



Financial Success Institute Report - Why Stock Market Investing is Dangerous for Most Americans

Hello I'm Richard Geller, CEO and Managing Director of the Financial Success Institute. I want to thank you for reading this special report we put together. This report is for people like you that have become frightened your stock market based retirement investments won't be there when you need them. This report contains facts about why most Americans need to find alternatives to Wall Street investing. The Financial Success Institute has convened an expert panel to provide a recommendation about the Real Estate IRA alternative. We will be releasing it in a few days. Until then, please avail yourself of more free retirement investing resources at: www.financialsuccessinstitute.org

Wells Fargo Says 80 Is The New 65

By richard on December 3rd, 2011

According to a [Wells Fargo study](#), done by the "retirement" people there, some interesting conclusions.

Interesting conclusion #1:

People think they'll take 18% of their nestegg out each year to fund their retirement. Uh, no. That's about 14% too high. It's insane denial by people who aren't thinking clearly.

Interesting conclusion #2:

Big surprise, people think there is ONLY stocks and bonds they can invest in.

Even the Wells Fargo folks aren't aware of any "alternatives" to stocks and bonds.

Hey, uh, how about gold? How about mortgages? How about rental properties? Hello? Anyone home?

Now here's some real idiocy:

About 68 percent of those surveyed said they're not confident the stock market is a good place to invest their retirement savings. About 45 percent of respondents said if they were given \$5,000 they would buy a certificate of deposit, and 50 percent said they'd invest it in stocks or mutual funds.

Really? See, most people are just lemmings diving off a cliff. CDs are the WORST investment you can make. They are nothing but a guaranteed killer of your capital due to inflation.



This odd couple retired...will YOU? Photo courtesy of <https://secure.flickr.com/photos/pedrosimoes7/>

And 50% would invest in stocks and bonds? Are you KIDDING? There are many great ways to build large returns but those aren't it

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Why the stock market is a loser for 99% of investors

December 3rd, 2011

What are the best investments for your retirement cash? With the stock market tanking or going sideways, where should you put your money?

The stock market has been wild lately. Wild in a bad way. We can expect some "relief rallies" but we can expect it to fall quite a lot more.

You have no control over the stock market. The gyrations and steep falls and even the occasional increase in stock prices are mostly due to what the central banks are doing. What the chairman of the Federal Reserve is doing.

In this day and age, the stocks you pick have little to do with your success or lack of it.

Has the deck ever been so stacked against the average investor as it is today?

To find out, I must blow my own horn for a moment...

I've had great success in predicting future trends

In 2005, people were raving about real estate and about how you couldn't fail to get very very rich. It wasn't going to fall, they aren't building more land you know.

I had been through this real estate cycle once before in Southern California. At that time I got stuck when I owned a mortgage company and was buying preforeclosures and

involved in apartment buildings. I got stuck and lost money and had to do a short sale on my own house.

I didn't want to get stuck again and had built up a lot of equity that I knew would all evaporate if I held on and tried to weather the storm.

But what should I do with my equity?

The stock market was horrible and was going to be horrible through to about 2018 as I saw it (and see it.)

In 2005 I sold all my real estate and bought gold bullion.

Gold remains the best investment. Not gold on paper but real physical gold you store in the bank or bury somewhere.

That was in fact the best investment strategy of all and remains one of the best financial decisions of my life.

Today, the best move is to get out of the stock market and into other investments that are not correlated with the market. That's tough to do but nevertheless it's true.

The stock market is a loser for investors — and here's why

Over the long run the stock market is supposed to provide a return equal to the growth in the underlying economy.

The trouble with that theory is that today the underlying economy isn't growing in the US. It's shrinking.

The government lies to us about the real numbers. What is evident is that wages have been falling, people are in general becoming a bit poorer and this has been going on for about 15 years.

My theory as to why it has been happening has to do with the banks and Wall Street. Quite simply, government policy is to favor the banks and Wall Street at the expense of the Main Street (real) economy. The banks are "too big to fail" and when they make money, their shareholders win.

