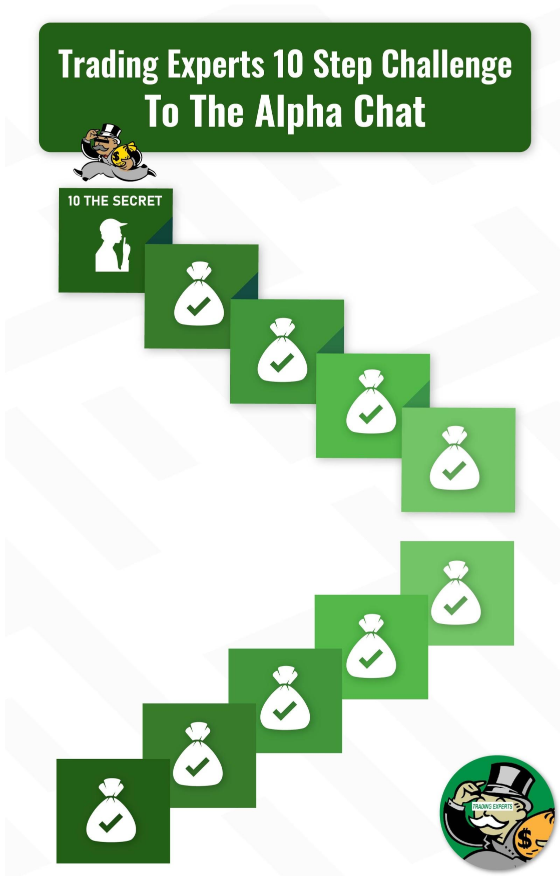

Trading Experts Presents:
the
SECRET
A GUIDE TO
LONG TERM INVESTING

Trading Experts Presents the:

The Secret

Congratulations on making it to the final step before Alpha! You have proven to take your trading and investing very seriously. You have read through our Game Planning learning why 90% of the work is done before we click the button. You worked through the Chart Reading to understand the necessary patterns to look for in order to click said button. You also completed our Trading Psychology so you know how to deal with all the emotions that come about after clicking the button.



Our motivation in this process is to lay out a foundation for you to learn, build & improve your skills. From here, we're going to dive into strategies and lessons that only ultra high net worth individuals have access to. We will cover many major misconceptions and different aspects of evolving as an investor in a long term space. Some topics include the truth about Mutual Funds, Tax Strategies, Retirement Planning along with long term trading approaches like Asset Allocation & Rebalancing.

By the end of this final step we will add over 6 figures to your future net worth!

From *Shake* and *Ben G*

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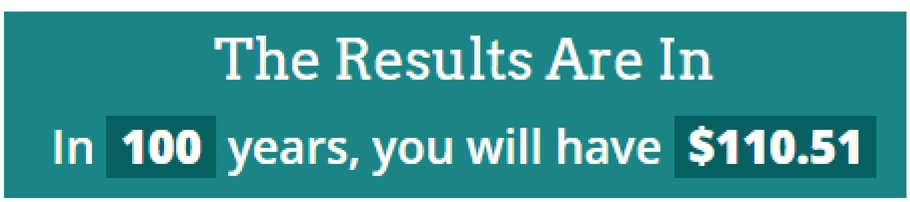
Cash, Cash, Baby

What to do with that mountain of cash sitting in your savings account or trading account.

Is a question that comes up quite often as an advisor when reviewing financial plans more often than one could imagine. Oftentimes most investors will park there money in what's "*titled*" a high yield savings account.

The reality is that it's simply an account that pays zero interest or .10% (1 tenth of a percent) a year with a catchy title.

Let's leave $100 in that so-called high yield savings account for 100 years and take a quick guess how much it would grow to.



Over 100 years, you made a whopping $10.

Banks will use these juicy titles to trick you into leaving your money sitting there paying you zero. Why do they do this?

It's very simple, they take the cash sitting there and use it to loan the money out to other investors, such as people needing a mortgage, bank loan etc. The average bank is making about 3% a year on the low end loaning out the money in your savings account.

I know this because the bank I worked for would nudge opening savings accounts to further expand their mortgage lending portfolio.

You can't really blame the bank for doing this, because they are not forcing you to earn nothing on your money, often it's our own choice to do so, because we do not know a better solution.

Today I am going to go over 2 simple solutions that have relatively similar risk profiles as earning nothing in a saving account.

When I have these conversations the client often wants to go from a risk level of 0 (cash sitting earning zero) up to a relative 10 (investing in the market), when this rarely is the best choice.

We want to take baby steps not huge leaps.

It is always wise to have some rainy day funds as most learned this lesson the costly way during 2020. Instead of jumping from one extreme of earning nothing to potential earning or losing a lot. Let's first move the needle from a 0 on the risk scale to a 1. A baby step.

Baby Step #1 FIGXX Fidelity Investments Money Market

FIGXX is a Money Market Mutual Fund, you know why we hate most mutual funds, however this is one of the few exceptions to the rule. FIGXX is an exception for 3 reasons:

1. The share price has always been $1 share since it came out over a decade ago

What this means is if you have $1,000 in cash, you can buy 1,000 shares, if you have $1 million in cash, you can buy 1 million shares.

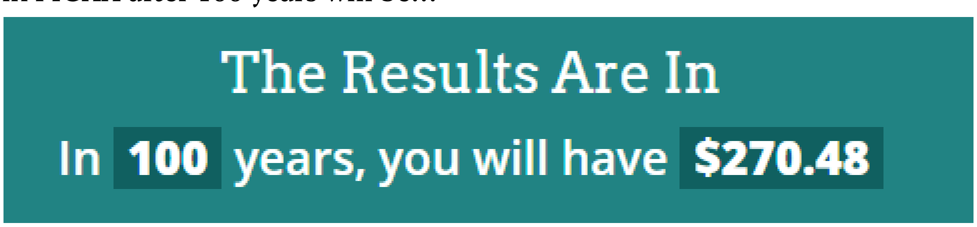
2. You can sell it anytime for the same price and use the cash however you please.

Realistically unless you are being scammed by a nigerian prince, waiting 2 days for your cash to settle will be completely fine in virtually every emergency that we plan for that rarely ever happens.

3. It pays out monthly income that will mirror what the T bills are yielding.

You can expect to earn anywhere from .25% a percent to around 1% a year, with rates close to zero, don't expect much, however anything is better than nothing.

Your $100 in FIGXX after 100 years will be...



