joneses won't be impressed, but who cares! If done correctly and you invest properly in those five years of sacrifice you may not need to sacrifice again (or at least not as often). Remember the financial training I talked about earlier… Well, it's boot camp time! Get in line soldier, drop and give me twenty (push-ups not dollars). This is one time that if you have bad credit; it can actually work in your favor, for no one will give you more credit in which to entrap you further so your debt should not increase unless you work really hard at making it happen.

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Congratulations… You are Pre-Approved!

You are pre-approved. No application will be rejected. All applications will be accepted no matter what the state of your credit. I will be really upset at you if you fall for this non-sense. What this really means is that they will take your credit application, not that they will give you any credit. And if they do give you credit, the interest rate may be so high you could get a nose bleed. They will not refuse you but you should refuse them. This is a tactic used to snare the people with not so good credit (and the not so bright).

What the deception here is, when you talk to them about that loan all they will really only talk about are the payments. What can you afford? They get your mind off the interest for the sake of a payment amount which will probably be very high interest, fees and extras added anyway and if you default on the loan the finance company gets to take back what was sold to you that you have probably mostly paid for and they get to find a new victim to sell it to again.

Another scam is that you get an application in the mail that states that your application has been pre-approved. Yes, this is true. They pre-approved for the application to be sent to you, but your credit has not been pre-approved. This is just a ploy to get you to fill out the application so that the can run a credit report on you to see if they can give you credit and to get personal information from you that they can sell to someone else, so that they can send you more junk mail to try to get you to fall into the credit debt trap.

If you decide to take the credit, pay close attention to the interest. After all it's what you want to make, not give away. Remember those columns of expenses and income? Your expense interest here will be higher than any income interest that you make on your money. Maybe even more than **ALL** your income interest combined for this one account. I have seen people that say they are getting a good interest rate on their credit cards. When I ask them what that interest rate is, they tell me numbers like 10% - 12%. I fail to understand how paying more interest than you make is good. You are still in the hole, more outflow than inflow. Yet, they are happy doing this… Please don't fall for these tricks and gimmicks, Just Say No!

Debt Consolidation Loans

This is basically a second mortgage on your house that you take out to pay off credit card and other debt. There are plenty of businesses that will come running with aid in the guise of you getting out of debt. This reminds me of a statement Mason Verger said in the movie Hannibal **"When the rabbit cries out for help, the fox comes a running, but not to help"**. This statement emphasizes what will really happen to you. Since they know you really need the money, they will offer high interest rates and other assorted fees that will be rolled into the loan and what they will have you concentrate is the payments that you can afford. Often the combined assorted fees that they will charge can be anywhere from 5 to 15 thousand dollars or more. How is this help? Well, it helps them doesn't it? Do you really think you can get out of debt by getting in deeper? It may be temporary relief, but you will have a thirty year loan to pay off and those credit cards will not magically disappear will they? You will use them and get yourself back in debt again and you will still have the same income to pay for all that new debt too. Not a real smart choice.

I am not saying don't do it if you really have to, but if you do not have a plan in place for staying out of debt… it's a waste of good money if you go back into debt again. You could use that same money that they will charge you to pay someone like me to help you create a real working plan where you would see results almost immediately (not a pipe dream) to have your money and assets make money to pay your debts; not to borrow more money to give away to debtors. That would truly be an investment in yourself and your future, and the best part with that plan could be that there may not be any out of pocket cost for the services; someone else might actually be paying for it. How's that for a plan?

Sale, Is it really a Sale?

So, you go to the department store and you see signs all over the place, SALE 30% OFF. Your eyes light up, your heart beats faster, are you really getting a sale or are you just being sold? How can you tell? If you don’t already know what the store charges for those items at their regular price, how are you supposed to know if it is a real sale or not? It could be that they raised the original price and then when you take the 30% off you get the everyday price. That’s no sale… So, before you go off on a spending frenzy… be sure of what you are really being asked to pay for.

Here is how most sale scams work. The original manufacturer sells the stores a product, sometimes they make a suggestion on what this product should sell for; this is called Manufacturers Suggested Retail Price or MSRP for short. The store now places its price tag on the product. It may not be the MSRP but a percentage of it, let’s say 75% of the MSRP or 25% off the MSRP. Let translate this into real numbers for ease of understanding. The MSRP is $100.00; the store sells the item for $75.00. In the future the store has a sale; they place signs all over the place stating that the sale is 30% off. You would naturally thing that it would be 30% off the $75.00 price making the new price $52.50, but it is not. What you will most likely see is 30% off the original MSRP which would be a price of $70.00, only a $5.00 difference. Not such a savings or sale, but it will bring customers into the store and if they don’t know the original selling price of the item, it is easy to see how they will be tricked.

What confuses people the most at a sale with 30% off is how to do the math. The math is really simple if you take it apart and use it in pieces. It is not as confusing as it sounds and you can do it in your head. Let me explain; everyone can figure out what 10% of a price is (well, almost everyone). Basically, move the decimal over one place to the left. That new number is 10% of the original price. Now multiple that by three or add it together three times whichever is easier (you can round off any numbers to make it easier to manage). That new number is 30% of the original price, simple huh? Ok, now subtract that amount from the original price and you have the price they want you to pay. You must know the general cost of the item before the sale to know if you are getting a bargain during the sale. You can do this same procedure with any sale percentage. For example 25% off is two times the 10% number plus half of the 10% number. You should never be confused in the stores again, even if the signs say 23% off. It is just as easy to figure out; you would get the ten percent part of the number, multiply that by two then move the decimal to the left again (on the original number) to get the 1% part of the equation then multiply that number by three, add them together and you will have 23% off.