When the banks and Wall Street lose money the taxpayers pay for those losses. Fannie Mae, Freddie Mac, AIG and so forth, and General Motors for that matter, are all enormous losses born by the taxpayers. When they were making supposed profits, their shareholders gained. When they lose, the taxpayers pay.

On a large scale, the banks and Wall Street are sucking life out of those who have saved and those who have consumed less than what they have made.

People who have saved are earning about zero on their money. The US government is keeping interest rates at basically zero so that the banks and Wall Street and the government itself can be rescued.

But this punishes those who have saved to the point where they will eventually lose everything and be broke. That's where this is all headed.

The biggest losers today are unfortunately the stock market.

The best investment over this period has been gold and will continue being gold. But most investors won't invest all their savings in gold. "Gold produces no return," they say. So the rest

of this article will discuss an alternative investment approach for you if you won't invest in gold.

(Disclaimer: I can't know I'm right and I can't take responsibility for what you invest in or if you lose money or not. 'Nuff said.)

What Warren Buffett said

Warren Buffett is unarguably America's greatest investor. By age 32 he had become a millionaire, and this was back in 1962 when a million was a lot more than it is today, a LOT more. Not many years later, Buffett was worth \$620 million, making him one of the world's richest men.

Is this a man worth listening to?

What Buffett said that sticks in my mind and should stick in yours is Never Lose Money.

I know that sounds ridiculously simple. Almost like "get plenty of sleep" or "buy low sell high".

Truisms that don't seem to really contain much in the way of information.

But let me give you an example of what Buffett meant.

Invest locally in something you know about

There are always tons of investment opportunities. Every opportunity has a short fuse. It is here today and will be gone tomorrow.

Intel is one of America's all time greatest companies. In some years it has been one of the world's most profitable companies.

Warren Buffett was offered an investment in Intel and he turned it down.

Why?

Because he didn't understand Intel and Buffett won't invest in something he doesn't understand.

"Never lose money." That means, to Buffett, never invest in a company that he doesn't understand.

I was pursuing corporate development partnerships and I heard about this young company in Texas with a most interesting business model. I called and spoke to top officers. I was working on arranging meetings with them to do deals with them. Somehow, our deals never worked out and the meetings never quite came off.

One puzzling factor was that I really couldn't understand this company's business. It was just a mystery how they made money. It seemed very complicated.

I'm glad the deal with that Texas company never went anywhere. That company was Enron, and the reason I could never figure out it's business was that it was a fraud and had no real business.

Never lose money. Never invest in what you do not understand.

Sure, Buffett could have invested in Intel. But you and I could invest in a fine painting and have no idea if it was a real Picasso

or a forgery. We could invest in an Enron and have no idea it was a fraud. Buffett could invest in Intel and have no idea if it was real or not, and if it was real, what Intel should do or not do.

Never lose money. To Buffett this means, never invest in what you do not understand.

Let's compare rich and poor Americans for a moment. Rich Americans have their money in a handful of places. They know what they are investing in, and they understand it. Most rich Americans have their money in one of two places.

One, a business that they founded and that they thoroughly understand.

Or two, in real estate investments that they thoroughly understand.

A well-understood business or well-understood real estate investments.

Never lose money means to rich people that they stick to investments they understand.

What about you? What do you invest in?

Middle class, or what I will call poor, Americans give their money to idiot Wall Street stockbrokers and invest in stocks where they have zero control, and they are pawns in the Great Game of Wall Street.

Middle class Americans always lose money in the stock market over most time frames. From 1982 to 2000, the stock market was a great investment for everyone, but now, 11 or 12 years later, the stock market has brought nothing but grief and will continue doing so for a number of years more.

Yet Americans gamely put their money in the stock market. They allow themselves to be deceived and they do not understand the stock market investments they have made.



This house of girls is made possible thanks to local real estate investors. Photo courtesy of <http://www.flickr.com/photos/11638547@NOO/>

Never lose money means never investing in what you do not understand.

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