



THE INVESTMENT GUIDE



The 7 Keys to Successful Investing
& How to Avoid Costly Mistakes

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Key #1: How to Make Sure the Investment is Right For You

Retirement planners today are some of the best and most talented salespeople. They know better than to pressure you to go with their particular investment preferences. That old style, high-pressure way of selling doesn't work with today's clients, so more subtle approaches are practiced. These advisors will make you feel special, privileged and smart for doing what they suggest—they'll make you think you really want what they're offering.

Rather than cram the investment down your throat, they'll use scarcity-based tactics like the "take-away close" where the advisor says something like, "You know what, maybe this investment isn't right for you. I think a lot of people will make a lot of money with this, but maybe you can't handle the risk." Of course, they're hoping you'll feel like you're about to lose out and come back with, "No, no, I can handle it! Lets do it."

Another common mistake people make is automatically taking advice from family that they trust. Let's say your nephew just became a "financial advisor" (an overused term these days) and he already seems to know a lot about investing. Plus, he loves you and cares about you, so you can trust his advice, right? Of course he cares about you and wouldn't intentionally give you bad advice, but as someone trained by financial institutions, he likely doesn't have the understanding or proper experience to see through what his firm is pushing and what would really be best for you.

The thing is that he himself has probably bought into what the firm is currently pushing, because not only is that how he and his firm make their commissions, but all of his sales training will have taught him to automatically push the particular products offered by the firm. Naturally, those will be the products they want you to buy into as well. It's not malicious, but it has lured many people into less than ideal financial situations in the past, and it continues to be one of the

major mistakes people make in the area of personal financial planning.

A. Compound Interest Is NOT the “Miracle” Some Say It Is

Contrary to what is popularly taught; accumulating and compounding interest is usually a mistake if you're trying to make money. Why? Well...for several reasons. First, it is an accumulation-based theory that takes years and years to develop; secondly, it can create a tax each time interest is earned; and is especially susceptible to inflation and leaves one exposed to unnecessary risk. Because you'll be paying tax every time it compounds, when you take the tax and add something called opportunity cost plus inflation into account, a 10% compounded return isn't a miracle. In fact, in many cases you'll barely end up breaking even.

Some of the isolated numbers on paper might look good, but they don't tell the whole story. Someone might tell you that if you'll invest \$100,000, at 10% then it will grow to be \$1,744,940 in 30 years. That probably sounds pretty good to you. The problem is that they're usually not including taxes, administrative fees, and other hidden factors in that equation that will end up making the real numbers substantially smaller.

They don't mention things like the fact that even if you are in a 25% marginal tax bracket, you'll end up having to pay \$411,235 out-of-pocket just in the form of taxes. In the thirtieth year alone, you'd be paying out close to \$40,000 just in taxes. On the other hand, if you didn't pay the taxes out of your own pocket, then the account would only grow to \$875,496 and not the \$1,744,940. You will notice this difference is larger than the \$411,235 dollars that would have been paid in tax if out of your own pocket, but this also represents the opportunity cost to losing those dollars, that would have otherwise grown in the account, to taxes. Opportunity cost is taking the \$411,235 paid to tax and also considering what it would have grown to if it

wasn't lost to tax. In other words, if you pay a dollar to tax, it is no longer available to earn interest. The lost interest is an opportunity cost.

Another opportunity cost to consider is the fees known as expense ratios and 12b-1 fees (for marketing). After these expenses, it could leave you only earning 8 percent instead of 10. The account ends up being \$1,006,266 before tax or \$574,349 after tax with this 2 percent expense (far short of the \$1,744,940 you were promised).

The difference between what you were told that you were going to earn (based on all too common "creative" advice) and what you really end up earning is what we call the "unseen reality". At Wealth Factory, we are careful to make sure that you understand the real bottom line, and we are experts at showing you how to recover and utilize money that is rightfully yours—money that you probably didn't even realize you were losing! We want you to have a financial plan based on reality, so that you can plan realistically for the future. Unfortunately, not all firms operate that way, which means that many people end up with a wildly different financial outcome than they expected.

B. Should You Pay Off Your Mortgage Early?

Some people believe that the best way to pay off a home mortgage is to accelerate payments through bi-weekly programs or sending the bank extra money out of their paycheck each month. This might be the right thing to do for some people, but most often it is not. What many people do not realize is that these great intentions can actually put the homeowner at greater risk and, in some cases, be a slower way to eliminate their mortgage payment.

