

How to Survive and Prosper in the Financial Markets

by Joseph C. Newtz

Important Information

What hasn't changed in my 28 years of being a financial advisor is that hardly anyone is really teaching people how to purchase financial products in a meaningful way. I have worked with and studied financially successful people for decades and my objective has always been to help people using the little known, sometimes unconventional strategies that the wealthy have used for decades to accumulate and hold on to their money.

Why don't more people just copy the tactics that the wealthy use to grow and protect their money?

Because nobody is teaching it.

Well, I'm going to change that...

4. Diversify by asset class.

Divide your assets into 3 classes that have **protection, savings and investment** features. Then choose financial products appropriately for each class. Each class should start with assets that carry no risk of loss to help manage your psychological urge to panic by turning fluctuation into loss. The best way to invest over the long term isn't about looking for the highest performing asset at any given moment. It is about getting the best possible risk-adjusted returns over time with the least amount of stress.

5. There is only ONE #1 universal savings and investment goal.

The only real savings and investment goal is to build and maintain an income stream that can grow at least as fast as your cost of living grows.

6. Be Flexible. You must be able to adapt to change and be flexible enough to make changes in your portfolio to accommodate the changes in the investment environment. Again, the reason for having multiple choices of financial assets is that it gives you the ability to be more flexible.

7. Do your homework. Great investing requires both generating returns and controlling risk. You must do homework on every asset that you own. If you are a great stock picker but your savings aren't managed effectively, you are not doing as good as you should and you may be leaving money on the table. You have to make sure that each asset in each class is performing the best that it can in order to succeed financially.

8. Don't be a pig. You never know when things you own are going to crash. You never know

when the market could be wiped out. There is no certainty in the market. Sometimes that means that you make less money on the upside but it also means that you have something to keep on the downside. You can't buy low when you don't have any cash! Sometimes your portfolio gets lopsidedly exposed to something – usually because *that something* has gone up. Rebalancing takes some profits off the line and redeploys them in undervalued areas. Remember, the goal is to stay in the game. People who get wiped out by serious downturns tend to be those who never take anything off the table. Take profits. Don't be a pig.

9. Exercise discipline.

Discipline means staying true to your overall financial plan. You don't make changes just because your next door neighbor or a coworker is doing something differently.

10. Keep your costs and fees low.

Along with making and keeping a budget, financially successful people evaluate their monthly costs and reduce them when possible. Incurring too many fees can be your investment portfolio's silent killer. Also, by avoiding unnecessary spending, you allow a larger portion of your income to go towards saving.

11. Invest and protect. People who enjoy financial freedom have taken the steps to set up a solid financial plan based on their goals and objectives, an investment plan to achieve them and an estate plan to pass on what's left to their heirs. Even retirees need to think long term because of the increase in life expectancies.

12. Don't make stupid mistakes.

The loss of money from inefficiencies and stupid money mistakes is one of the most malicious ways that wealth is squandered. **Every dollar you lose through the ineffective use of your money is a dollar that can never work for you again.** People who have found success with money have a simple investment plan that helps manage behavior.

13. Be a good investor or a good client.

You don't need to be an expert in order to achieve satisfactory investment returns. But if you aren't, you must recognize your limitations and follow a course certain to work reasonably well. Even the smartest and most successful individuals in the world still rely on the assistance of other professionals at times. The cost to hire someone that really cares about you is minimal compared to the overall returns and benefits you'll experience long term.

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Certified Financial Education Instructor



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Here are 13 rules you can follow to survive and prosper in today's financial landscape:

1. Financial Planning =

Choices The purpose of money management is to manage the environment that you **CAN** control and give yourself options to make money in any economic environment as well as to have money available whenever you need it. The only real financial plan that works in the long run is one that works under every set of circumstances.

2. The purpose of the money dictates where you put it. View every dollar as an investment and put it toward its greatest use.

3. Control spending and avoid costly debt. While it is not always practical or possible to avoid incurring debt, it should be a top priority to try to eliminate as much of it as possible. People who flourish financially usually do so because they are keenly aware of exactly how much they owe, the interest rate on each item, and the costs associated with those debts.