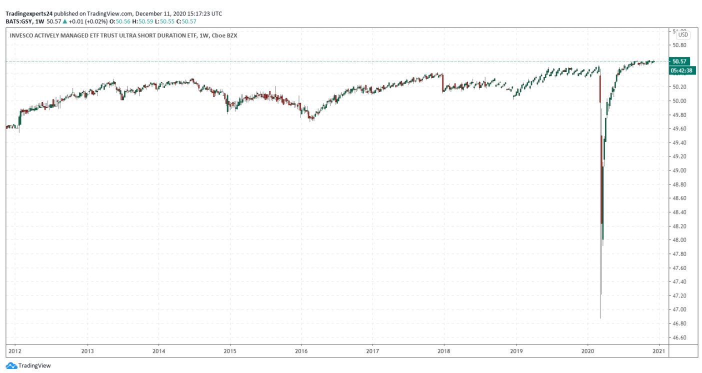
Where you would have earned $10 over 100 years in a savings account, doing something like buying FIGXX would at least add a few more dollars into your pocket. Remember baby steps.

If cash in a savings account is a zero on the scale of 1-10, FIGXX is a 1, the next step on the scale from a 1 to a 2 would be investing in GSY. If you are a bit more ambitious let's move on.

[GSY](#) is an actively managed ETF that invests in ultra short duration debt.

In plain english, they buy bonds that come due in less than 3 years while keeping sometimes more than 30% of the fund in cash.

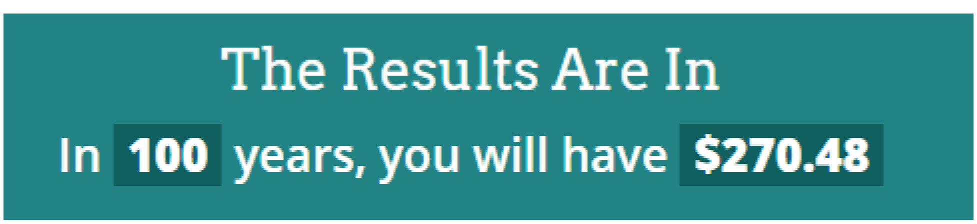
Since GSY is an active ETF it's share price will move daily unlike FIGXX however the moves are like watching paint dry, up 2 cents today, down 2 cents tomorrow, and monthly gaps for the dividend payouts. Which are currently an extreme 3 cents a month!



Now it normally moves in less than a $1 range throughout the year.

With the recent black swan event that happened this year. The big drop over 2 days happened when bond pricing went out the window for a short moment (anything related to bonds had a similar sharp drop relatively speaking). Yet it came right back a few days later.

As yield has dropped, so does the chance for income, right now you will earn around half a percent a year today, two years ago it was 2%+ (when rates were higher).



100 years later you earned quite a bit more with GSY however you took on more risk as the fund does move in price.

This is not an exciting topic or should be. This is not one that is going to make you wealthy either. This is merely a wake up call to put your emergency fund to better use.

Every dollar you have is an employee, right now those employees are out back on a smoke break, at least show them how to bag up some groceries or take out the trash.

The Secret Task

If you have an emergency fund, what is it paying you yearly? Enter the amount and the interest rate

Use this calculator to help you

Now repeat the process and see how much more you would have if you were earning 1% a year?

If it will make you more, what is your plan to implement this?

Voluntary Investor

Profits take care of themselves, losses never do

Jesse Livermore

The most common phrase we hear new trader's say when their trade turns into a loser is *"I'm planning to hold it long term."* This happens so often because taking a loss feels twice as painful as the joy of taking profits.

Most new traders enter the market as such, traders, hoping to take money out of the market. Yet they often simply donate their hard earned money because their relative peak intelligence at that time is nowhere close to the level required to successfully profit from the market. They want in on the game, they just don't know the rules or where to start.

As their perfect trading idea drops like a rock, the idea suddenly changes from a fast trade into a long-term hold so they can forget about it as it continues to drop day after day.

That small 1% loss turns into a 5% loss, then 10%, then 20%, before you know it, it's down 50%+; but they will brush this off and claim with confidence they have no problem holding until it gets back to their price. Keyword now is, *getting back to my price*. In the beginning, it was all about how much they would make, now it's all about being made whole.

So why be a voluntary investor with all risk and no reward?

It's quite simple, it's the easy and lazy thing to do, selling for a loss would require admitting the idea was wrong, and for most people that is too much to bear.

This is why we focus on limiting our losses quickly, so we can avoid the unnecessary round trip trades that we have all been a part of, that often end the same. We hold long enough until the stock gets back to breakeven where we look to sell the first pop and move on, yet this is the exact moment that the stock is often about to start ripping higher. We just lack the mental capital to see the setup. At this point, the easy thing to do is get out, the hard thing is to dig in and sit, or even harder, add.

Most people often assume that smart money distributes or sells stock on the way up, it's actually the opposite. They, like you and me, have just as little of a clue how high a stock can go, this is why most of the distribution happens after the big up moves on the way down.

Just like we know that the voluntary investor buys on the way down, smart money has selling down to a science. People hate to take losses and will hold on for dear life as it drops, waiting for the next rally to sell it at the price they bought it. This is why it takes months or even years for a stock to retest it's prior high, yet can double in weeks or months once it clears the new high.

Most get trapped in the mindset that most investors are buying AAPL at $10 and selling at $150, buying TSLA at $100 and selling at $1,000, or buying Bitcoin at $1,000 and selling at $60,000.

When in reality, most are buying AAPL at $100 holding it down to $80 and eventually selling at $101, or buying TSLA at $900 holding it back to $500 and getting rid of it at $925, or buying Bitcoin at $19,000 holding it back to $3,000 only to sell it at $21,000 and then chase and buy it back at $60,000 repeating the process. All risk, little reward.

This is why our best trades often are the buys we make near all time highs, and the trades that we add to on the way up and eventually sell on the way down.

To hammer in this lesson, let's take a walk down some of my recent long-term blunders that were a waste of my time and mental capital. Hopefully some of these mistakes that you can learn to avoid now will help you with your future investments.

At the beginning of 2019 BIDU was basing near its 52 week low and it looked like a low risk buy on the way up vs the low. It was not near the high*, not making a new high*, and looked like a great deal (shit deal*) as all stocks near their low often do. In the moment they look like the perfect spouse, yet in time they turn into the one who took you for half your worth.

To make this trade worse, being human I forgot to put my stop in, and as the stock broke support which was the clear exit, I did not sell, as it plummeted and continued on that path dropping nearly 50% over the next year it became too painful to take the loss.

Now as it drops like a rock, this is the easy part of being a voluntary long-term investor when we are down in the name, it could not be easier to hold a losing long-term investment. After more than two years it slowly inched its way back up from the 50% loss finally getting closer to breakeven.

As it finally starts to get back to our price, this is often when we start to keep a much closer eye on our long-term hold. As it makes the complete round trip and gets back to your price this is often the best possible time to actually start buying, yet our mental capital is often so low in the name we cannot wait to give our stock to a smarter investor who sees the trade with a clear set of eyes.