An example of the amplified risk of sending extra payments to the bank would be if two neighboring homeowners hit hard times. One neighbor has his loan more than halfway paid off and the other has no equity at all (is fully mortgaged). In this instance, which home do you think the bank will seize first? The bank will seize the home that is closer to being paid off first (because there's more money in it for them) rather than the home that is fully mortgaged. This doesn't seem fair,

since the one that has been paying the house off more quickly deserves some credit for that, right? Unfortunately, that's not how the bank looks at it.

What that means is that often it's the homeowner who has been diligently paying off their home more quickly who is actually at greater risk of losing their home. Think about it. Unforeseen things happen all the time. People lose jobs, or illness strikes. You might think that putting all of your extra money into your house is a smart investment, but in reality it's a lot riskier than most people realize.

Additionally, people who want to hurry and pay off their homes are also potentially lowering their tax advantages in addition to losing control of their money by putting it into something that is not liquid. They're also losing the opportunity to earn interest on those dollars.

For many people, it's a smarter idea to keep the extra money (that they might have put towards paying off the mortgage sooner) in their control where they have access to it. Handing the extra payment to the bank rather than banking it yourself (keeping it earning for you), increases the rate at which the bank gets its money (something the bank isn't going to complain about), but it might not be a good idea for you financially.

Another fallacy that people don't consider is that they probably aren't really going to stay in the home for the rest of their lives, so giving the bank that extra money in attempt to pay it off quickly makes even less sense. Very few people are in a house for 30 years these days and there is specific marketing the banks employ to entice one to refinance or upgrade if the loan nears a payoff.

The bottom line is that it is important to understand how the economics and risks of sending the bank extra money, or locking into a higher monthly payment, really impact you. Determine the proper objective first, then determine the method, in order to make a smart decision.

C. Protect Your Investments

There are people out there who see insurance as nothing but a necessary evil to be replaced with self-insurance as quickly as one's financial situation allows. These people are focusing on the price of insurance, rather than the value that it provides and the cost of not having it. In reality, there is no such thing as self-insurance. You either have insurance or you don't. Not having insurance is risky and can severely limit your peace of mind and production even if you have money in the bank to cover unexpected losses.

When you're trying to invest wisely, it just doesn't make any sense to leave your financial assets unprotected. Productive people love insurance because it allows them to effectively transfer risks rather than retain them. Certain types of insurance may be used to leverage into other investments, but what most people fail to consider is that insurance allows us to invest even if we never use the actual insurance as a specific investment tool.

For example, if a person owns a \$1 million dollar home and has no homeowner's insurance, and he also has \$1 million cash, where can he invest his cash in such a way as to keep his home protected? According to most people's perceptions, the safest place to put it is in a bank account, because if you're really going to self-insure you have to have the money somewhere "safe" where you don't constantly have the fear of loss.

When one is exposed to risk, it limits options and infringes upon one's peace of mind when not properly protected. So this person may be saving \$2,000 a year on the price of insurance premiums, but at what cost? Chances are he could have been a lot more productive with his \$1 million than handing it to the bank, and realistically would have made a much better return on his investment than the \$2,000 he would have paid in insurance costs. Insurance is not a necessary evil—it's a smart tool when coordinated correctly with investing.

D. How to Be Productive with Interest

Compounding interest, as previously mentioned, isn't automatically the best thing to do with your money. Sure the financial institutions promote it because it keeps more of your money in their hands where they make money with it, but the truth is that you could often be benefiting from that money more if it was under your own management. You wouldn't even need to touch the principal. Instead of reinvesting the interest back into the principal, you could utilize velocity instead.

Our economy functions on the concept of velocity. If I were to spend a dollar, it isn't the end of that dollar. Someone else can take and spend that dollar as another good or service is purchased. The more goods or services purchased with the dollar, the more velocity. What many individuals don't realize is that velocity doesn't just work on a macro-scale, but within your own personal finances as well. We specialize in helping individuals know how to "velocity" their investment money to get maximum value out of every dollar multiple times—not just once.

Key #2: How to Avoid Being Misled

There are plenty of people who want to give advice, but you'll want to consider how much of their advice is just marketing. There is so much marketing and so many people willing to give "free advice". But often that free advice ends up being really expensive!

