6 BRICKS You MUST Know Before INVESTING In the STOCK MARKET
STOP!

Spend ten minutes right now understanding the six easy principles outlined here.

What? You don’t have ten minutes right now? Is there anything else that is more important than having money for your entire lifetime? Work, kids, or errands? Dinner, a movie, or haircut? Workout, walk the dog, or check email?

Seriously, what task or pastime is more important than having your money outlive you? Read this for yourself.

If investing feels complex and scary to you, you’re not alone. It feels complex and scary to most people. Part of the reason it feels this way is because financial experts talk with lots of jargon and unknown terms. This feels intimidating. (I’ve discovered that because these experts live in a data and analysis world, this is not any more deliberate than a techie that speaks jargon, but it’s intimidating, nevertheless.)

Add to this intimidation the fact that there’s a lot of emotion tied to money because it provides the most basic of human needs: food and shelter. Money determines the quality of your life: Organic vs. pesticides; bus vs. jet; hamburger vs. ahi; air conditioning vs. fan and even home vs. shelter.

Later, money determines whether you’ll be struggling to pay your light bills or traveling the world during your golden days, and the worry in the years before then. It determines whether you’ll live in the nursing home with bad food and poor service, or whether you’ll be dining in style with the care that you want, if and when the time comes. And along the entire way, maintaining a good quality lifestyle is on your mind somewhere, even if it’s lurking way in the very back of it.

This all means one thing: Your money is super important in a very, very big way. It is right up there just under health and family importance, and it even directly affects the quality and time you get to spend with your family, and the quality of your health, in many ways.

It’s important for sure. Why, then, don’t people spend the time to learn just the basics so they can manage their money well? Because it feels big and intimidating. It feels undoable, and we procrastinate what feels big and intimidating, even when it’s very, very important.
Given all of this, it’s no wonder that everyone thinks that investing is too complex. I have some wonderful and exciting news: It’s not.

Put on your own oxygen mask first, my friends, and read on, because here’s the thing: Investing is shopping. In its truest form, investing is simply buying things with your money that will give you something that you desire, and expect, in return. You’re probably a very smart shopper, so just apply those same principles of knowing what you’re buying, at what price, and why, to buying your investments, and the related services for managing them.

Understand these six concepts that every woman MUST know before investing a dime with anyone, anywhere, for any reason. Since most people consider the stock market when it comes to investing, the word “stocks” is in the title, but these concepts apply to the totality of your investments.

When you know these few things explained here, you’ll be ahead of 95% of investors. If you work with an advisor, you’ll blow her away with your knowledge. You’ll be more confident about what you’re buying with your money and why.

How great will that feel? Seriously, can you feel it? Spend ten minutes right now and change your life. Now that sounds like a pretty good investment!

BRICKS lay the foundation for investing. I’ll give you each brick, tell you why you need it, and briefly explain the concept, jargon free, of course.

**B – Your Big Money Picture**

**Why?**

**Because focusing on Your Big Money Picture first leads you to the results you want. Keep reading...**

You may feel unsettled about investing in the stock market. It may feel like this big intimidating arena that you know you need to master. You may keep managing to avoid either investing in it, or understanding it. That’s okay. You’re not alone.

Many people have a constant nagging feeling that they need to be invested in the stock market if they are going to have money for retirement one day. In our culture, the prevailing message about having enough money is this: invest in the stock market or you’ll run out of money!

But the stock market is only one way to invest.

It’s true that investing in the stock market over very long periods of time—especially when exceeding twenty years—has enabled investors to accumulate wealth. A lot of this success is due to the magic of compounding. The other part of
the equation is that the stock market does have positive results over very long-term periods.

When the earnings from your investments are put right back into that same investment repeatedly over the years, and that investment has positive long-term performance, that money compounds. Compounding is an ideal way to accumulate wealth, which requires no work beyond monitoring your money. It’s almost magic.

