LCBS-2022-08-30-BestInvestmentIn2022.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.

Best Investment for 2022?

The year 2022 has been a wild ride for investors. Friday, after Federal Reserve Chairman Jerome Powell gave his blunt assessment that the Fed would continue to up the interest rates due to the choppy waters of the bond market, it triggered a 1,000-point drop in the NYSE. Investors are already skittish, and with little or no direction from Washington, the direction of the market appears clearly bearish.

With the S&P 500 down 22 percent in the first half of 2022, and bonds down 2 to 5%, no investment seems too secure. This is only the third time in recent market history that we have seen both bonds and the S&P 500 both go down at the same time. I have included that Schwab investment letter twice in recent weeks. So I won't include it again today.

If you want to read about this unusual circumstance, it is in the following blog article from 2 weeks ago:

https://lifecanbesimple.net/blog/ways-to-protect-your-investments-on-huge-market-drops

It is certainly a time to start looking at some stop-loss sales as I put forth in that article also. I would note that the first of my 15 stop loss sales was triggered on Monday morning around 9:30, so we are in a very bearish market.

So is there ANY investment that is a sure thing in the year 2022? Several months ago, I wrote an article on a good place to put $50. I now conclude that the market waters are just not safe to SAFELY invest in the market, so I am going to again promote that the best place for your money in 2022 is the Treasury I-Bond.

The rate in February was set for 9.62% for that six-month period, and I think with inflation raging, in November, the next six-month rate may exceed 10%. I ask, WHERE in this market can you get a locked 9 to 10% return? I cannot think of a single one except for the I-Bond.

I know that our DGI investments in stocks with high growth potential and medium to high dividends might exceed it, but they also might show a negative return if the market goes belly up. Here is the article about DGI investing:

https://lifecanbesimple.net/blog/dgi-investing

I believe in DGI investing, and have 11% of my money in DGI stocks (or ETFs) and 11% in high paying REITs on either stocks or ETF Reits (like RIET or HOMZ.)

https://lifecanbesimple.net/blog/investing-in-reits-real-estate-investment-trusts

I always try to keep 11% of my money in the full stock market Indexes and buy more on these huge market drops like on Friday. I buy these full stock market indexes.: **ITOT, VTI**, and **SCHB**.

The ETF: SPY which is the total S&P 500 is also a good one to buy on the dips.

But with the shaky market, I have over 50% of my money currently in cash, CDs, or I-Bonds. It is not easy to watch your overall portfolio go down day after day as it has the past few weeks. But if you stay in cash or bonds, you have minimal earnings at best.

I recently read 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 $100 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 1.4%. 5 Year CDs up to 2.4% which is better than earlier in the year. Not much to show though for years of 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?

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% to 3.25% plus the inflationary adder.)

Currently, the inflation is so high for the next 6 months (beginning in February 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 and considering doing this indefinitely until inflation is back under control which probably won't happen earlier than 2025 if we get a new president with market logic and leadership to guide our country.

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 will only get 11 months of interest. I say that is still a heck of a deal.

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

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 a lot of money out to buy these, but put your new money in I-BONDS until the market stabilizes. Locked over 9% returns make a lot of sense in this unstable bearish 2022 market.

List of All Investment Articles https://lifecanbesimple.net/investments.html

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