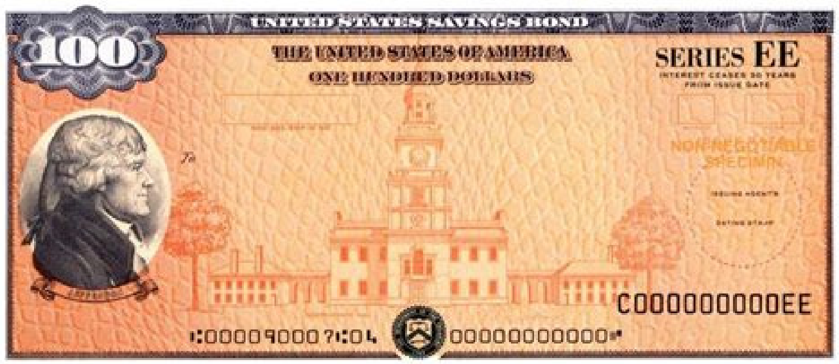
LCBS-2022-05-13-SafePlaceFor50Dollars.pdf



DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are of my own and are not to be used as professional advice. These are my findings and can hopefully help you to make informed decisions on investing. Consult a Broker or Lawyer before making any investment.

Is there a SAFE PLACE to Invest $50?

The year 2022 has been a wild ride for investors. With the S&P 500 down 7 to 8 percent, no investment seems too secure. Perhaps a good solid place to put a few dollars that would be an almost lock to make a few percent would really sound good. Perhaps you have watched your 401-K or IRA go down 10 to 12% this year as both stocks, mutual funds, **AND BONDS** have gone down. Normally bonds go in the opposite direction of the stock market. Not in 2022.

This year, perhaps due to the fed increasing the long-term rates on bonds and the highly inflationary times we live in, everything has gone down. A few stocks such as energy stocks and utilities have done fairly well. But overall, it has been an unstable stock market. With little leadership coming from our government leaders, it appears we may be on shaky ground for a while.

You may have panicked and pulled 1/4 or 1/3 of your earnings out of your retirement accounts or brokerage account. If you have, I don't think you will be pleased with that decision long term. An article published recently by

Fidelity shows that people churning money in and out on a whim rarely break even with the people who continue to buy when everyone else is panicking.

Here is an excerpt from that Fidelity article:

Stick with your plan, even when markets look unfriendly

When the value of your investments falls, it's only human to want to run for shelter. But the best investors don't. Instead, they maintain an allocation to stocks they can live within good markets and bad.

The financial crisis of late 2008 and early 2009 when stocks dropped nearly 50% might have seemed a good time to run for safety in cash. But a Fidelity study of 1.5 million workplace savers found that those who stayed invested in the stock market during that time were far better off than those who headed for the sidelines.

In the decade following the start of the crisis in June 2008, those who stayed invested saw their account balances—which reflected the impact of their investment choices and contributions—grow 147%. That's twice the average 74% return for those who fled stocks during the fourth quarter of 2008 or first quarter of 2009. While most investors did not make any changes during the market downturn, those who did make a fateful decision with a lasting impact. More than 25% of those who sold out of stocks never got back into the market and missed the gains that followed.

If you get anxious when the stock market drops, remember that's a normal response to volatility. It's important to stick with your long-term investment mix and to have enough growth potential to achieve your goals. If you can't tolerate the ups and downs of your portfolio, consider a less volatile mix of investments that you can stick with.

So the old, proven, continual purchasing whether the market is up or down is the way to go. The term is dollar-cost averaging. If you buy when the stock is high and sell when it is low guarantees a loss. But if you purchase while the price is down, the average price per share drops. This gives you the ability to make up quickly for any early losses.   In my early years, I tried to time the market and found I could not.   I now simply look to see if the market is way down and buy what I consider to be a clear favorite at a price. If unsure, I buy one of my ETFs on the full stock market indexes. ETFs: **ITOT, VTI**, and **SCHB**. ETF: **SPY** which is the total S&P 500 is also a good one to buy on the dips.

Is it easy to watch your overall portfolio go down day after day? No, it is not. But if you stay in cash or bonds, you have minimal savings at best. I read today that in the 136-year history of the market, equities have consistently outperformed Bonds and savings accounts. So when the averages come in if you stay in equities, you will probably be ahead based on history. History typically repeats itself, but there is no guarantee that it will. Make your decisions carefully and consult someone who can give you a good long-term strategy.

So back to our question for this article. Let's say you have $50 or even $5,000, and you want to be sure you don't lose any money. You can lock it up for 1 year and then get your principal and interest. If you lock into a one-year CD, most likely it will pay from .80% to 1.4%. Not much to show for your earnings.

We did an article on Bonds. Read it at:
https://lifecanbesimple.net/blog/what-is-a-bond

What if I told you there is an almost sure lock investment that will yield you at least 9.6% for six months and might go above 10% in the following six months. Sounds too good to be true, right?

IT IS TRUE. The investment vehicle is a Treasury **I BOND**. These are relatively new on the market. They are based on the 30-year Treasury bond (yielding somewhere around 2.75%) plus the inflationary adder. Currently, the inflation is so high for the next 6 months (beginning in May 2022), the rate is locked at 9.62%.   You can purchase these online at www.treasurydirect.gov
I am so pleased with the rate that I am purchasing one per week for the next 52 weeks.

What are the limitations of an I-BOND?

1. You can only purchase $10,000 per year per family member.
2. Minimum purchase amount is $25
3. The interest rate resets every six months. Let's say it goes down 2% in the next six months. Hmm.. All the way down to 7.6% is not all that bad.
4. If you take money out before five years, you lose the last 3 months of interest.
5. You must leave the money in the account for one year before withdrawing it.

That is it in summary. So if you buy today and need the money in 14 months, you would only get 11 months of interest. I say that is still a heck of a deal.

Read about I-Bonds at www.TreasuryDirect.gov You can set up an online account and purchase a bond in approximately 30 minutes or less. If you already have cashed out some of your retirement accounts, maybe this is a good place to park your money while the market stabilizes. I would not recommend taking money out to buy these, but put your new money in these until the market stabilizes.

Read all the rules and limitations at:
https://www.treasurydirect.gov/indiv/research/indepth/ibonds/res_ibonds.htm#irate

www.lifecanbesimple.net

Internet Direct Laptops – www.ebay.com/str/internetdirectlaptops