For Your Convenience…

I know you have seen it before, a company sends you a statement and in the mailing it states; we can automatically deduct the fee from your checking account "for your convenience..." Be very careful here, it is not your convenience they are worried about. Once you give them authorization to debit your checking account you basically cannot get them out of it, if they do not want to leave willingly. If you have a dispute with them for any reason, they will continue to take the money from your account and there is nothing you can do to stop them. You would have to close the checking account that they have access to and open another one to get rid of them. Also if they send the debit and you do not have enough money in the account you may get double charged in fees. Your bank may charge you for a bounced check or debit and the company that debited your account may charge you for the debit being rejected and/or the payment being late. What makes this disastrous is if there wasn't enough money in the account they may try again the next day. Now the fee could really start to really add up here (is this really a convenience?). If you have free online banking you can automatically send them a check **"for your convenience"** for free.

So be very careful to whom you give access to automatically debit your account. Personally, I would not give anyone that privilege. I use online banking (which is free for me) and could easily setup an automatic payment schedule that will not charge me any fees if the money is not available. Many times the vendor has an account with the same banking institution and the payment will be electronically transferred to their account, saving time (now this is for your convenience). Also if the bank sends out a check for you there is no postage that you need to pay for, so you save there also. Every dime you keep from giving away is a dime you get to use for yourself, possibly to invest (ok, you can pay a bill with this one). Remember it's all in the small details; it's the little things like this that will make or break you. You won't readily see your money going out the door, but it leaves just the same.

Financial Slavery

Financial Slavery, what exactly is this? Did you ever learn what an indentured servant was? Well, it never went away it just changed themes and no one talks about it. I will give a very basic explanation as to what an indentured servant is. This is a person who would work for another person or company for a set amount of time for no wages (or very little wages) and in exchange would get food, clothing, housing etc in return. Generally the employer would sell to the servant goods that they needed (at high cost but would not readily let the servant know the cost) and no matter what the employer paid the servant (if anything at all), the servant would always owe more money to the employer than they made or would work off. This would eventually make them need to work for the employer for an even longer period of time to pay off the debt.

How this sometimes worked was that there was a company store and it would give the employees credit to purchase the items the person needed (very high prices and were usually never discussed). So, the servant would work from dawn to dusk everyday and at the end of the period of time of their servitude they would owe the employer more money so they had to keep working to pay off the employer's debt. In this way the employer always had a workforce because the employees always owed them money. A self sustaining debt structure; the more you work and purchase the things you needed, the more you owe and have to keep working.

This is very similar to things that are happening today, but on a different scale and in a different arena. It happens not with just for one company (that's illegal now), but if there are many companies (that's legal somehow). Think about it. You probably owe gas, electric, housing etc and you just can't get from under their foot. You can't stop paying for these things (somehow that's illegal). If you don't believe me just try to live in a house (or a tent for that matter) without gas and electricity and not paying anyone. Someone somewhere will be making a petition to get you out of there and all because no one is making money from your existence. So you are forced to pay for these things and guess what? You have to get a job now… Forced work is a slavery of sorts, isn't it? And for all intensive purposes you are indentured to these companies, correct?

I remember working at my first real job. It was a factory that I moved into the front office to program the computer. I started wearing suits (they probably thought that I did not own any) and one of the owners of the company said to me "We don't pay you enough to dress that well. You dress better than we do" This was the best compliment that he could have given me. This meant that they realized that I could get by without the money that that were paying me because I had other income. It was then I realized that the reason they treated me better for they knew that they had little or no control over me financially. So when time came for me to ask for a raise (3 dollars an hour more) they knew that I asked because I though I deserved it not because I needed it and it was granted without fuss. If they thought that I needed money, I probably would not have gotten as much and/or had a hard time getting it. No financial slavery there…

Identity Theft

This is one of the only times when bad credit will help you. Who would want the identity of a person with bad credit? They can't purchase anything; get credit cards or any of the other things identity theft is infamous for. You are in the clear!!! But since we are attempting to get you back to a condition where you will look good to creditors; this is something you may want to watch out for when you get to that point. But you should learn it now, before you need it. One of the best ways to combat or should I say not be a victim to identity theft is to not give out your social security number. All those who ask for it do not need it and one would need it to gain access to your credit report and/or apply for credit. For if the credit issuing company did not have your social security number they could not look at your credit report and thereby not issue credit. I have not known an instance where anyone would issue a credit card without looking at your credit report especially in today's world. So, no social security number, no credit. It's that simple! Protect that one piece of information and you will make it difficult for someone to steal your identity.

Another way to help is not to allow yourself to be put on any of those mailing lists. Each time you fill out a form to enter a contest, to get information sent to you or to apply for something; you may be placing yourself on a mailing list that **WILL** be sold to others. This is also how you get all that junk mail sent to you. The identity theft people will have some of the information they need from these lists also, your current mailing address and name. And if you by chance filled out a form with your birth date… well, they almost have everything that they need don't they?

NEVER ever answer emails or phone calls that ask you for personal information or visit a website that asks you for it either (unless you are using a credit card to purchase something). If the company is legit they **WILL NOT** contact you by email or by phone to ask for that kind of information! Even if it sounds legit it is most likely not, always be safe. If you are suspect of a phone call, ask for their phone number and name so that you can call them back. A legit company will give you a phone number and name and with that you can check to make sure that the one who is calling is legit. A scam will attempt to pressure you into telling them your personal information, they will tell you that you cannot call them, and tell you that they will call you back or they will just hang up.