You may have experienced wealth compounding when you looked at your investment account for the first time in a long time and noticed that the account increased in value without any work on your part. It feels great! Albert Einstein referred to compound interest as the greatest invention in human history.

All of this is to say that if you have a long time until you'll need your investment money, investing in the stock market passively makes sense for many people as a core part of their wealth accumulation strategy. **Unfortunately, everyone doesn't have twenty plus years until they want the money they have invested.** This depends on their investing goals. They may saving be for retirement later in life, college savings, or a home or vacation home.

**Before you invest in the stock or any other market,** you’ll do well to look at your Big Money Picture. This is the first step in investing your money anywhere because it lays the foundation for being strategic with your money.

**Traditional stock investing with compounding as described above is simply a step in your overall strategy for accumulating wealth, not a guarantee that your money will outlive you.**

Here are the steps to get this important Big Picture perspective with your money before investing.

1. **Where the Heck Am I Now?**

   First, make a list of everything you own, and subtract everything you owe. This is where you are right now. In financial lingo, it’s your net worth.

   Once you have this, you can contemplate your next move strategically instead of acting on an assumption that picking some stocks will somehow magically lead to your financial goals. Before you start buying shares of the next Apple, ask yourself the following questions to lead your wealth.

2. **Is investing in the stock or other markets the best use of my money right now?**

   If you’re paying high interest on any debt, investing may not be the best use of your funds until your debt is paid. Look back to your list of what you owe. Compare the cost of what your loans cost you, after tax, to what you can reasonably expect to make from investing that money.
3. When do I want to retire or live off investments?

When do I want to have financial independence?

How do I want to live once I have it?

What do I want my lifestyle to be then? Will it include part time work, traveling the country in an RV or living abroad?

4. When will I need the money I want to invest now?

Money that is needed in twenty years can tolerate more volatility than money that is needed in five years.

The answer to this question will have a big influence on risk and the importance of investing around cycles.

5. What do I want my money to do for me to accomplish the above?

This question defines the reason you’re investing. The answer to this question would be to either grow your income now, or grow over time.

Some awesome investments will do both, but most won’t, so you’ll want a primary reason you’re investing. This primary reason will define the type of investment you’ll buy. You’ll read more about your Reasons for investing below.

6. Do I want to be actively involved in investing?

The answer to this question will lead you toward the type of investing you’ll do. Remember, stocks aren’t the only way to invest, but they are a very passive way to invest.

Many successful investors only invest in real estate, or their own small business for example. These investments both require active involvement. And they have created many millionaires.

If you don’t want to be actively involved with your investing, then investing in stocks is an option to consider.

And stocks are an excellent passive investment for most investors.

You can invest in stocks with or without much involvement, but certainly not without ANY involvement since you’ll want to track and monitor your investments carefully.

And do you want to buy individual stocks or funds?

If you’re leaning toward buying individual stocks, ask yourself if you enjoy researching stocks and other investment opportunities. Do you enjoy news about
stocks and the economy? If not, you’re probably going to want to buy index funds or hire a financial advisor to invest for you.

7. Can I use some of this money to increase my income?
Increasing income is usually at least as important to wealth building as investing is.

If you’re employed, explore if there's career move, a course or certification that could increase your earnings asap.

Increasing income allows you to accumulate more wealth and live the way you want.

The reality is that you don’t get wealthy through passive investing unless you already are but increasing income can fuel wealth accumulation.

Do you have an entrepreneurial spirit? Most people can start a small consulting business to increase income right away at virtually no cost.

Do you have an idea for investing a product?

Does having a niche content website appeal to you?

Do you have an idea for an online property that you can develop and sell to build wealth later?

Or do you see any excellent undervalued real estate rental property that would eventually lead to a capital gain?

Don’t blow lots of your investment money on the remote chance of an idea making millions. Always test income ideas with as little money as possible.

But do consider increasing income as part of your Big Picture.