For the voluntary bag holder, I mean investor like myself in BIDU, once it was up higher than my price, that long term investment quickly turns back into a swing trade and I booked the lunch money profit, missing the sharp, fast and easy 100%+ move that quickly followed in months that took years to set up while I was holding.

As much as we want to hunt for the bargain deals, when it comes to any long-term investment, the best deals are often the ones that are expensive, and making their way to a new high.

This is the simple fact as to why so many investors lose money each year, as they buy on the way down looking for bargains. They take on all the risk as it drops, yet never reap any of the rewards when it finally gets above their price.

If you can avoid being a voluntary investor all together, focus on buying stocks as they break out to new highs, adding to your investments at higher prices, and aiming to sell on the way down by raising your stop to the prior pivot low. You will likely find yourself in the small circle of investors who actually make money each year.

Had I properly trailed BIDU versus the prior pivot low as it started to finally become profitable, there was a chance to still squeeze some real money out of the trade.

Taking this costly lesson learned, I have used it to my advantage in SNAP but not to its full potential.

With SNAP, I did not puke out of it as it got back to my price and this time was able to hold it for the fast 100% rise above highs in months after it took out the breakout level which I lacked doing in BIDU. The problem was, I was too trigger shy to add to the winner until most of the juice was already squeezed.

If you are wondering what we mean by smart money distributing on the way down. SNAP is up nearly 1000% in less than 2 years, with new investors piling in near the high, smart investors are offloading stock on the way down when new highs pivot lows are being taken out. As much as I wanted to sell some of my stock from $5 for a 1,000%+ gain, I still need to be patient and hold as all the prior pivots are saying so.

Having these lessons pounded in my skull takes years to realize, which makes teaching or showing real examples of long-term investing quite difficult. It's time now to use these mistakes to my advantage in my voluntary investment in CMA.

With these new lessons learned, I now have to take full advantage of CMA. I got trapped in this name during the pandemic, as it is now above my price, as much as I would love to dump this sucker and move on. This is now the time to start adding to it once it can clear $74.

The hard part with these adds psychologically is that we play the "if only" game:

"If only I bought more at $30, why would I buy it now at $74?"

The problem with that mindset is that at $30 it could have easily gone down to $10 further adding to your loser. At this point, you are by no means getting the best price, but adding to a trade that has a higher probability of trading higher.

Taking those mistakes from BIDU selling once slightly above my price, and the mistake of not adding to SNAP once it cleared the key level of resistance; it is time to make sure I do not miss the add on the $74 break of this prior resistance level, which is just the spot I could not wait to sell months back when CMA was down 50% from my price.

As a long term investor getting trapped in a stock will happen throughout your career, unless you can walk between raindrops. For myself having been around the block a few times (financial crisis, housing crisis, debt ceiling, corrections, bear markets, panics, pandemics, etc). I have seen my fair share of big drops, yet in time if you focus on the winners they often come back in time. I've held F as it dropped 90% to take out new highs, I've held AMX when it was by definition a penny stock and countless others. If you focus your long term investments into stocks that you believe will be around in the long run, they will drop, and quite frankly you want them to drop. The SPY needed to crash 30% in a month for it to rally nearly 80% in less than a year.

What I have been doing to avoid becoming a voluntary investor is simply moving the true long term accounts to M1.

For my taxable account I follow the Big Picture Model that covers the major ETF that I buy if the market is crashing or rallying and the computer's mental capital is always at 100%.

With my SEP at M1 I have my concentrated stock portfolio (AAPL, ABNB, AMZN, BABA, BMBL, BRK.B, CRM, DASH, ETSY, SHOP, MTCH, UBER) that I continue to buy each and every week with the mindset to hold any of these names for at least 5 years or a 500%+ return whichever comes first.

As much as we think we can hold long term in one account and actively trade the other, when they are both in the same place that we check daily, it is very hard to separate the two.

This is why I personally trade at TD and hold long term at M1, by separating Church and State I can avoid messing them both up.

Throughout my career I have been in names that have dropped serious amounts yet, I never have been part of those serious losses (except for leveraged ETFs) by focusing on winners that eventually come back. If you are in any position that you are nervous about, let me know and we can objectively give you a more realistic game plan to work out of the trade as we have no emotion to the dollar amount invested or time spent holding the name.

The Secret Task

In 1-2 sentences explain what the most simple trading strategy is regardless of your time frame.

5 Steps to Becoming a Millionaire

We've all done it. We're innocently surfing the web and we see that little ad in the corner that has some ridiculous title such as "*Become a Millionaire in 5 Easy Steps*". Don't lie, we've all clicked on it before, however it's usually a pipedream. Below is a simple blueprint on how to actually reach that goal.

Like Jay Z once said ***"****I'm trying to give you a million dollars worth of the game for $9.99****"*** . Keep the Jackson and just buy me a Corona when you do it.

Here are the 5 simple steps

1. **Start an emergency fund (cash) no risk**
2. **Open a trading account and fund it weekly**
3. **Open a retirement account - $115 funded weekly**
4. **Max out that 401k- $750 funded weekly**
5. **That's a secret- Find out at the end of the lesson**

Step 1: Start an emergency fund (cash) no risk

Want to hear some scary stats:

- *50% of Americans cannot generate $2,000 in a month*
- *63% of Americans don't have access to $500 to cover an emergency*
- *Nearly 70% of people do not have $3,000 saved in the bank for emergencies*

To be a step ahead of these ridiculous statistics, save up $3,000 cash. No risk, no trading, simply let it sit in a money market fund like FIGXX or GSY.

You could even put this $3k in your trading account and just know that is emergency money. When you need it, you sell it, and wire it back to your checking. Super simple and 99% of the time, that money will just sit there.

How will you get rich off that $3,000? You don't, it's simply peace of mind money and that's all.

Money should be going into your accounts until you reach a serious bankroll (7 figures) then you can spend some. Until then its fund, fund, fund.

Step 2: Open a trading account and fund it *weekly*

It can be $10 a week or $2,000 a week, automated it and continue to increase it in $5 increments. Why weekly? Which would you rather $1,000 a month or $250 a week? Both are the same, yet the latter seems smaller than the former. Trick yourself into saving more, you will thank yourself later.

Set a reminder in your cell. Once a month, my phone goes off on the 1st and says ***"Save more now, you'll thank me later."*** I've been doing this for so long that it's just clock work. When the amount you're saving is boring, up the amount. I started back in the day doing $10 a week, now I put more than 200x times away each week. If I had to jump right to where I am now, it would be a huge hurdle, but slowly climbing tends to eventually win the race.