Anytime you get pre-approved credit card applications in the mail, open them and view their contents to make sure they do not have damaging personal information on them before you throw them away (they should really be shredded). If they have such information on them such as date of birth and/or social security number, contact the card company that sent it to you in writing with a return receipt[12] and tell them that you want to be taken off their mailing list and that you do not want them to share your information with anyone especially their affiliates. Also state that you do not appreciate that they are mailing your social security number possibly around the state or country. I would also indicate that if identity theft occurs you have proof that they were at least negligent in this matter and it could

[12] A postal delivery system where when the letter or package is delivered someone at the delivery address has to sign for it. You then get a card in the mail with the signature of the person who signed for the delivery.

possibly lead to a legal remedy. I had to do this once because my mortgage company was using my social security number as my account number on the statements it mailed out and I took a great offense to this. I contacted them in writing to let them know that if I had any identity theft there would be a lawsuit coming their way. All someone had to do was get their hands on my statement and they had most all the information they needed to assume my identity. In the end they changed their entire system of account numbers.

Unfortunately the credit reporting agencies are likely the prime reasons that mailing list companies have this information in the first place (they sold it to them) and I would shoot off a letter to each of the credit reporting agencies also.

Getting Past the Surface

Politicians and large businesses will always attempt to get something past you by using half truths, statistics and sometime just outright lies! Remember, statistics can prove that elephants can fly, but we all know they can't! So when someone starts to use terms like "the statistics show", "our research shows" or "market research shows"… Be very wary.

What they will tell you:

Let's get rid of the penny. You can't buy anything with a penny and it's a waste to produce this type of money. It is not really used and nobody wants them.

What they won't tell you:

If there were no pennies then all prices would go up a nickel instead of a penny or two, such as with gas, oil, stocks and other commodity items. So, that fluctuation you see in gas prices of a few cents every price change could easily jump to 5 to 10 cents every price change. Don't think that they will wait until the prices actually change five cents before you get charged the whole nickel, but if the prices fall they will wait until the price fell more than 4 cents before they would lower the price a nickel.

Eradicating the penny could cost you plenty and it will be said that you voted for this. So, vote no for this one.

(808) 344-0256
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It's All in the Details

Take care of the pennies and the dollars will take care of themselves. This is a very old proverb and it still remains true to this day. In your finances, if you pay attention to the details of where your money goes, you will not waste it on things that you lose money on and more importantly you will not just throw it away. In the end you will have more of it to enjoy. Please pay close attention to details. It is most likely that you will get caught in financial traps by ignoring the small things that they hope you will overlook or not pay much attention too. You can be "nickel'd and dime'd to death" by missing these details. It is also likely that you will miss out on great opportunities by overlooking the small stuff. This will be where the real money is made or lost.

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Is It Who You Know That Can Make You Rich?

This is not meant to be an insult, just an observation but it may sting just the same. The big difference that I have seen between a non-wealthy person and a rich person is basically the way in which they think. I have known both non-wealthy and rich people all the same and what I notice the most is that non-wealthy people tend to encircle themselves with people that know less than they do, and rich people seem to encircle themselves with people that know more than they do. The difference seems to be as simple as that. I have not known even one rich person that thought they knew everything… They just call someone who knows what they don't to get the answers. While some non-wealthy people just surround themselves with other who don't know as much as they do so that they can appear smarter. I believe that if you are truly smart, you will find smarter and more intelligent people than you and keep them very close.

I have seen this in business all too many times. Have you ever had a boss or manager that tried to give you the impression that they knew everything while never asking the people that worked for them what they thought or if they had any ideas? This is a horrible mistake and very bad people management. A truly smart manager would be aware of the knowledge and information pool they possessed in their workforce and would tap into it. It would after all make their jobs a lot easier and would give the workers some pride that their opinions were taken seriously. All said; it would make for a better company for the employees would work a little harder because they know that they have some input and things can change for the better where they work.

This thought of surrounding oneself with smart people is not a new idea. In fact all the great leaders have done it and still do it today. Is it any wonder that they are all rich too? You don't need to learn to do everything but have someone you can call that can either, get it done for you, show you how to get it done or knows someone who can get it done. This concept is very important for your financial success and any other areas of success that you may want to achieve. A truly smart boss hires people who are smarter than they are and utilizes their talent and knowledge.

My definition of smart and intelligent people is as follows: Smart people take existing solutions that have been used before and use them on existing problems. Intelligent people have the ability to create new solutions that had never existed for new problems that had never existed.

Who Makes Loans and Why They Do It

Who makes that loan for you to buy a house, car or boat? Sometimes the loan you get can come from private lenders, not banks. A private lender can be anyone with available cash to lend (like you). This is how it works. Let's say a person had 500 thousand dollars that had nothing to do. They could contact real estates companies to let them know that they are a mortgage lender. They could then make a 500 thousand dollar loan as a mortgage. Let's do some math… They could lock this money up in a CD[13] and get let say 4.75 percent and get $23,750 interest for the year or they could underwrite a mortgage. Now a mortgage for the same $500,000 amount would be for 30 years at about 6.40 percent. The loan would have payments of $3,127.23 of which would average about $2,652.00 of interest each month for the first year. Now simple math will state that $2,652 x 12 = $31,824 for the year in interest and the principal that has been paid has been about $475 per month which is $475 x 12 = $5,700 for the year. This total figure for income would be about $37,524 (interest plus principal). So the $500,000 minus the $5,700 in principal paid for the year equals $494,300 dollars still owed. So comparably, you made about $9,000 dollars more in interest the first year for making the loan than having your money in a savings account. Let remove about $3,000 for administrative cost for the loan (you could probably get the buyer to pay for most or all of this) and that leaves you with about $6,000 more in profit for the same money for taking a little risk. Not that a secured loan is all that risky, it could just cost you the $6000 in profit for re-possession and sale of the

[13] Certificate of Deposit – You loan the bank money for a agreed amount of time and they give you a set percentage for that time. If you withdraw the money early there are steep penalties associated with it.

property if there was a default. But even then you would not lose any money on the deal.