**Only you can answer all these questions.**

So, you are the best person to lead your wealth. From that leadership, you’ll choose to invest in the stock market if that makes sense for you.

You’ll decide whether to hire a financial advisor or do your own investing.

You’ll construct ways to increase your income.

Investing is way bigger than choosing a few stocks or mutual funds. It’s about wealth creation and accumulation with all of the assets you have, including your skills.
In other words, look at your *Big Picture* before throwing money into the stock or bond market. Then make stock investing a part of your overall investment strategy, if it makes sense, to get the results you want from your money.

Learn to lead your wealth. When you focus on The Big Picture first, you are managing your wealth based on your life goals.

Your Big Picture allows you to make strategic decisions based on your goals. When you do this, you’re leading.

This is an important step because only you truly know what you want in your life.

**Does this talk of leading your money a little feel scary? Is there just a bit of discomfort?** It’s no wonder since most women did not have female role models that led the family money! That’s okay. It’s great, actually, because you’re just on the edge of your comfort zone. This is where we grow leaps and bounds.

But grow safely.

Don’t risk your money.

Investing without knowledge is risky. You know this already, and you want to know more so your money is safe. That’s why you’re here. Take the next step, which is to read and process the rest of the important basics in this eBook. It incorporates almost 40 years of my investing experience. It’s what I wish I had known earlier in life.

I would be wealthier now if I had known this 40 years ago! Let me share more with you.

**R – Reason**

**Why?**

**Because the reason you do something, anything, is the foundation for all decisions.** WHY are you investing your money? WHY are you in that bond fund? WHY are you in that stock fund?

There are two main reasons for investing your money. The first reason is so the investment will increase in value and your wealth will grow.

The second reason is to get income from your money. Certain types of investments are made with the plan that they will increase in value over time, while other investments are made because they pay income
while you own them. Some investments pay income AND appreciate, too.

Once you figure out the reason you want to invest, then it’s easier to know what to buy. Your reason for investing will tie right back to your Big Picture.

For example, if you are earning a salary with the plan to retire in 25 years, you probably would want to put more money in investments that grow instead of investments that pay income. For one thing, you probably have enough income to support you, and any income over that could be an unnecessary tax trigger.

If you’re about to retire, however, then you’d probably want to transition into income paying investments.

Investments That Pay Income

Investments that typically pay out passive income are bonds through interest payments to you, stocks that pay dividends, bonds that pay interest and certain other types of investments, such as REITs (Real Estate Investment Trusts) and MLP’s (Master Limited Partnerships).

Many investors independently buy rental properties, which are also common income producing investments that come with tax advantages, as do many income investments.

Investments that Increase in Value

Stock funds are the most common investments, especially in retirement funds, that are made with a plan to increase in value over time, especially for younger investors.

But stocks don’t always go up in value. Sometimes they go down in value for more than a year.

As you know, what goes up can also come down, which is why all BRICKS have a C for Cycle in them, as you’ll see below. All the BRICKS work together to lay the foundation for your investment prowess. But first, let’s make sure you’ve got the index concept...

I – Index

Why?

The index concept is super important for 2 reasons. First, an index is used as a performance measurement, which is called a Benchmark, as
explained below. Second, an index is a way you can invest at a low cost while owning a lot of different investments with a single fund purchase.

**An Index Is an Easy Low Cost Way to Invest**

An index fund is a fund that holds a group of single investments. For example, you’re probably familiar with the S&P 500, which is a group of 500 large company stocks in the US.

**Here’s how indexes work:** If you wanted to invest in the US stock market, instead of buying 500 stocks, you could buy an index fund that holds all the companies in the S&P 500 index and it would be like you own a tiny part of all 500 companies by owning that one fund. Buying an index is much easier and costs a lot less than researching and buying a bunch of stocks.

You can see how beneficial index investing can be for an investor with only $10,000 to invest since she can easily diversify her money into many companies at a very low (or no) commission cost.