Financial institutions are definitely all about giving advice, but often the advice they give for what YOU should do is not at all what THEY would do. The only reason they can be more productive with your money than you can be, is because they know a few things that you don't.

Financial institutions actually want people to think it's too dangerous and complicated to be productive with their own money on their own. Additionally, most financial advisors get their information from the

financial institution, and they buy into what they are taught. That's why, as mentioned earlier, even your nephew who might love you, and be 100% trustworthy, is likely not your best source of financial information. He's very likely simply regurgitating what he's been taught in his weekly sales meeting, which is always going to be focused on what will help the firm make more money first and foremost.

There is often a real difference between being sold a product and implementing your ideal financial plan. If you don't have a plan, then it's easy to let a financial institution make one up for you, but that's not usually a good idea! Your nephew, of course, sincerely believes he's leading you in the right direction, which is whatever direction his firm is pushing at the moment in order to meet their numbers!

Financial advisors are highly trained in building rapport and trust. They may be 100% worthy of your absolute trust, but you still have to verify that the investment is really in alignment with your overall financial plan, and don't just take anyone's word for it.

Realize there isn't a magic product. The only thing that is ensured to work is a very clear, concise and holistic financial plan that aligns your intentions with your actions. Unfortunately, most financial institutions are not in the business of helping people creating highly customized plans.

A. Scrutinize the Source

Always scrutinize the source of your information. Did you know that many stock "advising" sites and press releases are paid for by the companies themselves? A commissioned writer is obviously going to be biased by the desires of whatever entity is writing their check, but they don't usually advertise the fact that their "advice" is actually no more than a sales pitch. With this in mind it is critical to ask two questions. 1) How does it serve you? 2) Is it in alignment with your plan?

The information may be accurate, but it begs the question: Accurate for

whom? Is it right for your plan?

B. What You Should Know About “Get Rich Quick” Schemes

Scrutinizing the source is also a good way to fend off investment scams or get rich quick schemes. These so-called “investments” are sold by people that are very good at making sure their “deals” sound both good and realistic. They’ll use tactics like promising large amounts of wealth for very little effort. Words like “today only” or “one time only” are some key phrases to be especially wary of.

If someone mentions it is “guaranteed” then find out how. Don’t be fooled by social consensus either. Sometimes they will list off people who are doing what they are proposing and getting very rich from it (whether or not they actually are).

A legitimate investment advisor won't ask you to keep any kind of investment a secret or under the radar, or tell you it's your “one chance” so you better hurry. It's your life and your money, don't let anyone make you feel like you need to “hurry” up and do anything without first thoughtfully thinking it through and considering if it does, or does not, fit into your overarching plan.

Key #3: How to Tell if You Are Investing vs Gambling

Don't buy into anything with an advisor who uses “risk profiles” to help you make financial decisions. The concept itself makes little sense. Most people are willing to risk quite a bit if they are very confident that they will “win”, but if they lose, then they realize that they didn't want the high risk after all.

That doesn't mean that considering your own risk tolerance is worthless, but the point is that when all is said and done, risk tolerance is not usually a good framework to build on. If you know

specifically what you're investing in and why, then you're mitigating your risks. If you just go with what your "risk profile" tells you, then you are gambling.

The key is to get educated about what you're really getting into. If it's a big financial decision, it might be wise to get an attorney involved to help make sense of the ramifications, or have your own investment analyst (who has no bias in the deal that could lead to bad advice) take a look and point out any potential dangers. In the past financial institutions have gotten into big trouble for giving "independent" advice that was in reality linked to their own (or their institutional clients) interests. Unfortunately, this still goes on a lot today, although much more discreetly.

A. Don't Fool Yourself

A lot of people think they are investing when they are actually gambling. Since they're gambling, they will naturally end up losing large chunks of money at some point, but somehow they are still surprised and disappointed when this happens.

Look at it this way, if you go to Las Vegas and expect "luck" to win you a fortune at the roulette table, then expect to lose money. If you go to the stock market (or any other type of investing) hoping that "luck" will make you a fortune, then expect to lose money. It may be true that you have slightly better odds making money on Wall Street than you do in Vegas, but if you're relying on luck then you won't likely fare well with either.