This is why lenders want to make sure the buyers can afford to make the payments, however the real estate companies who would sell the property couldn't care less about this since all they care about is the commission they get from the initial sale. You know this is also one great way to create a retirement fund for yourself. Imagine if you made a mortgage loan to someone and they kept it for the full 30 years. You would be getting the loan payments for those same thirty years. Now how that for a retirement fund? That would average out to $20,863.68 per year in interest alone for the 30 years to the amount of $625,910.64. The total amount you would get back over the 30 years would be $1,125,910.64 with the monthly payments of $3,127.23. I think that would be ok, don't you? It would take a little over 13 years to get the initial 500K back, but this would be just like a pension plan and you have another 17 years to collect. Combine this with one or two more wise investments and who needs to work…

Debt Consolidation Companies Who Needs Them?

You have gotten so far in debt that bankruptcy looks like a good idea to you. Now someone says to you "Call the debt consolidation company, they can get the creditors to stop and get you back on the road to good credit". Well, this is true to a point. It is something you can do yourself if you just pick up the phone and write a few letters. You would save yourself a few hundred dollars that you could use to pay a creditor or two.

What these debt consolidation companies do is call the creditor and attempt to arrange repayment. This can be abided by lowering the interest rate (which they will not likely want to do), not charging late fees and/or cancellation of the interest charged. Now this can all come at a price. If you miss or are late with a payment, the agreement can be void and its back to where you were or worse before you made the agreement. So, watch the small print and the hidden language.

What have you got to lose by calling them yourself? Absolutely nothing; you can make the arrangements and then you will know what you are agreeing too. Remember, you can offer them less than you owe. It is in their bets interest to collect something, so don't let them tell you that "this is the only amount we will accept". If you are not good in negotiations, then you may need to pay the debt consolidators. It is in the creditors' best interest to get money paid on the account than to let it be a charge off where they would not get any money. So, don't let them fool you into believing otherwise. They may attempt to use scare tactics that are often illegal (but on the phone you will have no proof) to get you to pay them in full. Only work with the creditors that are willing to work with you. Just remember, if you get the debt consolidators to do the work for you; part of the money you send to them goes to them not your creditors. In essence, they become one of your creditors also.

If the creditors have a collection company attempting to collect the debt, you can still negotiate no matter what they say. If you offer less than what you owe to settle the debt to the collection company and they refuse the offer, just write a letter to the original debtor stating your offer and terms that you made with the collection company. The reason I tell you to do this is that the collection company is supposed to relay your offer to the original debtor to let them make the final decision to accept or not. Most of the time this information is not passed to the original debtor, because if collected it would lower the amount that the collection company would get from the collection of the debt. Now if you inform the original debtor of this offer in writing, it may possibly make the collection company look foolish to refuse settlement of the debt and that will make your offer look all that much better and they may force the collection company to accept it. After all the goal is to get this debt paid, the longer the debt goes unpaid the less likely they will see any money from it. After 10 years this debt is uncollectable, not saying that some collection company will not try to get you to pay it. One thing to remember when paying your outstanding debts, they have 10 year to collect the debt from your last payment. So, if you get into the last year of the debt and then make a payment no matter how small, you have just extended the collection period for another 10 years. Don't make this mistake. Sometimes the collection company will say they won't make an agreement until you send a payment in; if you do you have just been suckered into another 10 years of debt collection.

The terms of your agreement that you make should have something in it like this: “I want this debt and/or any negative information about this debt removed from my credit report”. This will most likely not happen but it lets them know you mean business. It’s an old lawyer’s trick to get the opposition distracted and concentrating on something else so that basically you will get exactly what you were looking for in the first place. They will never see you coming…

Status Quo

The more things change the more things stay the same. This is the meaning of Status Quo and this is what happens with most people and debt. The more things change (jobs, income, luxuries) the more things remain the same (more debt than money). One way out of this rut is with investing. People often say that investing is risky. I say to them, well if you work until you are 65-70 then you find out that you still cannot retire and must continue to work to make ends meet… (Maybe that minimum wage job you have been wanting for so long). I imagine that this is no risk to you since you already know it's going to happen. It's pretty safe huh? I would consider this the biggest risk you can take. You wait and go all that way just to find that there is nothing there. Taking a risk and ending up with nothing is better than playing it safe and ending up with nothing. At least you gave it at try and have time to recover to get it right the next time. If you wait until you are 65-70 you will have no time to try anything else; except maybe minimum wage…

Some people would prefer for others to have control of their lives. They give up control early on and will be happy with just about anything that is given to them. They have jobs where someone tells them what to do. They have many bills where they are told what to pay. They are told where they can live because of the rental prices. They are even told what to buy. This is the type of person that TV commercials and most advertising is aimed at. For these types of people, taking control of their lives is quite difficult for them and they might prefer not to do anything to help themselves. It's easier to let someone else do it. Then if something goes wrong they can always blame the other person. The reason they fail is never their fault. These types of people are scared of what ifs. What if it doesn't work? What if I lose money? What if I fail is basically the echo they hear. You can't have success if you are scared to fail. You will fail more often than you will succeed, I give you my word. It's what you learn when you fail that gives you the knowledge to succeed. Anyone that has become rich has failed many times before becoming and staying rich, this I guarantee. Did you know that Mr. Hershey[14] went bankrupt 4 times before getting it right?