But index investing is not just for small accounts. Financial advisors for the wealthiest investors buy index funds for them. Index investing is the most common way to invest in the stock market now.

**An Index Is Also an Awesome Measuring Tool**

It can feel impossible to know how well your investment is doing. Sure, you can see that your money went up or down, but what should it have done based on investments with similar risks? Tada! A benchmark is a tool that allows you to know how well your investment is performing compared to other investments of the same type with the same or similar risk. Indexes are used every day as benchmarks by sophisticated investors and financial experts.

This is a huge but pretty simply concept, so stay with me. I have a great example to explain this super important concept that you have GOT to get before you invest in stocks or bonds. After you read this, you’ll say to yourself “Wow that was pretty simple.”

When comparison shopping for anything, you are creating and using your own little benchmark. For example, I know that, in general, I pay about $6 for a huge package of organic power greens. This same price is true regardless of where I am shopping. It’s my benchmark. I expect about the same quality, amount and price. In other words, I get a very similar product from among the various stores and brands, that yields the same results; healthy organic greens that are good for me.
An investment example for using a benchmark that more closely resembles traditional investments is real estate. You may have used a benchmark of sorts when buying your home or an investment property.

Let’s say that you had a set measurement tool for the increase or decrease in value for all of the homes in your neighborhood. Assume all of the homes are of similar age and quality.

If you were going to sell your home after 5 years of owning it, it would be smart to know that you could check that measurement tool, or benchmark, for all of the other homes in your neighborhood to determine a selling price you could reasonably expect from your sale. You’d know what price to ask, and have a guide for the returns you could expect from your investment in your house.

Now, you’d be pretty mad if the Jones’ house, which was right next door, and almost exactly like your house, sold just one month prior for 25% more than your house. If you think about it, you had the same amount of risk since your home was in the same area, and purchased and sold near the same time. You can see how a neighborhood price measure is a very helpful tool in making big money decisions about selling your home. In fact, the sales price per square foot for a comparable home at any given time is like a benchmark, and you may be familiar with using it to value your home or other real estate.

Here’s the great news: The same, if not even more reliable tool, exists for stocks, bonds and other investments. Why doesn’t every smart shopper (a.k.a. investor) use benchmarks when evaluating investments? It sounds crazy, but most people don’t take the few minutes to understand and apply them to investing decisions.

Let’s look at an example using benchmarks for traditional investments, such as a stock fund you own in your retirement account. In the earlier examples, the benchmark was my power greens, or the price per square foot of a home.

In this case, the benchmark is a very, very common index fund for the US stock market because it represents either the overall stock market, or a certain segment of it that is most similar to your stock fund. You can use this index to shop and compare stock funds, just like you can do for homes or even power greens!

When you buy a large index based fund, like the S&P 500 index, it’s like you’re buying the stock market as a whole. This is because most stocks move up and down together as you’ll read more below under the C for Cycles.

You’d expect your stock fund to do at least as well as the overall market since it is the same type of investment with similar risk. Well, a benchmark allows you to make sure that it is! You can see how important this tool is for every investor!
More good news: There is a benchmark for every type of investment, including all kinds of stocks, bonds, real estate and commodities, like gold or oil, so you can use them to measure the results for every type of investment.

Now let’s go back to the stock fund in your retirement account and you can see how easy and valuable this brick is. If the related benchmark index made 10% over a certain time period, and your fund made 6% over the same time period and had higher fees (and possibly even triggered more taxes), you’d know that you could have done better in the other fund. Most people don’t even know to check this! But you do now. This is huge!

You’re a smart consumer or you wouldn’t have taken advantage of this free eBook. So, at this point, I know you’d investigate why your fund didn’t do as well as the benchmark (index), and consider alternatives unless there was some very valid reason for the underperformance. A valid reason for the underperformance of your fund could be that the prior year your fund increased 25%, and the index increased only 7%, for example.

