Do not put your nest egg at risk!

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I Just Don't Get It. Why do Americans risk their hard earned nest egg at the market casino table? That's what is happening…it's tantamount to having all your money sitting in front of you at a Las Vegas black-jack table and betting it all on every hand played. Yep, you're going to win some and feel empowered and happy, but then the next hand loses and you're money is gone. Anyone who has gambled in Vegas knows the odds are heavily stacked in favor of the HOUSE, simple as that. I believe that no one should risk ANY money they can't afford to lose.

I recently read that Warren Buffett says he has two primary rules.

Rule 1. Never lose money.

Rule 2. Never forget rule number 1.

Some people have so much money they don't care about any losses. Years ago I witnessed a Sheik lose $500,000.00 on one bet and it didn't bother him at all, he just ordered another beverage and smiled. But most of us can't afford to lose money, period. So why do we play the market game? I believe there are two reasons.

1. **Greed, pure and simple. The power of winning is stronger than the fear of losing.**

2. **The investment industry has succeeded in convincing ordinary people** that betting on the vast multitude of risk factors inherent in mutual funds and stocks, etc. is perfectly okay and normal, is necessary, and the only way to grow any wealth. That, my friends, is a very sad state of affairs. It reminds me of some science fiction horror movie about controlling a society via mass hypnosis and subliminal messaging creating some kind of mass hysteria.

When I think of the many millions of people who have been financially ruined, unable to retire and/or are still working in their late 60's and even 70's because of market losses, it makes me gasp for air. I have read that some guru's in the financial industry say it's their own fault and that 'they knew the risks' but played the game anyway.

I say 'poppycock'. The vast majority of folks with nest eggs have no idea what the real risks are and simply follow advice from their advisors or someone at work or Uncle Joe. The vast majority of people do not actively manage their portfolio and even those who do have no crystal ball and lose on a consistent basis.

My friend, the mathematics professor, ran the numbers for the S&P 500 from 1/1/2000 to 12/31/2013. He used this time frame due to the fact the entire world changed on 9/11/2001- remember the attack on the world Trade Center in NY? 2000-2013 is the new 'modern age' we live in, who cares what the S&P did in the '60's, 70's, 80's and 90's. Everything has changed, so if someone quotes you historic figures about 'average returns' and uses ancient history, you are being ‘duped’ in our opinion. Fact is, the S&P 500 averaged 3.55 percent from 2000-2013 and that is BEFORE commissions, fees, inflation and taxes. The real net return is below zero.

The S&P 500 is used as the barometer for stocks & mutual funds in America so the reality is that the S&P 500 reflects what the markets return in our investment accounts. It is amazing that many people do not connect the dots about this correlation.

In and around age 50 or more we should realize we are in a protection mode not an accumulation mode anyway. When I was much younger, I jumped out of a perfectly good air plane, but I wouldn’t do it now at 68. We have a real finite life expectancy factor now, and ‘retirement’ does not allow for mistakes and ‘snafu’s’ inherent in taking risks with money.

Retirement money is a finite commodity; there will be no more salary, etc. to replenish the nest egg. It must last maybe 15-20 years or more, simple as that. So why would one place this money at risk, I just don’t get it.

Is your nest egg insured? Most of us insure our health, automobile, life and home so why don’t we insure something as important and vital as our nest egg? Good question, is it not?

The answer is most folks do not know of any good alternative that can insure their money. Bank CD’s, money markets, checking accounts may seem safe but they pay almost no interest so that is not a good alternative.

Brokerage accounts offer (literally) zero safety as we have discussed. So what can we do, where can we place money that offers growth, safety and guarantees.

Some insurance companies offer accounts that offer safety, growth and guarantees. I’ll explain one such account now. First, it offers tax deferral meaning the account is not taxed until money is withdrawn.

Then it has:

Minimum guaranteed growth, by-passes probate, has beneficiary designations, a 10 percent bonus up front on the accumulation value, a crediting choice that offers up to a 30 percent cap on yearly gains (2.5 percent monthly), a guaranteed 7 percent compounded growth on the income account for 10 years, guaranteed income of life even if account runs out of money and if accumulation value crediting is more than 7 percent you also get that when you start withdrawals, free withdrawals of 10 percent yearly, access to all funds for terminal illness & nursing home & home health care, no fees or commissions in the contract with the insurance company except a .7 percent yearly fee for the guaranteed lifetime income account (lowest fee in industry and less than broker fees).

The account is with a ‘Legal Reserve Insurance Company” meaning, in addition to other safeguards, by law there is a reserve account matching your balance at all times and the account is fully re-insured. No other financial account is required by state law to have a reserve account and no one has ever lost a dime due to market conditions.

The account I have described is one of the best out there but there are others to choose from. It depends on one’s particular financial situation.

World economies and financial markets are in turmoil. Social turmoil is running rampant. Europe and the EURO are reported as currently sliding off the proverbial ‘cliff’. Unemployment is very high (25 percent in Spain for example). America’s real unemployment figure us upward of 11 percent. More than 40 wars are occurring right now (most involving terrorist armies).

There is a worldwide movement to replace the dollar as the world's reserve currency. QE, Americas Money printing machine, was stopped in an announcement by the FED on 10/29/14. It had been cranking out (printing) $85 Billion monthly for several years and supporting the DOW, S&P 500, etc. The Federal Reserve now has 4.4 Billion of 'funny money' on its books. Interest rates are rising.

America's national debt is closing in on $18 TRILLION. Our markets are on a severe roller coaster ride and experts claim that only one of a long list of things could bring it down again, sharply.

So what's going to happen next, can you afford to take any chances with your nest egg? How does it appear to be shaping up for your money and your family?

Again, I just don't get it! Why do people risk their nest egg when it's completely unnecessary?

Do you 'get it'?