Every online broker will do this for free and automatically by the way.

Step 3: Open a retirement account

The two most common retirement accounts are Traditional IRAs and ROTH IRAs. The max you can fund an IRA if you're under 50 is $6,000 a year which comes to $115 a week and you've met your goal. If that is too much, same as your trading account, start small, do it weekly, and increase it as time goes on. Below we will break down the key difference between the two.

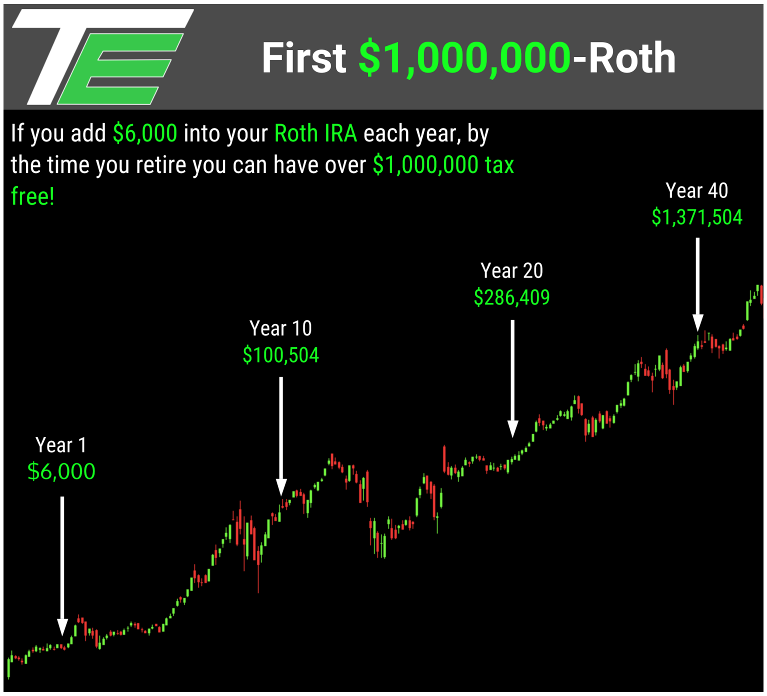
A **traditional IRA** is a way to save for retirement that gives you tax advantages. Contributions you make to a **traditional IRA** may be fully or partially deductible, depending on your circumstances, and amounts in your **traditional IRA** (including earnings and gains) are **not taxed until distributed.**

Now I prefer a **Roth IRA** which is an individual retirement account allowing a person to set aside **after-tax income** up to $6,000 a year. Both **earnings** on the account and **withdrawals** after age 59½ are **tax-free**.

In the simplest sense, say you make $100,000, with a traditional IRA, you can lower your tax bill down to $94,000 (-$6,00) and in the Roth if you make $100,000 and fund it with $6,000, Uncle Sam reads it as if you still made $100,000.

So the question to ask yourself, would you rather pay the taxes up front on that measly $6,000 now and then let it grow for the next 30-50 years tax free? And then upon withdrawing it also be tax free? For me it's a screaming yes.

Now if you would rather save a few bucks now, and pay more taxes later, a traditional IRA might be for you. There is no right or wrong answer, it all depends on your situation.



Step 4: Max out your 401k

(Or 403b or whatever your employer offers. If you're self employed, open a SEP IRA.)

The majority of the middle class' wealth is derived from 2 main sources, their home and their 401ks. We want you in the upper class and the only way you're going to get there is to put the clothes or whatever you spend money on back and park those extra few bucks in your 401k.

Most employers will match up to 3-4% of your salary, which is essentially free money right off the top. If you are under 50, you can put away up to $19,500 and with the 3-4% match you are ahead of 99% of Americans.

The match is a bonus, not a requirement, if your company does not offer one, still contribute and your first goal is to save 10% of your income. This is a standard saving rule that will prepare you for retirement.

You are most likely contributing somewhere between 3-4%, your goal right now is to log into your 401k, change the contributions from pre tax to roth and increase that percentage by 1%, from 4% to 5%. Then each month, repeat this process until you are past 10% and maxing it out. By doing this slowly, you will not feel the difference from the few dollars out of your paycheck. That 1% increase from contributing 4% to 5% for someone making $65,000 a year in their Roth 401k just starting their 401k today is a $168,000 difference. By saving an extra $30 a week.

Remember it is not how much you make in life, it's how much you save and invest. A time tested rule is saving 10% of your income and you should be set for life as long as you keep your spending in line with that income.

Let's recap before we move onto the final step and the biggest secret of them all!

You saved $3,000 for emergencies.

You are funding your brokerage account weekly

You are saving 10% of your income either contributing to a Roth IRA, Roth 401k or both.

Now ready for the secret to becoming a millionaire?

Step 5 Rinse and repeat

Keep saving, keep funding, keep investing, keep learning, and keep locking in profits. Make it fun and watch your accounts grow! Now tell me, was that million dollars worth of game for $9.99?

The Secret Task

Increase your 401k contribution by 1% and post the screenshot in the group saying "I just increased my future net worth by $100,000!"

Increase your 401k contribution to 10% and post the screenshot in the group saying "I just increased my future net worth by $1 million dollars"

Email a screenshot to Ben@TradingExperts.org if you increase it to 10% and we will add a free month to your membership!

Brass Tax

Taxable vs Tax Deferred Accounts

Trading account vs Retirement Accounts, which to trade in?

Let's play a quick game: let's make an assumption (even though we hate assumptions) but for this lesson just bear with me. Let's assume that you have two accounts, one brokerage trading account and one retirement account (IRA).

Now what is the common assumption? Trade the trading account and invest in the retirement account right? Your advisor told you to do that, because he manages your IRA and doesn't want you calling him every day asking for quotes on TSLA. He says go trade your account and he will manage your money (winky face). However just like most misconceptions in the world, the world of finance is full of them. Let's strip the fancy names of the accounts away for a second and play a game.

You have two options:

Option A: Trade all you want, pay no taxes on gains for that year, cannot touch earnings for a long time.

Option B: Trade all you want, pay a lot in taxes, touch it any time you'd like.

When you frame it that way, Option A doesn't sound all too shabby now does it?

The reason why it sounds wrong to trade a retirement account is just like the misconception that milk will make your bones stronger -- when it's just a marketing tactic, nothing more.

*(**Now this is not a one size fits all strategy so please take this with a grain of salt**)*

However what I recommended for certain clients, the same way I trade my own money:

Trading Account (where I am taxed anywhere upwards of 39% on ST Cap Gains, anything held under 366 days) I focus on really holding the names for a year plus. By holding them for LT Cap gains which is a year and a day, the tax rate drops substantially. Peep the table below.