Either way, it’s important to know the benchmark and use it in your investment decisions; you’re a much more informed investor with this knowledge.

Note: It’s real easy to check how well your investment performed against the related benchmark. This information is readily published right in the marketing material for any fund you’re considering or that you already own. You can also just check it for free on yahoo finance and other online resources.

(See how you can use what you’ve already learned to have more wealth, and measure your investment returns with confidence? You’ve learned the hardest part already! The remaining Bricks are a lot easier.)

C – Cycle

Why?

Ignoring or capitalizing on cycles can make you rich or poor.

Everything moves in cycles that are mostly based on the economy, causing the value of your investments to increase and decrease.

Some investments, such as short term bonds, have cycles that don’t have as much movement, and other investments, such as stocks, have huge cycle swings.

You’ve likely experienced the real estate cycle with your home, or maybe you’ve experienced stock cycles in your retirement account, so you’re familiar with cycles already.
Stock Cycles

For stock investors, the important thing to remember is that stocks go through cycles of rising and falling prices. **And even high quality stocks fall during bear markets, often by more than 50%!**

Near the end of a cycle up, prices of investments (stocks, bonds, commodities, real estate) get expensive. Often times, prices rise to crazy levels based on the value of the investment as more investors rush into the upward cycle.

Then the cycle changes and prices drop significantly throughout the down cycle. At the end of the down cycle, investments can be bought at low prices.

There are ways to measure when investments are over or underpriced. This is called over valued and undervalued in investing. Economic cycles have a lot to do with investment cycles in a very logical way.

By applying math, historical data and logic, instead of investing from emotions, you can be a better investor.

A Few Things to Know about Investing in Cycles

**For every 20 investment gurus that say you should ignore market cycles, one guru says you should use them to your advantage.**

**Commonly recommended long term buy and hold investing rides out the cycles with the plan for investments to increase in value over time.** This works best over very long time periods, since you have many years to smooth out the bumps as covered earlier.

Fortunately, very long term trends in the US stock and real estate markets have always been up.

If you’ve bought into an investment, such as the stock market, after years of increasing prices, the risk increases due to the probability of an impending cycle down.

You’ll want to check the cycle before buying any investment.

Capturing trends produces wealth and checking where an investment is in the cycle is like checking the price tag before buying anything; it makes good sense.

One of the gifts of age is that you get wiser with each cycle that you witness and experience. Live and learn. **Warren Buffett said “The lower stocks go, the more I buy.”**
The only guidance I offer is this:

- Remember that market bottoms give you the opportunity to invest in the same asset at much cheaper prices but everyone is afraid (or it wouldn’t be cheap!)
- Consider market cycles in your investments as a way to build wealth, including home purchases and sales
- Check the cycle before buying an investment
- Have investments that move opposite one another when the economy tanks (although most assets move in the same direction)
- Know that the emotions of fear and greed naturally try to overtake logic near cycle tops and bottoms

While most financial gurus promote ignoring cycles, the best investors have made investments when they’re cheap. Often, they’re cheap because they were purchased near the bottom of the cycle when there are many cheap assets from which to choose.

**K – Kind**

You already know about the reason you own an investment from the R in your BRICKS. The reason leads to the kind of investments you’ll own.

What kind of investments are you considering buying or are you in now? What kinds of investments are possible for you based on your current net worth?

Again, most people think of the stock market when it comes to investing, but investing can include many kinds of assets, such as stocks, bonds of all types, real estate and commodities.

If you are invested with a financial advisor or in a balanced fund, you are almost certainly already in several different kinds of investments.

The important thing about having different kinds of investments is that it allows you to be diversified.