B. Invest In People, Not Product

Understand that when you are investing, you are always investing in people—even if you think you are investing in a service or a particular product. What you are really investing in is a company's integrity, its ability to create value, and the ability to bring their services/products successfully to the marketplace.

There are examples of companies that have lost money even though

they had an amazing product. This is because the people involved made poor decisions or were ineffective in one area or another. What do you know about the kind of people you are investing in? Sure, it's a lot easier to make money when a great product is involved, but ultimately it is the people—not the product—that will determine how successful an investment will be.

C. Manage the Variables

One of the best ways to ensure that you're not gambling is to manage the variables. The best way to manage the variables is to invest in your self through education. After all, everyone has at least one marketable idea, skill or talent that they could potentially capitalize on in the marketplace.

Too many people don't have enough faith in their own ability to create value for others. They think that investing in stocks will make them rich, but the truth is that most people who are rich got there by investing in their own business, dreams and ideas—things they have more ability to manage.

D. The Variable in Risk: YOU

There is no such thing as risky investments, only risky investors. Maybe your friend has made a lot of money in real estate and thinks you'd do well with it too. But when people say that investing in real estate, or anything else, is good—well, good for whom? Is it right for you?

How do you know what investments are right for you? You're the only one that really knows your own particular level of passion, skills, and knowledge in regard to any particular type of investing. Therefore, only you can determine if real estate—or any other type of investing—is going to be a gamble or an investment for you personally.

Sometimes there is a fine line between investing and gambling, but the way to widen the gap is to make sure you understand what you're investing in and why YOU are investing in it—and not just why your

advisor, or uncle, or best friend says you should. Make informed decisions in alignment with your plan.

It's surprising how often people will spend more time researching a purchase of a new car, or the purchase of a new cell phone, than they spend researching what all of their financial options are. If you are going to invest, then it is really important to take enough time to understand what you are investing in and why.

The very definition of gambling is putting your money at risk by betting on an uncertain outcome, and yet that's what many so-called "investors" do. Actual investing, however, doesn't happen without some action on the part of the investor. A true investor performs a thorough and thoughtful analysis and commits capital only when he or she is confident that they are making a well-informed decision. True investing is more than simply crossing your fingers and hoping Lady Luck is on your side, it's putting your money to work intelligently, and with a solid plan.

At the very minimum, here are a few questions you should always ask yourself—before investing—to help you determine if you have done your due diligence:

1. Why exactly am I investing in this particular vehicle?
2. Based on my own research, what makes me confident that this investment will offer a good return?
3. What is the worst-case outcome of this investment, and am I comfortable with it?
4. Does this investment fit well with my financial values and plans, or am I just hoping to make some easy money?

Key #4: How to Minimize Risks

A. Be Proactive with Your Credit Score

Your credit score will greatly impact how much you're paying for things, and to a large extent, how much money you can make in

investments. Do you know what your credit rating and score look like? Do you clearly know how to improve it, and how it's affecting the rest of your finances?

Unfortunately, most people don't know how to maintain and maximize their credit reports. Most of us would study for a test if we wanted an A in school, but ironically many of us leave our credit scores to "chance". One common credit myth people have is if a person pays their bills on time, then they have nothing else to worry about. The reality, however, is that paying your bills on time makes up only 35% of your credit score.

People want a good credit score but they don't even know what the criteria for getting a good score is! At Wealth Factory, as part of our comprehensive planning, we make sure that our clients know exactly how to maximize their scores, so that they can save and make thousands of dollars annually

B. Know the "What's" & "Why's"

Most people make investing mistakes when they get emotional, excited, and basically too greedy. In the moment, dreams of effortless riches can easily cloud logic and realistic evaluation of whether it's the right plan or not for the individual. That's why making emotionally charged decisions often turns out to be a costly mistake.

Also, keep in mind that you don't have to run a business, or buy a business, or invest in real estate or in the stock market in order to get rich. One or all of those things might be perfect for someone else, but horrible ideas for you. We're all different with natural inclinations and abilities. There's not one perfect way to riches—it all depends on who you are individually.

However, contrary to popular belief, there are safe ways to invest that produce high yields, while at the same time exposing yourself to very little risk. But first you have to know what you're really after, and why.

Most people believe that high yield only exists in a world of high risk,

and low yield always equates to low risk. In many situations, looking merely at product, that is true. Banking products such as CD's and money market accounts seem to be low yield and low risk. True risks are often not accounted for however, especially when it comes to inflation and opportunity risk.