I give my business card to people and they immediately say "You know I could use this" and I never hear from them. They do not visit the website or go to the free training sessions. Yes, I said **FREE** training sessions. I was sitting in the Laundromat washing clothes, where I had recently placed a sign for free financial training services on the community bulletin board. I had to replace the sign three times for someone would always take it down. As I sat there reading a book, I saw numerous people come over to the bulletin board and glance at the sign and then go directly to signs that were there to sell them something. No one seemed to care how to make their money work, only where they could spend the money they already had so that they could work for more. I guess they thought they already knew how to make money since they had jobs, sometimes more than two. I call this thinking poor. If you think and believe something hard and long enough, you lay the foundations then inevitably build a road to that destination. Finance is like a game, it is played much like baseball or any other sport. If you go into it believing you will lose, you will find a way to make it happen. If you go into it believing you can win, you may not win at first but you will give it your every

[14] Milton S. Hershey - The originator of the Hershey chocolate bar.

effort to try to make it happen. In any game, the only way an underdog wins is if they refuse to give up. Usually the one who is expected to win will lose because they keep knocking the underdog down and the underdog keeps getting up. The one who is supposed to win was not trained to handle that situation and they in turn give up and become the loser. In this example you are the underdog and society is the expected winner. In your quest to become financially free you are going to run into loads of people telling you "you can't do that" or "I wouldn't do that if I were you" and giving you every reason that they can think of why you will fail. Please do not listen to or believe them; you may even **HAVE** to change the people that are around you to get away from all the negativity that will keep you broke and in debt (misery loves company). You **MUST** surround yourself with positive people. Is this what is meant when they say that "Money changes people"? It's not the money really, it's the negativity from those who refuse to be positive for you which changes the actions you take and/or forces you to change the people you are around. This will happen long before you have money. You may think that they are your friends, but ask yourself, why do friends want you to fail? Well, in order to succeed you will have to do things differently than they do and that means that you will now be different from them and that is scary to them. So they strive to keep you the same as they are. I call this crab basket mentality. Have you ever seen crabs in a basket at the fish market? They never have a cover over the basket and the crabs stay in the basket. How could this be? If you watch, you will see that the moment one of the crabs attempts to get out of the basket, the other crabs grab it and pull it back in. This will happen to you! It's mostly about peer pressure, and you thought you left that behind in high school, right? My take on the saying that "Money changes people" is that if money doesn't change you, then you don't have enough of it! For it will change the way you dress, where you go, what you drive, where you live and just about everything. If you are a nice generous person it will make you even more generous. If you are nasty and dishonest, you will be even more so, and that my friend is change.

My goal is to teach people how to invest and to be able to notice opportunities that are right in front of them on a daily basis. It's similar to looking at a satellite image. If you are not trained to decipher the information, it's just a blurry image that makes no sense at all. But once you are trained to decipher this information, it becomes as clear as day what you are looking at and what needs to be done. Some don't want to learn how to decipher their financial information, continuing to look at blurry images while committing the same mistakes over and over leading to more debt and less money. They will get more jobs and find more ways to work for money. They just cannot see that if they would only start investing and letting their money work for them that the light at the other end of the tunnel would not be a train coming towards them to run them over. The definition of insanity is doing the same things over and over again expecting different results. So are they insane? Yes, they are financially insane. To be rich or just wealthy you must not follow the crowd. The crowd never knows where it is going or why it's going there, they just follow each other. Let me explain it this way; a herd of cattle is standing in a pasture. Something startles one or more of them and they start running. The others start running in the same direction not knowing why they are running or where they are going. Now the leader of this stampede notices that they are coming to a cliff, they cannot stop for they will be trampled so they run off or are pushed off the cliff and the ones directly behind them never see the cliff and in turn they run off. In this example I can substitute the cattle for people and the cliff for debt. Now can you see where you are headed?

You run out to purchase a new car or something else on credit because you can afford the payments. The fact is you really can't afford the payments. Unless you are putting that same kind of money away monthly in an IRA or some other investment you really can't afford to be spending that kind of money when there is going to be absolutely no return on it. That new car may impress your friends but it is not going to take care of you when it's time to retire and neither will the people you are trying to impress. So unless you plan on not being around to retire, you should begin to rethink your current plans and behavior.