		Federal Rate	Capital Gains	
From	To	Single Filers	Short	Long
$0.00	$9,075	10%	10%	0%
$9,076	$36,900	15%	15%	0%
$36,901	$89,350	25%	25%	15%
$89,351	$186,350	28%	28%	15%
$186,351	$405,100	33%	33%	15%
$405,101	$457,600	35%	35%	15%
$457,601	Above	39.6%	39.6%	20%

Now does that mean that I don't ever take a 20-30% chop in a short term swing in a trading account? I'll take that any day! However, the mindset is to be in for the long haul and be patient. Also focusing on having dividend paying stocks in there and if we have any bond traders, don't put a muni bond in a retirement account, put it in your taxable account, but let's stay on track.

So if you have these two accounts, trading accounts = do opposite, focus on holding. If you have a sick chop, take that gain, but try to have the mentality to really hold on. Especially when we look back at our winners, too often we say, "Ahh shoot, it's up another 10-20%". It takes time and in a taxable account you want time on your side.

If you save very aggressively for a little more than a decade($40k a year) and match the market return of 7% and you will be a millionaire.

If your return went up a mere 1%, you would make an additional $100k in that period, now how much greater do you think your return will be if your taxable earnings are anywhere from 0-20% instead of 10-39%? That's a huge difference.

So, it's safe to say we hammered in that nail, now let's go over the retirement account. Now again, remember this isn't a one size fits all perfect answer, however this is how I do it for the clients that fit, myself included.

For the retirement account, trade it, lock in the gains, hold the winners, and focus on the growth names. The gains are either tax free (Roth IRA) or taxed upon withdrawal as ordinary income depending on your age (which could be for 30-40 years). You have the next two, three, four goddamn decades to invest your heart away, all while it grows tax free.

Want to know what $6,000 a year funded into a Roth IRA turns out to be tax free upon retirement in 40 years? $1.25 million for that tiny ass $6k a year, hold the guac and beer on Friday nights and fund that account, please.

The Secret Task

In the group chat explain which account you should be trading in and which account you should be looking to hold longer term from a tax standpoint if you have a taxable and an IRA account.

Mutual Frauds, I Mean Funds

There was recently a study done on all actively managed mutual funds with more than $100 million in assets over a 15 year period. Guess how many beat the market? Only **4%**. That means **96%** were professionally **losing** to the market between 1984 and 1998. Don't worry, these money managers still get paid quite handsomely for their irresponsibility in allocating your money. Great marketing!

"You've got to look very carefully at the small print, I don't like things that require small print, by the way."

Jack Bogle

The problem is most funds do a terrific job of charging high fees but a horrible job at picking successful investments. You overpay for underperformance, but don't worry your advisor says they're safe and smart. Be sure to ask them what product lines their own pockets best when advising clients? The answer is mutual funds.

"But wait! The fund is a 5 star fund rated by Morningstar!"

Today's winners tend to be next year's losers. So, when you buy that 5 star fund that's been crushing it for 5 years, you're essentially late to the party. You will more than likely be participating in all the losses and missing out on all the gains.

To make matters worse, holding a mutual fund in a nontaxable account like a 401k or a Roth IRA can cost you as much as 3% a year in fees. If they are held in a taxable account, the cost can run even higher when you factor in taxes. Most mutual funds aim to beat the market before fees of around 7%. When you factor in a 1-3% haircut a year due to fees, wouldn't you be better off just buying a low cost index fund and calling it a day?

If you are invested in an actively managed mutual fraud, I mean fund, take a peek at the after fee, after tax return, over a reasonably long period of time. There is almost no chance they end up beating an index fund.

You get for what you pay for - except when you don't. The mutual fund industry is now the world's largest skimming operation --- in the form of a $7 trillion bucket from which fund managers, brokers, financial advisors, and insiders steadily siphon from your household, college accounts and retirement savings. They do this all while telling you it's in your best interest to continue to invest and not look at your statements until you retire (after they've robbed you for 20+ years)!

Don't worry I am a financial advisor, so I am in that bucket above. Have I ever sold a Mutual Fund to any client? Absolutely not. Ask your advisor this, "Are you in?" (Trader lingo asking if they have any skin in the game) 9 out of 10 times an advisor is not going to invest in the dog shit he's trying to sell you. His answer will be, "*Everyone's risk tolerance and goals are different, this best suits your needs*," (and his wallet).

Mutual funds are like herpes, the act was fun but the results suck. Mutual funds love to tout risk averse, great returns, safety & low fees. Who sells this? Your financial advisor, who is like the NASCAR driver working for their corporate sponsors. If advisors had to wear patches of all the funds they push (that just so happen to take the advisors out to fancy dinners) you'd realize these guys are virtually just talking their own book for their own benefit. Buying a mutual fund is like saying I'm a vegetarian, I only eat filet on the weekends.

"I have enough money to retire and live comfortably for the rest of my life. Only problem is, I have to die next week."

Anonymous

Let's dive deeper into mutual funds. Most funds do their best to match or beat the market. So, let's say that over the last 100 years, the market has averaged a 7% annual return. Let's say that your mutual fund brings in 8% a year, net. Now they're going to take their 2% fee, so you're already down to 6%. Not so bad though, have to pay to play, right? Let's not forget about taxes, so we can chop another 2% off that 6% so we're looking at 4%. SURE, the fund beat the market -- but you didn't. When it's all said and done, they fell way off the mark.

Ever heard of an actively managed fund? Sounds fancy right? Yeah, it's not all that cute once the make-up runs off. If you are looking for tax efficiency, then buying an actively managed fund is like a diabetic eating pixie sticks for breakfast and cups of sugar for lunch (I hope they make it to dinner!). The index fund which looks and sounds boring like that quiet high school girl eventually turns into Miley Cyrus.

The Secret Task

In the group chat share 3 things you learned from this lesson.

28 Out of 8,000

We all have opinions, and our opinions are always right, right? Even though once we actually find out the facts, the answer tends to be different than our opinion. I am not kidding that I once convinced someone the Moon was only 60 miles away, this was not when I was a kid, I was in college, after a quick google, I was a mere 238,840 miles off. When it comes to finance and money, everyone has an opinion and yet again most are usually wrong. So if my opinions are buying a new car is stupid, leasing a car is also stupid, timeshares are a scam and mutual funds are trash. Last year alone there was over 5.3 million people that would disagree with me on the topic of buying a new car is stupid. To save you time, we are going to forget about my opinions and let the facts do the talking!