The ideal, however, would be to find a way to invest where high yields would be possible with a low risk. While specific strategies are beyond the scope of this guide (simply because strategies and techniques will be different for every individual's situation), there are some basic things you can do to create a favorable scenario for yourself, which are covered in the next sections.

C. The Crucial X Factor

The best way to mitigate risk is to have a clear "financial blueprint" that corresponds with what you want to get out of YOUR life. Knowing what you want out of life is the X factor, because no one can answer this question besides YOU, and most people never answer it at all!

Do you know what your personal definition of wealth is (beyond a dollar amount)? If your only objective in investing is to have MORE money, then not only will you likely never reach your objective (because there is always "more"), but you're unlikely to find lasting security and satisfaction in your investments.

Understand that money is just a tool to enhance your life, and not the meaning of life! If you don't know where to invest, then invest in yourself first and always. Warren Buffett has said that although he has made his fortune in investing, he detests risk. "Risk comes from not knowing what you're doing," he says. The better you understand what you're doing, and why you're doing it, both from a financial and personal perspective, the better investment decision you will make.

Because if you don't have a plan, then someone else will have a plan for you. By understanding your big picture and the legacy you are creating, you will be less likely to get derailed or talked into things. Knowing what you want gives you purpose and clarity behind your investing. It helps you recognize opportunities that you didn't before,

and at the same time avoid the things that you don't want in your life. Most advisors use "30 year" projections because it makes the numbers look better, but they don't look at how an investment is going to affect your life today.

Some people think they're safe because they get benefits from their work, for example, but their pension likely has a lot of restrictions and can be lost altogether. With group disability benefits, for example, they find out too late that you practically have to be immobile to get paid.

A lot of people also don't know that there's a cap on payouts for group health or life insurance. One sad example of this happened on September 11, 2001. There was a group that had a significant number of employees die in the World Trade Center tragedy so the aggregate death benefit was capped and each family was surprised to find out they were paid much less than the benefit they expected.

Group coverage also gets people stuck doing what they're doing today, because they can't afford to lose the benefits if there are any health changes. With some personal responsibility and education, you can find ways to do it more economically and in such a way that gives you greater freedom.

D. Don't live in fear

The #1 concern with retirees is that they will run out of money. How strange is it that advisors will basically tell you to not live the life you want to today, so that you'll have it good when you retire. But in reality, most people with grand retirement dreams don't end up living them because they're STILL scared that they'll run out of money when they retire. However with a clear and comprehensive plan that centers around you living the best life you can imagine, this doesn't have to be the case for you. You can have financial security, and still live your lifelong dreams at any age.

E. What is the “Big Picture” Plan?

Just like a dream house, a financial blueprint that is thoughtfully planned out is going to be a lot more attractive and stable than one just thrown together as you go based on momentary whims or fast-talking marketers. Before you even begin to consider investing, or doing anything major with your finances, it’s a good idea to carefully map out what your real overarching desires and objectives are—not just financially, but with your life in general.

Why? Because like it or not, in today’s world money affects every single aspect of our lives. Don’t think some generic, standard plan that some financial advisor outlined for you based on statistics is going to be your ticket to financial success.

If you beat numbers hard enough they’ll confess to anything. Your life, however, is not a statistic. How about a plan that actually improves the quality of your life in the ways that personally matter to you? For example, if you dream of buying an RV in a few years and will be taking time off of work to tour the country, do you want to be able to do this only if the market cooperates, or under the worst-case scenario as well?

Your plans should not be dependant upon the market, unless you want to have to wait and see if your dreams will come true or not. A personal plan, customized to the preferences of the individual can be designed that ensures the outcomes that really matter to you will come to pass— regardless of whether or not the market cooperates.

Key #5: Don’t Get Trapped By Your 401(k)/Qualified Plan

A. Why Do Financial Institutions Push 401(k)s?

The financial industry has done a tremendous job of getting companies

and individuals alike to practically worship 401(k)s. But in reality...they're not always a good idea! So why do certain sectors of the financial industry push them so much? Take a guess. They get your money, the government's money and they have the rules on their side to hold on to it for a very, very long time! Even if your employer offers an irresistible "matching" program (where they match your contribution to your 401(k) with a certain percentage of your paycheck), it's still not that great of a deal. Why? The stipulations and rules for how and when you use that money make it difficult at best to get your money!

