TIP Inc.

FREE Health and Safety Investment Report

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Overview

Investing only works in the long-term. We all know life can be like a rollercoaster sometimes. Just know, the scary downs are temporary, and it's better to be invested than not invested. In the words of Sir John Templeton, the four most expensive words in investing are "This time it's different." In other words, don't panic when you investments fall. You make an investment in hopes of future returns. You're – in essences – investing in a company so they use your money to make future earnings (more money).

Here are some simple statistics that can help you understand some of your risks:

- 98.6% of traders lose money
- 70% of stocks fall year over year
- One in three traders loses 90% or more
- 7 out of 10 Americans don't have a financial plan
- 50% of people make buying decisions based on emotions
- The broad markets outperform most mutual funds

In the next few pages, I'll explain each of these statistics in detail and exactly how you can benefit from knowing each.

98.6% of traders lose money

You may have heard nine out of ten traders lose money, or even 95%. Some independent sources have suggested the number is closer to 99% (Tradeciety.com, https://www.tradeciety.com/24-statistics-why-most-traders-lose-money/, © 2019).

Most people don't know how to manage money in the short term (less than 10 years). According to the Small Business Administration, 66% of businesses fail within the first 10 years (https://www.investopedia.com/slide-show/top-6-reasons-new-businesses-fail/).

If you want to make it in trading you need a passion that is more resilient than fear of failure. Look for the right education and skills needed to build up your persistence and lower your risks. Fight failure with faith and seek an understanding first and foremost. When you talk investments to people, just know that most people are going to be wrong.

70% of stocks fall year over year

Investing in individual stocks is risky when you're not well-educated about the subject. Stocks go public – in most cases - because they need money to keep their business alive. The best businesses are the businesses with proprietary technology, self-perpetuating network effects, economies of scale, and branding (Theil, P. "Zero to One: Notes on Startups, or How to Build the Future, ©2014." https://amzn.to/2O8OUcQ

Don't invest in stocks without investing in your own education about them first. If you are going to trade, do it under the protection of a business instead of in a personal account. You can only write-off a certain amount of losses as an individual, however all business losses are tax deductible. If you may need the money in the short term, don't invest!

One in three traders lose 90% or more

There is an easy way to avoid this. Position size for max loss. Expect to lose it all. To lose almost everything, you must risk almost everything. Only risk what you can afford to lose. Here are few key rules of Investing that can help you not to lose it all:

- Only risk what you can afford to lose
- Don't put it all one thing
- Invest in the indexes if you're a beginner
- Expect to lose half
- Don't invest without a full understanding of your risks

7 out of 10 Americans don't have a financial plan

7 out of 10 Americans don't have a financial plan with investment goals. This is according to a Gallup poll conducted in April 2013. [https://news.gallup.com/poll/162872/one-three-americans-prepare-detailed-household-budget.aspx]

This is a big one. Props to you coming this far and I have a gift for you. I know most of you would rather do what you do for a living rather than work toward a plan with investment goals. I promised to make it simple and fun for you, so here's my plan [https://tradeplanconsulting.com/financial-plan-template/].

This is no ordinary plan. I've spent close to $100,000 in education costs and eleven years' perfecting it through iterations in the markets. Even though I lost money my first ten years trading, I've finally discovered a system that has been working for me well. I haven't changed it in two years and I've been very profitable since then. From this one plan I was able to realize +425.58% returns from five trades in a six-week period. Watch this webinar for the full details.

It’s not all about the plan

50% of people make buying decisions based on emotions (Holmes, C., “The Ultimate Sales Machine”, © 2007) [https://amzn.to/304o6Rj]

The plan is important and can give you that competitive advantage, however it’s just as important to know yourself and what drives your emotions. Your emotions may be causing you to act or react in a certain way. My road to becoming a profitable trader had many obstacles and the hardest one was controlling myself.

The best way I found to curb my market addiction was to trade in a simulated market. This way, I could place as many or as few trades as I wanted and it wouldn’t effect my real cash balance. It’s well-known among the best traders that only taking the best trade set-ups is how you can seriously increase your account balances to where you can make a profession out of it.

I forced myself to make only one trade or less per day and then trade in the simulator if I saw a trade I couldn’t resist. A market simulator is a real reflection of the market, but it’s not real money. This way, I could see the effects of my over-trading. When I did this, I got a lot more confident about what I was trading and when. There is no substitute for experience and the simulator can give you the same experience with none of the risk. That’s why I nicknamed it the #1 hack of 2019.

The broad markets outperform mutual funds

Indexes - like the S&P500 - outperform 96% of mutual funds (managed money). If you're just starting out, an easy way to invest without taking on unnecessary risk, is to invest in the indexes themselves. Vanguard has an Exchange Traded Fund setup to mirror the performance of the S&P 500. The ticker is VOO. There is only one time in history when the broad markets lost nearly 90% and that event was dubbed "The Great Depression".

The markets fell from a high of $381.17 in 1929 to a low of $40.56 in 1932. This drop was precisely 89.35%. Nowadays, there are many checks and balances as well as regulations and safeguards in place to prevent such events from reoccurring. In 2008, the markets fell about 60% from the high. Markets go through cycles. Four out of five market corrections (10% to 20% drop from the high) results in a full recovery within 60 days. One in five corrections end up resulting in a market crash. Great investors buy after corrections and they are very actively buying when there is a recession.

The best time to invest is the moment of maximum pessimism. When the markets fall off a ledge – like over half – that is the time when you want to be buying stocks hand over fist. Not to sell tomorrow, but to hold for the long-term. There is an added benefit of holding on one year longer. In the eyes of the federal Government, if you hold a position one year or longer, it is considered a long-term investment and taxes less than a short-term trade (holding less than one year). You give up a quarter of your gains to short-term capital gains tax when you sell within one year.

Peace of mind comes piece by piece. If you're interested in taking the new step toward understanding Investments, we have a BRAND NEW course that helps make it simple and fun!

Check out Candlestick College here