One day, I was attempting to counsel a woman who wanted to sell her house. The buyers were anxious but the bank would only lend them 460 thousand dollars for her house that was priced at 480 thousand dollar. She saw problems, I saw opportunity. This is a perfect situation for the starting of building wealth. I told her she should look into being the first mortgage holder on the property. The existing mortgage on the house was about 200 thousand dollars. Ok, so since the bank would only lend the buyers 460K, I said to her let the buyer put 20K down in cash and you hold a mortgage note for 260K. Let another lender loan them the 200K, that will place them second on the mortgage and you will have income each month from the mortgage payments and it's a guaranteed 6-8% for 30 years at current rates at the time of this writing (this is quite more than you can get in a savings account at the bank, which is 4.75% for a CD). Now being that the average home owner usually lives in a house for only about 7 years before moving again. Most of what they pay will be interest and at the end of that time they will still owe most of the 260K when they want to sell it, perfect. She would get out of debt with the mortgage being paid off and now would have income from the same house. Why is this really good? She would still be partial owner of the house that generates income without having to be the landlord and handyman. Not having to fix anything or pay property taxes while the house is being lived in and still owning it, this would be fantastic. Reasons why? If the house burnt down, there would be an insurance policy paid for by the "owners" to pay off the mortgage and she would still get her money back. If the new "owners" should default on the loan let's say in 3 years, so what, she would have been paid 3 years of interest income and the escrow company that she hired to collect payments would repossess the house and she could sell it or hold a note on it again (property value may even have risen by then). The fees to pay the escrow company would probably be included in the mortgage loan from the start so she would not actually be paying for anything. How can you beat that? Deals and agreements are how real money is made, not by working for it.

Now, with the 20K upfront and the monthly payments she would receive ($1558.83 per month for the 260K loan at 6%) plus the income from her job, she now has available ready cash. She would now take the 20K, use that for a down payment on a condo or townhouse and get a loan for the balance. She should be in great shape now since she has paid off the old mortgage, still a partial owner of the house and has even more income than she did while she lived in it. She could use the monthly income from the house, add $1000 to it and have $2558.83 a month to pay for her new living quarters. Now the $1558.83 She would receive would be mainly interest (about $1300.00) and subject to income taxes, but if she used that same money in paying for her new residence (let's say she took a 500K mortgage at 6%). Her monthly payments would be $2997.75, now subtract the $1558.83 from that and she would have out of pocket cost of $1438.92. Her interest payments on the new residence would be about $2500.00. Subtract the $1300.00 from the $2500.00 and that would leave her with about $1200.00 a month in interest left to pay and it would cancel out the income from the first property. She would get to deduct that interest payment from her salary and not be paying the full amount of the mortgage on her new residence. Paying $1438.92 per month out of pocket for the new residence would be less than she was paying for the mortgage on the first house to begin with and she would still partially own it, basically. It has been switched from the liabilities column to the assets column almost overnight (Woo, Woo, all aboard!). It's not getting rich quick but that a pretty good start.

This solution is just like having a retirement plan but with better tax advantages. This is basically tax deferment and this can be done for generations. She would be gaining wealth and not paying any taxes doing it. This is one way the rich pay little or no taxes, using the money that they should be giving the government to make themselves richer. But for some reason she doesn't want to do this, she would rather sell the house outright and have the 280K in cash. This might be a tax problem since she is single and only the first 250K would be tax free for capital gains purposes. The remaining 30K she would have to pay taxes on, bummer. She seems to want to give the government about 30% of that 30K (about 10K). I don't see the sense in that. She could use the whole 280K to purchase the new living quarters and pay no taxes but only have ownership of only the one building and it would be in the liability column. This is money she could be using to start building her wealth, why give it away? What will she do with the rest of this money? She will probably purchase that condo or townhouse anyway, spend some of it traveling and waste some of it and have to work hard to pay the new living quarters off. She will be back at ground zero again… She already has a guaranteed good investment sitting there in front of her, yet she would rather take the cash and she says that she would invest some of it and I know she won't… She has played it safe all her life. Even if she would hold a note on the property for a very small amount (20K) it would gain more interest than if it were in the bank and she would be getting income from it. This scenario could be played out many different ways. One other way would be no cash down and she holds a 260K note and the buyers get a loan for 220K. The 200K mortgage would get paid off and she would get the remaining 20K in cash. It's all in the agreement that will be signed.

Each of these stories I have told you here are examples of how people will go out of their way to shoot themselves in the foot to remain in debt or to remain poor (which I call not wealthy), and it's all out of fear of losing. They developed these fears somewhere in life long after being a small child or else they would still be crawling around on the floor for being scared of falling if they attempted to walk. You are not a failure if you lose. You are only a failure when you lose and stop trying or by not trying at all in some cases.

How Money Really Works

Most people will not work unless they get paid to do so. The ones who want to accomplish something and possibly be rich will work for no money at all just to learn. What they learn can be invaluable for making money in the future, while the ones who just get money for the work they do might not learn anything at all. This in my view is the least expensive way to get information. Sure you could pay thousands of dollars for it or work for free to get it. Money is an illusion; the only real value is what you place on it. U.S. currency has had no real value since it was taken off the gold standard, now there is no correlation between the two. Gold is about $600 an ounce and fluctuating, no real correlation there. If the government needs more money it will print more. You have heard of the national debt haven't you? This is mainly where the debt comes from; it's just borrowing on the country's future. Since we are off the gold standard, how is the nation supposed to balance the budget with nothing on the other side of the scale?