I do understand that some people use the logic that at least they're saving something, no matter how ineffective, for their retirement. However, in general, people can put their money to work for them in much more effective ways than by using 401(k)s.

B. The Essential Questions

Here are some of the most basic questions that are essential to ask, understand, and feel comfortable with BEFORE you invest in IRAs, 401(k)s or any other qualified retirement plan.

8 Essential Questions You Should Ask BEFORE Investing

What is the investment's liquidity? Is the investment money tied up with penalties attached for early withdrawal, or are the restrictions so numerous that it will be difficult to navigate them should you ever require access to the money?

Are your funds market dependent? Is the performance of your funds dependent upon market factors that you do not have the knowledge or the ability to understand or mitigate? Are you okay with losing some or all of your investment if the market does not cooperate?

What are the administrative fees? Many funds are subject to various administrative fees in addition to expense ratios and 12-b1 fees (for marketing expenses). This is something that most people, and even many advisors, ignore. This means that your

returns will be negatively impacted and your projections can be substantially off. Make sure to factor in all of the administrative fees when making an investment decision. Even a 2% difference in administrative fees can shave an astounding amount of profit off of your earnings.

Is it tax-free or tax-deferred? If you don't like paying taxes today, why would you want to pay even more in the future? In other words, the tax deferral aspect of certain investment vehicles, which is touted as a great boon, is actually a primary factor contributing to qualified plan money being notoriously under-utilized. Most retirees let the money sit, even during their retirement years, for fear of triggering tax consequences. If you just have to pay the taxes at a later date how is it a tax advantage? Make sure you understand that liability before making an investment decision.

Will you be in a higher tax bracket upon withdrawal? Closely related to the previous question, the other thing you should understand is that most advice fails to take into consideration the likelihood of you being in a higher tax bracket during your retirement years than you were previously. Think about it: If you have achieved any measure of success living the accumulation theory, you should actually be in a higher tax bracket at retirement, although most advisors project that you will be in a lower tax bracket. It's profound irony that people project healthy returns on their qualified plan while also projecting that they will be in a lower tax bracket at retirement. These facts are worth keeping in mind when you're hearing this kind of illogical double-speak.

What about estate taxes? Qualified plan money is often a sitting duck for estate taxes, because it is rarely utilized by those who accumulated it because they hold off so long on withdrawing it in fear of paying taxes. Yet, when the money is passed on to the next generation, there is not only an income tax that can be triggered, it may be subject to an estate tax where there is no internal provision to avoid. So, when the money is passed to the next

generation, the government is taking a healthy chunk before it passes hands. This begs the question of who is the real beneficiary of the program? Make sure you consider that possibility before investing.

Is there a clear exit strategy? Many investment vehicles are much easier to get into than they are to get out of. In fact, many companies enroll employees in qualified plans automatically upon hiring them. They often sound great—you're getting a match, tax deferral, a wide choice of funds. But how are you going to get out of it? How many people take this into consideration when they start contributions? How many people understand the penalty and tax consequences? Most people don't fully realize the implications until it's too late, and so their qualified plan money sits unutilized. In that case, what is the real rate of return of your money? Once again, in that scenario, who are the real beneficiaries? It might not be you, or your heirs. To a large extent it's the institutions and the government that benefit most. Also, keep in mind that even if enrollment is automatic, you still have the right to opt out.

Is the investment subject to government change? Did you know that many qualified plans (401(k)'s, IRA's etc.) do not technically belong to you?! Read the fine print and you will often find that it is what's called an "FBO" (For Benefit of). In other words, it's held in trust by a custodian on your behalf and subject to a myriad of government regulations and changes. It's essentially a tax code.

Key #6: Consider How an Investment Will Affect You Personally

A. It's More Than Just Numbers, It's Your Life

You only get one life. (Even if you're Hindu, you know that you only get one life as YOU, or in other words, the exact person you are right

now!) Yet unfortunately, many people don't seem to understand that the financial aspect of their life will affect every other area of their life to one degree or another. It would be naïve to treat the financial aspect of your life as completely separate and unrelated to all other aspects of your life such as spiritual, mental, physical and social wealth.