In financial lingo, Asset Allocation simply puts certain percentages of your money into different types of investments, such as stocks and bonds. The amount of your money in each type of investment is determined based on your age, goals and risk tolerance.
A traditional Asset Allocation is like this:

- Stocks – S&P 500 Index 50%
- Bonds – 10 Year Treasury 30%
- Cash – Money Market 20%

A slightly more sophisticated Asset Allocation would be something like this:

- Stocks
  - S&P 500 25%
  - International 15%
  - Commodities 10%
- Bonds
  - Short Term 5%
  - 20 Year 10%
  - Global Closed End 10%
  - TIPS 5%
- Cash 10%

Most financial advisors focus on traditional assets only but you may also want to consider rental properties or small business as part of your overall wealth plan.

Make investing your friend. One day, after years (decades?) of resistance, I decided to make technology my friend, and my life became so much easier. **Do the same with investing; make it your friend by embracing it and using it to get the results that you want.**

You can stop here, but if you have accumulated wealth, or tax deferred accounts, you’ll want to read about **Strategy.** Taxes are the largest expense for most investors, and what you have after taxes and fees is what you can invest to grow to fund your lifestyle and future.

**S – Strategy**

**Why?**

An overall strategy to protect and build wealth lowers risk while increasing wealth accumulation.

One brick does not make a foundation. What’s your strategy to create, accumulate and retain wealth? All three elements are important.

While you’ll need to steer the ship on issues such as creating income streams, and tracking your net worth, you can’t know it all. **A wealth management team that**
includes financial advisors, financial planners, CPA's, or estate attorneys can be crucial at various points in your life.

Supplement with a little of your own reading and research so you can be an informed leader of your wealth just as you would in any area of your life. This will allow you to know what services you need and whom to hire.

Strategy needs vary based on your net worth, age and situation and may include any of the following areas below. Quickly look at the list below to see which areas apply, or explore one area each month. For now, just choose your very next step to explore.

1. Are your investments in the most tax efficient accounts? For example, are your income producing investments in a tax deferred account if you don’t need that income right now? Do you have the right kind of IRA?
2. Is your retirement account efficient in terms of performance, costs and taxes?
3. Should you invest in your own skills or business right now to create income streams doing work you enjoy? Sometimes this is the best investment since increasing income increases wealth accumulation and standard of living. A small business can also lower your taxes since our government legitimately has favorable tax treatment encouraging small business development. (This isn’t a trick. It’s legit.) All it takes to start a consulting business is a $25 investment in some business cards that state the benefit others can get from your expertise. Almost everyone has marketable skills!
4. Are you taking advantage of real estate and other cycles?
5. Have you considered real estate rentals as a cash flow investment with potential long term appreciation, and tax advantages?
6. Is wealth protection in place? Have you taken care of the legal aspects of your life and your estate?
7. What types of insurance do you need?

Summary

You’ll see that you now have information that you need to be a leader of your wealth. Remember, no one cares about your money more than you do, right?

Again, as you can see, none of this is rocket science. Most of it is common sense, and logic, so there’s simply no reason to feel intimidated about investing if you know the information here.

Please, print and read this eBook two or three times with a highlighter.

Having money to invest is a privilege. With privilege comes responsibility. Step up to the plate with confidence and knowledge to gracefully manage this privilege.
The bottom line is that your money determine the quality of your life, both now and later. Why not create wealth to secure a nice lifestyle for you and your family? Quality of life is just too precious not to do this.

Just remember, investing is shopping. You are using your money to get something based on the results it will deliver. It’s your job to make sure that it does because no one cares about your money more than you do. These are the basics that every investor must know...whether you invest yourself or work with a financial advisor.

Don’t you love feeling smarter about investing your money?

Do you still have questions, need my help to see if you’re on the right track to have funds for life, or evaluate your financial plan?

I’d love to help you do that. There are two options for a limited time.

Click the link below to get advance notice of my upcoming Investing Academy that will deliver this to you. Spaces will be limited for both.

Click Here for Investing Academy Early Bird Notification

Click here to hire me to personally help you.

Spaces are limited for both and consulting pricing subject to increase (only before your purchase is made.)