I want to tell you a story about how money should really be working. A person I had met came to me and asked if I could loan them some money for repairs on their home. They had a house with a lot of equal size next to it as part of the same property. The way they are building homes these days, this property had room for two houses, no risk here. I agreed to make the loan for 20K for 30 years at about 12 percent, even though I was advised against it by many. You will get a lot of people telling you to play it safe and not do anything. You will not make any money if you listen to them. Take a look at the people that tell you to play it safe, they probably have no real money either because they play it safe. On the other hand ask someone who is rich; they almost never play it safe. If someone tells you that you should not do something, do a little research on them. Have they done what you are attempting to do? Do they know anyone who has done it? Do they know anyone who knows anyone who has done it? If the answer is no, why would you want to listen to them? That's fools advice (and it's a fool who would take it). If the answer is yes, then go see the person who actually had the deal and see what happened to make it go bad. You just might find out it was the person themselves that made the deal go bad, not the actual deal itself. Learn from others mistakes, you don't have to make them yourself (unless of course you are just masochistic). Managing risk is what the game is all about. So anyway, I met with my attorney and he drew up a second mortgage on the house for the loan. The attorney's and title company fees as well as any associated cost were rolled into the loan so that the borrower paid for everything. The details of the loan would be that it held a one year pre-payment penalty clause, meaning that if the loan was paid in full before the 1st year was over the interest for the whole year would be payable in full. Now this person held the loan for 2 months then refinanced the house, repaid my loan in full plus interest of about $2300.00 dollars, all profit. 12% return for two month, not too bad for not doing any work for those two months huh? My attorney and the title company did all the work and they were paid by the borrower; I wasn't even in the same state when this deal was completed. All I had to do was sign the papers that were FedEx'd to me in front of a notary, sign a check and send them back. You won't make this kind of money in a savings account now will you?

That reminds me of a saying that some guys I grew up with would say. We would be playing a game called C-Lo, it's a betting dice game played with three dice. They would always say **"Scared money don't make money"**. They were correct, but I doubt if any of them ever really applied that saying in their finances outside of that game of chance.

Solving the Money Problem

Once you have money problems, it is already too late for help that will do you much good quickly. Fear is what probably what causes most money dilemmas. You fear not having money so you work more to make more money then you spend more than you make, creating bigger bills and more debt. Once you release the fear of not having money you can solve the money problem; this however does take lots of practice to achieve. Money doesn't solve problems, intelligence does. A gentleman I was talking to one day stated to me that the real meaning of fear is **F**alse **E**vidence **A**ppearing **R**eal. This seems to be a perfect definition of the menace that has been set upon you. If you were given 10 thousand dollars would you think that your money problems would be solved? I believe not. That money will only make the problems temporarily go away only to resurface later because you failed to learn about not getting into debt, making and not wasting money, which are the actual problems.

Do you ever wonder why great civilizations probably collapsed? It was probably initially started by the gap in wealth between the rich and the poor. Think about this, if the gap is too great then the poor will revolt, the rich will leave and there will be no one being paid to produce anything so everything comes to a grinding halt. Factions start to rise to control the remaining resources and skirmishes break out. Civilization has just collapsed. After all the resources are used up the poor leave or some other power comes in to take control. But this will not be the story told in the history books.

In these examples money was the problem. You can't solve a problem by adding more problems. You will need to plan ahead to solve problems before they arise. The solution to the money problem is intelligence about debt and waste.

Investing and Money Education

I was invited by a business associate to attend yet another investment seminar. I was apprehensive about going since I have seen so many of these things really turn out to be a MLM[15] or a "Dog and Pony" show for removing the money from the attendee's pockets. I was pleasantly surprised when they were genuinely concerned with the investors. This was held at the Sheraton in Ka'anapali Maui, Hawaii. Daniel Kakaka was speaking about things that an investor should watch out for, then Elisse Walter took the podium and it was like see was reading directly from this book when she spoke. At that moment I said I have to get in contact and meet these people personally for I already do what they are attempting to do and that is educate people on the subject of their finances. This is the first organization I could really believe in. This organizations name is FINRA[16]. John Gammon was also in attendance.

I have been to many such "FREE" seminars where the only reason you were there was to sell you something of no value and the room would be full of plants[17] that would ask questions about the program and state how successful they were in using it. Really bogus seminar just attempting to sell you some high priced something or other that was really worthless. This was different, I met them

[15] Multi-Level Marketing is where you as a member will bring others in underneath you in hopes of getting money from them that will cover your cost for getting in. So even if you want to get out you need to bring others in to recapture your cost. It is basically a pyramid scheme.

[16] Financial Industry Regulatory Authority

[17] People in the audience that will attempt to guide the other attendees into the purchase of whatever is offered by claiming that they are using it and the phony profits they have made or by pretending to purchase it when it is offered.

afterwards and we spoke a while. I wrote a letter to FINRA, but as to this day I have not heard from them…

Bankruptcy

Many people are ashamed if they can't pay their debts and never look into bankruptcy. Not being able to pay your debts can stem from various issues, medical bills, lost jobs, having people mismanage your money or just being irresponsible or unknowledgeable about debt and money management. The system is designed to trap you so don't feel ashamed that you can't beat a system that is designed to take advantage of you, you were always slated to lose. Bankruptcy is a legal vehicle for forgiving debt and allowing you to get back on your feet, a second chance per se. This in itself will be meaningless if you have not corrected the problem that got you in this position in the first place. Did you know some very famous people went bankrupt? This even includes some Lotto winners of over 50 million dollars in a lump sum payment. Without proper money management this can happen over and over again. Hey, even Donald Trump went bankrupt at one time.

The most popular types of bankruptcies are:

Chapter 7 Personal Asset Liquidation
Chapter 11 Business Asset Liquidation
Chapter 13 Debt Reorganization

For more on this please visit http://www.bankruptcyaction.com

Bankruptcy is an avenue that should be lightly treaded upon for a bankruptcy will stay on your credit history for 10 years. Now if you have learned to stay away from the credit traps, then this would be an excellent vehicle for you to get out of major debt. But like everything else I have discussed you need to have a plan. A plan for coming out of the bankruptcy and staying out of debt, so don't wait until it's time to file bankruptcy before you make your plan. Check with a bankruptcy attorney for the details, the initial consultation is usually free.