When I am stuck in my opinion I find the other side of the argument, what makes my opinion wrong, when buying a car new makes sense? When would a timeshare make sense? What mutual funds actually do their job of beating the index (SPY)? As one of the 311,305 licensed financial advisors in the United States, we are compensated the most for selling insurance, selling loans, and mutual funds. My best interest is for you to buy a mutual fund, however, my job is to help you, not stuff my pockets. So I sat on the other side of my opinion to prove that I was wrong and here is what I found.

Out of the 8,000+ mutual funds out there, take a guess how many of them actually did their job consistently over the last decade? Now you already know the answer from reading the title, 28. Just say that out loud, if you remember nothing else from this lesson, remember this small fact.

There are only 28 mutual funds out of 8,000 that beat the index in the last decade.

Don't worry if you are wondering which are the 28, and those 28 came from less than 6 companies, with Vanguard, American Funds and T Rowe Price being the consistent stand outs.

So now I have officially proved my opinion of Mutual Funds being trash incorrect. My new statement is that 7,972 of the 8,000 Mutual Funds available in the US are trash. So if you are still dying to plan in a pool that cant beat little old SPY, the list of the real winners are below.

Remember to forget my opinion, your opinion or what your co-worker thinks. Let the numbers do the talking. Here is the list of the 28 Mutual Fund tickers that outperformed the SPY over the last decade. To save you the time of trying to pick which work well together, I have 3 investment models that are set up and scalable from $100 to $10 mil that you will learn about later.

CAIBX PRNHX CWGIX FLPSX ANWPX VPMCX VEXPX FASIX VWINX FMILX VEIPX VWNDX TRMCX VPCCX BCOIX VDIGX BAGIX DODIX AWSHX VASVX ABALX PRWCX AIVSX AMECX VWELX MAPOX GBLAX FBALX

The Secret Task

What has beaten 7,972 out of 8,000 mutual funds in the last decade?

What's A Million Between Friends?

You have three friends (Adam, Rob and Kris), all the same skills trading wise, they all have made 10% a year for a few years now and for their future they will continue to make 10%, now of these three friends they all have different bankrolls, and most importantly different saving habits.

Adam has $100,000 however spends through his teeth and saves nothing each year, he already has a decent account who needs to save?

Rob has a $10,000 account and continues to save $200 a week.

Kris has a $5,000 taxable account and $5,000 in a Roth IRA and saves $100 a week into each of his accounts.

Now let's fast forward 35 years from now when this group of 25 year olds are reaching retirement, who do you think has acquired the most money?

If you think Adam will be the best off, he grew his $100k to an impressive $1,250,000 when you factor in taxes, he could put that all in VZ and collect $68,000 a year off the dividends alone. After taxes he's taking home $50,000 along with social security, he's doing alright, sure as hell not eating filet every night like he was in his mid 20s.

Now Adam might have been the rabbit out of the gate starting with $100,000 however Rob was the turtle in this race and grew his tiny $10,000 account with $200 a week savings into $1,850,000 after taxes.

Rob made an extra $400,000 even though he was so much farther behind Adam. However Rob and Adam both fell victim to the tax man and were not smart enough to listen to their friend who had an advisor telling him to open up a Roth IRA and max it out.

Kris like Adam did the same, had $10,000 and saved $200 a week, however he put half of that into a retirement account that grew tax deferred and tax free for 35 years. Kris had his taxable account grow to $925,000, which was less than his two buddies, however let's not sleep on that Roth IRA of his. His Roth IRA alone grew more than both of his friends with an ending value of $1,600,000 tax free!

Kris ended up with over $2.5 million at retirement with a bulk of it 100% tax free. Kriss is at sugar grand daddy status, while Rob is lucky if he can take his granddaughter to Dairy Queen while Adam at least has Disneyland money.

Adam started with $100k and ended with $1.25 million that is still taxable at his ordinary income levels.

Rob started with $10k and saved $200 a week and ended with $1.85 million that is still taxable at his ordinary income levels.

Kris started with a $5k taxable and $5k Roth IRA, saving $100 in each and ended with $2.52 million where only $925,000 is taxable, the other $1.6 million is free and clear from Uncle Sam. Smart guy.

Now trading is the fun part however the boring stuff is what gets you paid, and the most boring thing is saving weekly. A time tested rule is to save 10% of your take home income, no if ands or buts about it.

What I would like you to do is go ask 10 close friends or family members and ask them how much they save a week. Then go ask those one or two really rich guys or gals you know and ask them the same question. The more you save the more your money can compound. Albert Einstein said it best, compound interest should have been the 8th wonder of the world.

The Secret Task

Click Here

Enter the amount in your account value
How much you are saving weekly

For the APR put 8% as that is the average market return

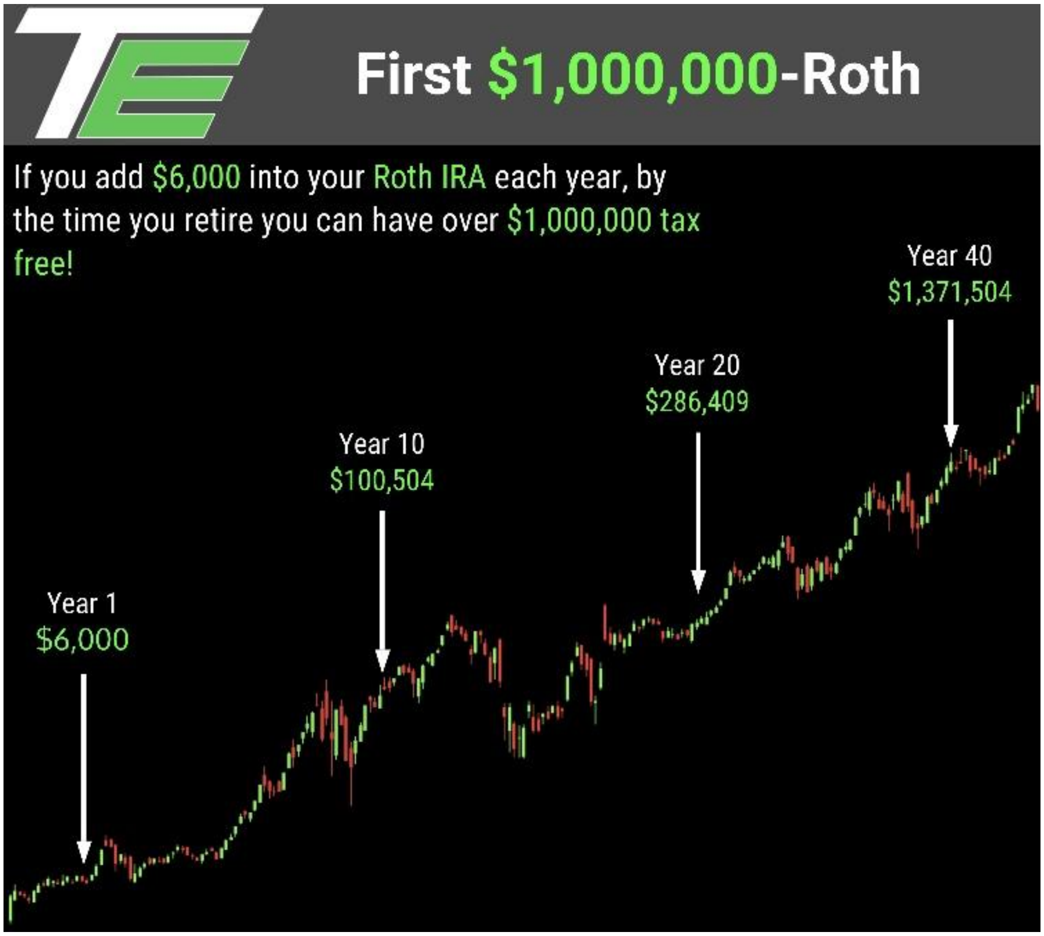
Post a screenshot of what your future value could be based on what you are saving.

