Financial Success Institute
Health, Wealth, and Family

Promissory Note Investing - An Alternative Investment Strategy Brought to You by Financial Success Institute

Hello,

I'm Richard Geller, CEO and operating manager of FinancialSuccessInstitue.org. If you are not already a regular reader and subscriber to the vital information and resources provided by the Institute, I encourage you to visit the website and signup now at: FinancialInvestmentInstitute.org. The Institute is devoted to researching and reporting on new and high paying alternative investments that you can hold tax-free in a 401K or IRA retirement account. One alternative you must learn about is promissory note or mortgage investing.

This issue of our newsletter sheds light on what is really happening to Wall Street investors and what you need to do so it doesn't happen to you. The first article reveals how the banks and Wall Street executives are relentlessly stealing money from average Americans. It also examines Warren Buffett's investing philosophy and how you too can profit by investing only in what you understand - like promissory notes and mortgages.

The second article warns you about the very real possibility the government will confiscate your retirement savings if you have it in cash or invested where they can get at it like in a stock account. In fact, the artificially low interest rates the government is maintaining will lead to your money being taken away in the form of rampant inflation. Inflation is good for the government and bad for you. The final article shows you that even the brightest hedge fund managers on Wall Street can't turn a profit. If they can't, how can you? It's time you move into an alternative investment like a promissory note or real estate mortgage that you understand and will send you a check every single month.

To learn everything there is to know about the self directed 401K, you'll want to pick up your copy of the in-depth book Wall Street Won't Make You Rich - That's Your Job.

No one cares more about you becoming wealthy than you do and no one else should. You'll do much better taking full control of your financial future starting today!

At FinancialInvestmentInstitute.org you'll learn exactly how to retire wealthy when you take control of your financial future!

Please visit us at FinancialInvestmentInstitute.org to leave questions and comments. However, we cannot give direct advice because we don't know the details of your situation or all the laws in your state regarding securities and investments.

Thanks and Wishing You Great Success With Your Investing,

Richard Geller

IRA and 401K and why the stock market is a loser for 99% of investors

January 26th, 2012

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@N00/

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

Let's compare that with investing in good cash flowing notes secured by real estate. You have a borrower who has an income and you have that income going to pay your note. You have a security interest in a piece of property, so if the borrower can't pay then you can take back a good property and end up with a windfall.

That is an investment that is easy to understand.

What most Americans don't realize is that they can put their IRA or 401K money into buying such notes. They, or you, can get returns of 8% to 15% fully secured, or even returns that are much higher than that with a bit of work. Returns of 30% or 60% or 200% cash-on-cash are not uncommon.

Plan A is to make the loan and collect the interest.

Plan B is to get the loan paid off early. The note was purchased at a discount, so $100,000 in loans was purchased for $80,000. If the borrower gets an FHA loan in a year, your $80,000 becomes $100,000 in a year, together with the payments you've already collected. That's a cool $108,000 collected on $80,000 in a year.

Is that impressive? Is it easy to understand? Can you easily lose money?

No, you can't easily lose money unless the property value drops huge, and property values have already dropped huge and are bottoming out in most places.

Plan B can happen if the borrower can't pay. You get the property back. You get a property that may be valued at $150,000 and you've invested $80,000 in it, maybe a little more. Plan B is so lucrative you have to avoid praying for default, praying for the borrower to give up, because that isn't nice.

But if the borrower does go belly up, you win.

You win either way in most cases, in fact in every case just about if you are careful. It's easy to be careful and it's easy to understand these investments.

Never invest in what you can't see. Never invest in houses or notes in some distant place. See legitimate appraisals before you invest. Look over the situation and the borrower and the history of the note.

This isn't rocket science. It's easy to get good at it.

Will they confiscate your IRA retirement cash?

January 26th, 2012

401K and IRAs – will they be confiscated?

Given the huge debt build-up, will the US government ever go after your retirement account?