Protecting Money

You need a plan for protecting money long before you actually make enough to protect. You say "How can you protect something you haven't made yet?" Let me explain it this way. You want to go on a two day hike in the wilderness. You haven't gone yet but you start preparing for it long before you take your first step on the trail, right? You would pack your food, water, rain gear, change of clothes etc... If you did not pack rain gear and then get out in the woods then it rains; you would get wet. If you wait until that time to attempt to find some way to keep yourself dry, you just might be tempting the grim reaper with that move. You need to prepare for the rain before it actually rains, even before you leave for the trip. The same type of problem exists with money. If you wait till you have some before you attempt to protect it, well… You are tempting failure and there is a high probability that you will succeed in failure.

How do you protect money? There is no one way to do it, but the biggest task is finding a way to keep the governments hands off of it. This task alone will save you 30-50 percent of your money. One way to protect money is to use tax deference. This is simply an investment that delays your paying taxes on the money you earn. If you keep deferring the tax payments, you get to keep creating wealth with money that you would have had to give the government. You can defer taxes for generations and have that money work to create wealth for you and your family. Another ways to protect money is to create a corporation or trust to place your assets into. In this way you can spend pre-tax dollars as expenses. The protection really comes in handy if judgments are placed against you. If you are part of a corporation those assets in the corporation cannot be touched for you do not own them, the corporation does. You can own nothing and control everything in the corporation.

Most people may have an accountant and maybe even an attorney and possibly a banker, but how many of these professionals have actually spoken to you about helping you create wealth and protecting your money. Your banker, attorney and accountant may have no interest in helping you create wealth; they may only be interested in charging you fees. They may not even know how to create wealth. Ask yourself are they independently wealthy? Probably not, since you basically employ them. They work for a living just like you do. You would think that if they knew how to create wealth they would help you create wealth so that they could charge you more in fees. Sounds like a good business plan to me. If someone helped you create wealth, would you stop paying for their services? I would certainly hope not, you should probably pay them more for their services so they would continue to create wealth for you. This is one of the major thinking differences between the rich and the poor. The poor would think of how to eliminate the one making them money because fees are being charged and the rich would utilize the person's talents and in turn pay more to make sure they continued to make more money for them. So if these professionals which you pay can't help you create wealth, can they help you protect it? Probably not, looks like you are going to have to do all the work here. You are going to have to tell them what to do, so you had better do your research and only rely on them to get the work done or find someone who actually does do these sorts of things. Don't believe me… ask them what a Trust is and how you could use it? Then ask why they did not tell you about vehicles such as these? If the reply is that they believe that you do not have enough assets for this, then you should be asking why you haven't been guided to obtain enough assets for it. Do you know the tax exempt status in 2006 for a Trust is three million dollars? This is the way to pass wealth on to your family without the government taking up to 50% of your property in estate taxes[18] in the event of your death. Again, you need to plan before you have money. The government already has plans to take your money; do you have plans to protect it? The government is way ahead of you with its plan. It's time for you to get started. If you have ever heard the term "Trust Fund Babies", this is how the rich pass money to their sons and daughters tax free. As the saying goes "You can't take it with you" but you can surely leave it to the ones who love you and not the government, for I am sure the government doesn't love you.

[18] Estate Taxes - More commonly known as the Death Tax since it only applies when a person with assets dies.

Getting Started on your way to Financial Freedom

This is going to be the hardest part of becoming financially free, getting started. I have spoken to many people and they all have the same excuse, they don't have time. What better to make time for? They have time to create debt but no time to get out of it. Strange, the logic is beyond me. I image that since you have read the book this far you may be a candidate to get started, well see…

Choices you could make to be on your way to financial freedom:

Get your paycheck automatically deposited to your checking account (Direct Deposit).

Get online banking with your bank.

Open a **FREE** brokerage account or a Roth IRA (both if possible).

Contribute $5.00 or more a week to one or both of these accounts. Use the online banking to automatically do this so you won't forget.

Once the money is in the account it doesn't exist anymore except for investing. Never pay a bill with it.

Once you have saved enough for an investment, purchase one. You should have been doing research the whole time you were saving.

Keep financial knowledge and help close at all times.

Most importantly: If you get into financial distress or even think that you might, get help really early to avoid getting in deeper. It's never too early to seek help, you may possibly avoid the situation altogether. Being afraid or embarrassed about your finances and not seeking help will only get you deeper into debt and more trouble. Ask questions about your situation, there might be immediate help available. Remember the more desperate your situation becomes the higher the fees you will be charged for help and the more likely you will get taken advantage of by unscrupulous businesses practices.

Feedback

I would love to get feedback from the readers of this manuscript. Please let me know if it helps you and how it does (or doesn't). If there is anything you think is missing or something you would like to know about etc…

I am currently conducting private sessions and will be conducting public s in my local area. If you would like to have a seminar conducted in your area, please contact me to discuss the details.

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Thank You!

Thank you for reading this book. I hope that you have enjoyed reading this book almost as much as I have in writing it. Though I have just skimmed the surface with the information I have provided, you can start to formulate a strategy to get out of debt and be wealthy. My seminars are more detailed and my private sessions are individually oriented so that you can get the full effect from your current finances and be on your way to create better finances. While each individual is different, there are some common areas that will be needed to be worked upon. I have given you a jump start in these primary areas. I hope to hear from some of you in your endeavors and struggles to be financially free. It is a lonely road that you will have to go down if you want to be successful. I hope you will have the desire and fortitude to continue this struggle to walk this path leading to your financial rebirth.

Mahalo,

Ralph James