Now repeat this process and increase your weekly savings by 10% how much more will you have?

Is it worth increasing your weekly savings after seeing the difference? If so let's hear your statement below!

I increased my weekly savings by 10% as a result I can potentially earn (insert amount) more over my investing career!

Roth vs Traditional



Let's put this debate about why we always would take a Roth IRA (and Roth 401k) over a Traditional any day of the week. Let's pit Rob (Roth) and Tim (Traditional) against each other, they're twin brothers both making $40,000 a year at some boring accounting firm.

Rob maxes out his Roth IRA with $6,000 and buys the SPY, while his brother (like everyone else) Tim maxes out his Traditional IRA with $6,000 in the SPY. They are both 21 years old and will retire at 65.

At the end of the year their taxable income or AGI is as follows:

Rate	Single	Married Filing Seperately	Married Filing Jointly	Head of Household
Taxable income over . . .				
10%	$0	$0	$0	$0
12%	$9,525	$9,525	$19,050	$13,600
22%	$38,700	$38,700	$77,400	$51,800
24%	$82,500	$82,500	$165,000	$82,500
32%	$157,500	$157,500	$315,000	$157,500
35%	$200,000	$200,000	$400,000	$200,000
37%	$500,000	$300,000	$600,000	$500,000

Rob's (Roth) adjusted gross income (AGI) was $40,000 since his $6,000 Roth contribution **was not** deductible and owed Uncle Sam $7,500 at the end of the year. 20% of his income was withheld from his employer and he gets a $500 refund check for over paying on his taxes throughout the year.

Tim's (Traditional) adjusted gross income (AGI) was $32,000 since his $6,000 **was** deductible and owed Uncle Sam $6,500 at the end of the year.

Tim brags to Rob how his refund check was greater as if he is smarter.
Except they both over paid the government and are simply getting their own money back.

Both Rob and Tim are pretty dumb and actually forget about their IRA's for the next 44 years. They both left their SPY positions and reinvested the dividends and achieved an average annual return of 8%. When they check their account balances they both have over $177,000 each.

They are both pumped because they completely forget about this money so they both take their money out with the plan to spend it on matching used Ferrari's!

Rob (roth) takes his $177,000 which is tax free, Uncle Sam does not get one cent of it and he pulls up in his red Ferrari Scuderia with silver stripes and alcantara interior with a vanity plate ROBROTH with pride to Tim’s house.

Tim on the other hand has to pay ordinary income tax where he ends up falling into the 30% category and owes Uncle Sam almost $50,000 in taxes before he can have any fun. His $177,000 is now only $120,000 and he can’t afford to buy his Ferrari. He instead buys a Porsche Boxster with the vanity plate F SAM and tries to sheepishly defend his lame Porsche.

Rob thought he was a fool only getting a $500 refund while at the end came out $50,000 ahead of his twin brother.

If you are earning under $139,000 a year, from our experience Roth IRA always trumps Traditional in the long run. If you are over the income limitation that's great, keep earning and max out your Traditional.

So remember:
W2 Earning less then $139,000 a year, max Roth IRA and Roth 401k

W2 Earning more then $139,000 a year, max Traditional IRA, Roth 401k
Self Employed earning less then $139,000, max Roth IRA and SEP IRA
Self Employed earning more then $139,000, max SEP IRA

There is no income limitation on Roth 401k, let me say that again, there is no income limitation on your 401k. You could make $1 million a year and still put $19,000+ into your Roth 401k.

Trade Theory Task

Would you rather pay taxes on the seed (roth) or pay taxes on the tree (traditional)? Why?

Which account taxes the seed and which account taxes the tree?

Which do you think is a smart account to open for yourself a Traditional or Roth IRA and why?

Have you opened up and set up a $115 weekly deposit to max out your Roth IRA this year?

Roth 2021

As we are now entering 2021, let’s find out what Uncle Sam has in store for us. Before we continue, let's check off a box real quick:

Are you saving at least $115 a week to add to your Roth IRA account?

If the answers were yes to all of the above then let's dive right into it. We are going to focus on the two most popular things that young people say they will focus on when they’re older and older people say they wished they started sooner. Trust me I have heard every excuse in the book.

First let's start off with limitations, if you are a single guy or girl from a tax standpoint and your AGI (Adjusted Gross Income) is under $139,000 then you can max out your ROTH IRA. If you are married and as a household make under $203,000 don’t worry you too can max out your Roth IRA.

If you have the good problem of making more than $139,000 as a single person or over $203,000 as a married couple then you will just have to max out your Traditional IRA.

Starting in 2021 you will be allowed to contribute $6,000 into your IRA’s, meaning if you have both a Traditional IRA and a Roth IRA, the max you can put in is $6,000 between them both. If you are married it's $6,000 for you and $6,000 for your spouse.

Automatic $115 a week and you will be maxing out your IRA each year. If you are married $115 a week for you and your spouse will do the trick.

If you max out your IRA, and make over $203,000 can you make out your ROTH 401k?

The answer is yes you can, so wait let's just double check, am I saying there is no income limit on 401k’s?

YES, there are no income limitations regarding your ROTH 401k. So if you are a high earner (single AGI over $139,000, married over $203,000) what do you do?

You max out your traditional IRA and max out your Roth 401k. Now what is the amount that you can contribute to your 401k?

The max is $19,500 a year which comes out to $750 per paycheck if you are paid twice a month.

For most there is this weird hesitation to opening up tax free and tax deferred ROTH IRA accounts. I have spoken to thousands of people who will brag about the gains in their taxable account, yet complain to their tax preparer that they are getting bent over a barrel paying capital gains. The tax free option is right in front of them as most turn their noses up. You can put a top tier trader with a taxable account and a semi stupid investor who only buys the SPY in his IRA and in 20 years that simpleton will have run laps over the taxable trader because he didn't have to pay a 25%+ tolls every year.