The arithmetic for Uncle Sam to invade your IRA or 401K is quite compelling.

There are 4.3 trillion dollars in private retirement accounts in the US.

The US government is running an official deficit of about $1.4 trillion in 2010.

And if you include the shortfalls building up in state and local governments, primarily from over-promises to pension funds, it gets much worse.

If the US government can get into your 401K or IRA, they can fund a lot of these deficits with cold, hard cash.

Savings vs. the US Dollar

Few people understand that the US dollar is based upon debt. Each dollar says on it "Federal Reserve Note" and a Note is an instrument of debt. When the Federal Reserve creates a dollar, that is a dollar of debt not wealth.

As interest is paid on this debt, more and more money has to be created just to pay the interest.

Official policy of the US government and the Federal Reserve is to keep interest rates really, really low. So that the interest due on the debt is kept as low as possible. And so that hopefully banks and governments can borrow even more money and pay even less interest.

This policy is resulting in three bad effects.

One: private savers and retirees, anyone with a 401K, IRA or savings, gets decimated. The value of their savings is dropping as more dollars are printed.

Two: savers and investors lose money on interest and dividend payments that are artificially low. Who can live on 1% interest? Yet that is what banks are paying. The banks are borrowing from the Federal Reserve at near zero percent and lending at 5, 10 or 29% interest (on credit cards).

Three: the US dollar is falling in value. That makes imports more expensive. This will result in a lot of higher costs for oil (imported mostly), things we buy every day, food and everything else.

At some point, the US dollar will plummet and inflation will skyrocket. That will cause massive layoffs of Federal government people and huge reductions in the budget.

When congress sees this, they will look at where money is sitting that they can tax or take. And that money will be YOURS. They will set their sites on pension funds because that is the last untapped source of real wealth.

How might this work? They might require you to buy "ultra safe" treasury bonds with your money. Or they require you to buy into some government-guaranteed bonds as a "safety net."

Even if they don't directly seize your savings, they will continue driving down the value of your savings. This is because they MUST keep interest rates near zero for a long time. If they didn't, how would they pay interest on the deficit and on all the borrowed things everyone owns?

How zero interest rates threaten you with ruin

Remember, asset values on things like companies, houses and office buildings FELL something like 40% since 2008. The government's official policy is to make interest rates near zero and try to encourage high INFLATION so that the loans that were made on these assets can be paid back with cheaper, inflated dollars.

If you don't get what is going on you will be lost.

The solution is to get out of stocks and bonds. The only stocks I personally own are gold and silver mining companies and oil and uranium companies. Most of what I own is in alternative investments. I suggest that you invest your money in real estate, tax liens, secured loans, gold and silver coins, and good cash flowing businesses.

Why these? Because they earn a return from 8% to 20% or more, secured. And they can give you a return that is much, much higher than that if you are willing to be active in your investments.

How to protect yourself from government seizing your retirement

The first step is to convert your Wall Street captive retirement plan into a Checkbook Retirement Plan. So you are holding your own money in a good solid bank account rather than having your money sit there at your Wall Street financial advisor's palm. Wall Street is in league with the US Government and if they ever seize accounts, it will be through the Wall Street firms that they work.

So now, you are ready for the second step, which is to get out of debt. You can actually use your retirement savings to get out of debt. You can earn a return of 1,000% on this money and still end up with a great FICO score. You have taken your retirement cash and settled your big credit card debts with it.

The third step is to invest the rest of your money with solid real estate and secured loan opportunities. Even if you don't want to get your hands dirty or be active in your investing, you can participate in buying real estate, flipping, making secured loans and much more. And you can earn a safe secure 8% to 20% or more doing so.

You will NEVER hear about these opportunities from your financial advisor. Why? Because first he doesn't know, and second, he is paid through commissions and fees made possible by Wall Street and he will never see anything other than Wall Street as what you should do. Do you really think your advisor will recommend you buy a rental property, promissory note, or buy gold coins? Of course not.