To use a metaphor, let's just say that if your finances were a single organ in your body, it would still have to work in tandem with all of the other "organs" (or areas of life) to keep you alive and healthy, right? It's not much good to have a perfect kidney with a failing heart. Yet, there is an unsettling trend in the financial industry today to approach financial planning in a fractured, isolated manner, where only certain aspects of a person's wants and dreams are acknowledged, while ignoring everything else that they care about.

B. Don't Be Swayed by Slick Salespeople

The financial industry is legendary for being full of slick salespeople. A lot of investment advisors will act like they know what's best for you, more than you know what's best for you. But guess what—they don't! I'm not trying to discount their expertise, but the biggest problem is that they focus more on product than on your empowerment.

Realistically, YOU are the only one who can determine what YOU want to get out of the financial realm of your life, as well as how decisions you make can increase, or decrease, your satisfaction in other areas of your life. This concept applies in literally countless ways. Investing decisions do overlap into other aspects of your life and values.

For example, if you were morally opposed to child sweat shops that paid meager wages and kept young children out of school, would you want to invest in a company that had hundreds of them around the globe? After all, a monetary investment is one form of support you give a company. By giving your money to a company that supports child labor, in essence you are also supporting child labor.

Likewise, if you are an avid environmentalist, you might want to put your money where your mouth is by investing in solar technology, for

example, rather than in an oil company. On a different note, if one of your major aims in life is to have less stress and more peace, then it would be a bad move to invest in a volatile stock—no matter how sure your investment advisor is that it could make you a millionaire. After all, your peace of mind is a valuable asset in its own right—one that shouldn't be easily sold in an attempt to make a quick buck.

Key #7: How to Invest in Your Most Valuable Asset: You

A. The Secret to Investing That Most People Miss

Surprisingly, most of us chronically overlook our most valuable asset, which is our own self! So how do you invest in yourself? The first oft-ignored step is taking the time to figure out what your ideal life looks like, financially, occupationally and otherwise, so that you can design your investing, and your finances in general, to complement both your long-term and short-term objectives. Once you know what you really want, you are now in a much better position to create a financial blueprint by design rather than one by default. In other words, you'll know what you're doing and why. That can make all the difference in the world!

There are many different ways to invest in one's self. A lot of people get stuck in investing ruts. They think that investing means mutual funds, or purchasing "hot" stocks. But there are many legitimate traditional and nontraditional ways to invest. Different investment vehicles can be smart ways to invest, depending on where you're at in life, and what objectives you have. Every investment vehicle has its positives and negatives, but the point is that there is more than one way to invest, and many overlook one of the most obvious investment opportunities: Developing your own capacity to create real value in the world, which in turn leads to financial prosperity.

It is not so much that investment products are good or bad, it is

whether they meet the objective or not. What you want is a plan that is not based on limits, but on the limitless possibilities of your own unique potential.

B. Invest in Your Own Life, First

There is more to wealth than just money. Real prosperity involves your health, your spirituality, your relationships and your overall emotional/mental wellbeing. People don't live compartmentalized lives.

Every aspect of life will naturally affect each other, including financially. If you want more money, realize that investing in yourself is likely to increase your wealth and happiness more than investing in someone else, or in some other company. Think about it. You're smart. You have passions and ideas. Why can't you make a lot of money doing what you want to do? Many people do, and there's no reason why you can't too.

So how do you invest in yourself? One way is to identify your own natural passions, abilities, and talents, and then bringing them to the marketplace. That doesn't mean that you have to own your own business or be a good salesperson. Anyone can find enjoyable ways to bring value to the marketplace, which in turn naturally creates wealth.

Investing in yourself allows you to identify and obtain a view of the possibilities. People who invest in their own ideas and talents, are inevitably richer, happier and more satisfied than people who only dare invest in others talents and capacity for productivity.

In Conclusion...

From a larger perspective, you have to know where you're going, to have any chance of getting there. Too many people are stuck in "survive" mode, when they could be moving into "thrive" mode. How do you do that? Again, it all starts with education and having a plan.

At Wealth Factory, we look forward to giving you the knowledge and guidance needed to help you create a winning personal financial plan.

I hope you've enjoyed this investor's guide, and that you've gotten some real value out of it. Feel free to pass it on to family and loved ones. And we're excited to begin helping you manufacture wealth.

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