FIVE MAJOR MISTAKES

Investors Make With Their Money...

And What You Need to Do to Sidestep the Destruction

PENNY STOCK
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Baby boomers are retiring in droves.

According to recent research, 10,000 baby boomers will enter into retirement each day for the next 15 years. *It's a staggering number!*

Many of these new retirees are left to fend for themselves when it comes to investing their hard earned nest egg.

Tragically, many are making HUGE mistakes with their money, and it's going to cost them thousands… and in some cases hundreds of thousands of dollars over the years.

Now is your opportunity.

Take this opportunity to learn from the mistakes of others…

It could be the difference between living out your golden years in comfortable retirement… or moving in with the kids.

Let's look at where we are TODAY…

Money mistakes are only exacerbated when there isn't much money around. According to US News & World Report, the median income for people over the age of 65 is about $27,000 for males and $15,000 for females.

The typical household headed by an individual of "retirement age" has a median income of only $48,538.

While nothing to sneeze at, the drop in income for retirement age individuals leaves people reliant on Social Security for their main source of income.

While social security is certainly able to aid and supplement an individual's retirement income, it should not be the only source of cash flow.

Yet, for many of the 10,000 baby boomers who will retire today, mistakes made when investing for retirement will leave them no choice but to rely on government assistance, their family, and in some extreme cases - **handouts from charity**.

While there are thousands of different mistakes an investor can make, let's take a close look at the BIG 5 Mistakes…

Major Mistake #1:

Not Investing at All

If you don't understand the difference between saving and investing, now is the time to study up.

Saving is simply stashing away money for some future purchase.

Investing is putting money in places where it will grow and multiply. Investing is putting your money in things like stocks, bonds, real estate, ETFs, and Mutual funds… just to name a few.

If you are only saving and not investing, you are making a major mistake with your money.

In retirement, you'll need income from your savings.

While social security will surely provide some of that, it is rarely enough to live off.

Investing should give you a nest egg big enough to live off of. Your retirement nest egg is your primary source of cash flow in retirement. Don't make the mistake of only saving… make sure you are deploying you savings and INVESTING that money for greater growth.

Now when it comes to investing you've got to be careful where you put your money…

Major Mistake #2:

Not Investing in Stocks

Anyone with any experience investing understands investing in stocks is the best way to go.

You see over the last hundred years or so, the stock market has returned on average more than 10% a year.

Some years it's a lot more… in other years you lose money.

But for people looking for good solid returns on their investments, Stocks are the way to go.

Why?

Because of economic growth. As the economy grows, the companies playing in that economy grow. And when you own a piece of those businesses, your money grows too.

Dividends too…

Many people don't realize this, but a lot of the regular return from stocks comes in the form of dividends…that's right... dividends – cash in your pocket.

But the secret isn't to rush out and spend that cash… you re-invest it. You put that dividend back to work and let it grow too! The longer you do this the better off you are.

One of the primary ways to invest is through individual stocks. But you can also look at ETFs and even mutual funds to get your investments working.

(and if you have a limited amount of time to study the markets I recommend a major ETF or Mutual Fund)

Now some investors are afraid of the recent stock market “crash” and recession. Frankly, it scared many people away from investing in stocks. All I can say is, take a look at the bigger picture… the market has been going up and down for decades.

Heck they had market crashes for as long as there has been a market.

Don’t panic, look at it as an opportunity to buy stuff on sale!

The market has consistently grown over the years and will certainly continue to do so. Investing in stocks gives you the potential for high growth!

That brings us to mistake #3… once you start investing in stocks you’ve got to be careful…

Major Mistake #3:

Not Diversifying Your Stock Investments

Going along with the previous mistake (Not investing in Stocks), many people don’t properly diversify their stock investments.

This is very dangerous for a number of reasons and often leaves retirees in a bad spot.

Do you remember the ENRON scandal from a few years back. Employees were left with nothing because they worked at the company, and invested their life savings, and retirement accounts in the ENRON stock.

When the stock imploded, they lost **everything**.

Don’t lose everything.

One of the best pieces of advice I can give you is to not put all your eggs in one basket.

It’s a good idea to mitigate risk and spread your investments around. Look at Real estate, bonds, mutual funds, ETFs, and individual stocks…

Just remember not to put too much money in one spot… you don’t want to lose it all!

Now for another mistake investors make…

Major Mistake #4:

Taking Too Much Risk

Too much of a good thing can be a bad thing!

In the case of investing, that good thing / bad thing is risk. Don’t just jump in and invest in the first thing that comes along.

You need to make smart, well-calculated investments. Look for positive growth trends and proven track records.

This major mistake goes hand in hand with the previously mentioned mistake of not diversifying.

Risky portfolios often have too much money invested in one stock.

You can avoid this mistake by spreading your money out amongst a number of investments… and no I don’t mean buy 100 different penny stocks.

Put some money in the big old fashioned companies… put some money in riskier penny stocks, put some in safe bonds and mutual funds, keep some cash in the bank!

One way of thinking about risk is by dividing investments into "Core Holdings," "Safety," and "Speculation."

Core holdings are low-risk investments that guard against inflation and provide liquid assets.

Safety investments should be the largest portion of your retirement portfolio and include a well diversified portion of large stocks, bonds, and other investments that provide value and growth.

The final part is Speculation. These investments should only make up a fraction of your portfolio and are the "riskiest" part. These are high-risk, high-reward opportunities where you can afford to lose 100% of your money and not lose any sleep.

If you don't sleep well at night, move some money around!

While the latter segment is exciting and important, it should not make up the majority of your investment strategy.

Instead, focus on the previous two investment categories and be smart.

Major Mistake #5:

Making the Wrong Investments

If everyone knew what the right and wrong investments were, we'd all be rich. However, the reality is that investments involve speculation, research, and a bit of luck.

With that being said, it is possible to avoid making the wrong investments.

In this case, the wrong investments refer to foolish investments. These are high-risk, low-reward investments that simply don't make sense.

While your friend next door may want you to jump in on an opportunity with him, don't be quick to throw your money at investments just for the sake of investing.

Investing is only smart when it’s done right; otherwise it’s foolish.

With a well-developed plan you can quickly determine which investments are right and which are wrong.

Avoid major mistake number five by staying attentive and engaged with your investments.

So there you have it, Five major mistakes that cost investors hundreds of thousands of dollars every year.

Be a Smart Investor

Investing is a big deal. After all, you are setting a financial standard for your quality of life throughout your life!

If you are serious about living off of your investments, don’t make the mistakes so many others often do.

A happy, comfortable retirement is less about how much money you make during your career and more about how you manage your money and invest it.

Do it the right way and you’ll be just fine. Foolishly throw money at the wind and you’ll have to find out the hard way what you did wrong. The choice is all yours!

Profitably yours,

The Penny Stock Research Team

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