Leaarn more about alternative investments at FinancialSuccessInstitute.org.

Self Directed IRA - How NOT to Become Wealthy

January 26th, 2012

If you aren't yet into a self directed IRA or 401K and are still invested in the stock markets or are thinking about getting back in, you need to read this. Here's part of a blog that **Tyler Durden** posted on **Zerohedge.com**:

> *"2011 has not been good for hedge funds … this will be the first year of many, possibly ever, in which the average hedge fund had a negative return, even as the broader market had a minimally positive return, although there are still a few more trading days in the year so the S&P could well close negative."*

Hedge fund managers are supposed to be the smartest investors in the market. The ultra rich trust them with their money and require the managers personally invest substantial amounts of their own money to assure they act in the best interest of the hedge fund.

One of your alternatives with a self directed IRA is traditional investing in stocks, bonds, and mutual funds on Wall Street. If the best in the market is losing money, your little self directed IRA doesn't stand much chance. Better you invest your self directed IRA were it will be secure and grow predictably.

Don't trust your self directed IRA with hedge fund managers that are losing their own money on Wall Street. Photo courtesy of www.flickr.com/photos/worldeconomicforum/374705841/

Tyler Durden's post doesn't show any confidence the markets will change any time soon. He goes on to say:

> *"No doubt this collapse in returns will be blamed on this and that, yet we can't help but wonder how in the "New Hedge Fund Normal" in which fundamentals no longer matter…. just what will happen to that ultra critical $2 trillion marginal purchasing power, levered 3 times, which has traditionally been the driving force for market moves higher?"*

You can hold a self directed IRA or 401K outside of an employer's pension fund. That might be a good idea since pensions are major investors in hedge funds. Having a self directed IRA invested in real estate or other tangible assets could just be the real hedge you need against stock market investing.

CNN Money reports that at the end of November, hedge fund losses averaged 7% for the year and the roller coaster S&P 500 was down 0.8%. When you have a self directed IRA invested in a real estate note paying 8%, you know exactly where your self directed IRA will end the year – up 8%.

It's pretty easy to invest a self directed IRA into a real estate note bearing 8% annually. A $100,000 self directed IRA or 401K compounding for 15 years becomes a self directed IRA with $330,700. I don't know about you but I'd be afraid $100,000 invested on Wall Street for 15 years would become $60,000.

Comparing a highly secured self directed IRA to Wall Street is like holding a royal flush to Wall Streets pair of deuces. You can be sure you're taking home the money. Not them Photo courtesy of www.flickr.com/photos/melissagray/3786233137

A tax lien is another highly secure investment for you self directed IRA or 401K. Some tax liens are delivering 18% interest to people's self directed IRAs. Compounding your self directed IRA at 18% for 15 years will let you retire a millionaire with $1.4 million in your self directed IRA. How secure are tax liens? If the taxes don't get paid, your self directed IRA becomes the owner of the property for the cost of the back taxes. How long this takes varies by state but most will turn over the property to your self directed IRA in three years or less.

As 2011 comes to an end, you owe it to yourself and your family to stop losing your wealth on Wall Street and start building your retirement by securely investing with a self directed IRA or 401K.

Please leave your comments and questions about the self directed IRA below.

Don't get a self directed IRA until you read this dangerous report!

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written by Richard in *Free Reports*

We've gone to some of the foremost experts who make their money AWAY from Wall Street to put together this report showing you how you can possibly convert to a MUCH better retirement account option that most people don't know about

- Pool most/all of your present IRAs into one "super account"
- Buy rental properties, mortgage notes, or your dream home INSIDE your retirement account
- Get tax free income for life with MUCH higher potential returns than you'll ever get from an annuity
- Buy and HOLD gold and silver coins so you have them PHYSICALLY in your possession, but they are owned inside your retirement account
- Works even if you have a J-O-B, even if your J-O-B already has a 401K for you

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