Taxes Will Kill You

$1 doubled for 20 years

Tax Free		25% Tax
$1.00	1st year	$1.00
$4.00	2nd year	$3.06
$8.00	3rd year	$5.36
.....	.....	.....
$262,144	19th year	$23,696
$534,288	20th year	$41,468
$1,048,576	Total	$72,570

This is why it is so crucial to get these setups properly off the jump instead of kicking the can down the road. I know you want the money in your pocket because you're going to be buying a home soon.

Did you know that you can pull $10,000 out of your IRA tax free for a first home purchase?

What about your 401k? Wait you didn't know about that either?

You didn't know that you can take a loan out against your 401k while keeping the money invested and avoiding a taxable event?

Most 401k's provide loans of up to 50% of the account value. Say you were maxing your 401k out for the last 5 years and the account is worth around $100,000, you would be able to take a loan out of $50,000 against the $100,000 while keeping it in the market.

These are things to be aware of however not something to abuse. I can already see you licking your lips at putting some of that loan money into the market, don't.

If you are looking to make a smart investment and buy a home, remember that your 401k and IRA are two places that you can use to help for your down payment.

If you have any questions about setting up an IRA, the easiest thing to do is open the account right now at your current broker. The second easiest thing is to open one at M1 Finance, create a model of stocks you like for the long term and continue to trade your current account you have at your current broker.

When it comes to your 401k switch your pre tax contribution to roth, and swap out that target date 2060 fund for the lowest cost S&P found available. If you want me to help you with your 401k, log into your account, change the pre tax to roth,increase the contribution 1% higher then go to change allocation and take screenshots of the available funds. Email Ben@TradingExperts.org with the subject 401k help and I will comb through the funds available in your plan to find you the best options available.

The Secret Task

What is the max you can contribute into an IRA each year?

A.$5000

B.$5500
C.$6,000
D. $6,500

How much do you need to save weekly to max out your IRA?

A. **$50 a week**
B. **$75 a week**
C. **$100 a week**
D. **$115 a week**

What is the max you can contribute to a 401k?

A. **$15,000**
B. **$16,000**
C. **$19,000**
D. **$19,500**

Can you contribute the max into both a Traditional IRA and a Roth IRA in the same year (total of $12,000)?

A. **Yes**
B. **No**

Can you contribute to both a Roth IRA and Roth 401k?

A. **Yes**
B. **No**

Answers
What is the max you can contribute into an IRA?

A.$5000
B.$5500
C.$6,000
D. $6,500

How much do you need to save weekly to max out your IRA?

E. **$50 a week**

F. $75 a week
G. $100 a week
H. $115 a week

What is the max you can contribute to a 401k?

E. $15,000
F. $16,000
G. $19,000
H. $19,500

Can you contribute the max into both a Traditional IRA and a Roth IRA in the same year (total of $12,000)?

C. Yes
D. No

Can you contribute to both a Roth IRA and Roth 401k?

C. Yes
D. No

The Perfect 401k Plan

In the United States the two biggest contributing factors to the middle class's net worth come from their home and their 401k. Both act as automated long term savings accounts. Most pay their mortgage monthly, yet if they made the same payment weekly they would shave 5 years off their mortgage (we will get into this later).

Today we are going to make a few minor tweaks to your 401k that will increase your future net worth by at least $50,000 in the next few minutes.

We will go over 3 simple steps to set you up with the perfect 401k plan!

1. The better way to manage your contributions (Pre Tax vs Roth)
2. How to increase your contributions over time (1% increase a month)
3. Finding the best fund your 401k offers (S&P 500 fund)

Log into your 401k now so you can make the changes as you read through this lesson.

1. **The better way to manage your contributions (Pre Tax vs Roth)**

We are going to change your contribution from Pre Tax to Roth.

How do I know you are contributing pre tax? After updating more than a 1,000 401k's for members and clients, 90% of them were pre tax. 89% didn't know the difference or why they were other then they clicked the button once.

This one simple switch alone will save you hundreds of thousands of dollars in taxes avoided down the road.

Now, why do we always pick Roth over Pre-tax?

Here are two scenarios. You put $1,000 into your 401k today.

1. You could avoid taxes on that $1,000 today, at a 20% tax bracket you will avoid $200 in taxes. You will just pay taxes on that money down the road. A $1,000 today invested in the S&P 500 over 40 years could be worth about $20,000 down the road. In this scenario you avoid paying $200 today, and will simply pay 20% in taxes on $20,000 down the road, which is $4,000.

2. You pay the $200 in taxes now and avoid paying 20% in taxes on $20,000 in the future. You keep the extra $4,000 in your pocket by paying the toll earlier when the sums are small vs later when they are far greater.

Which would you rather?

1. Save the $200 today and pay $4,000 later
2. Pay $200 today and save $4,000

The results

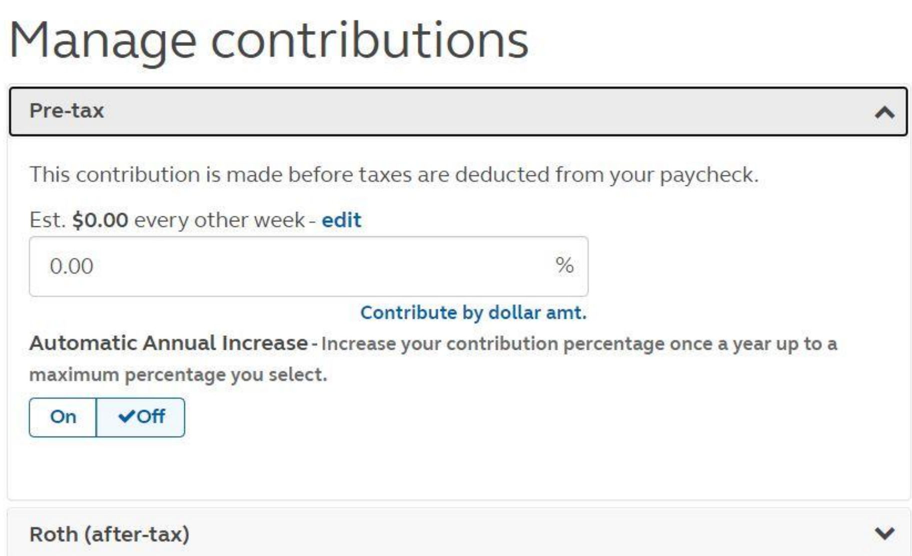
1. Is Pretax
2. Is Roth

Now most get scared about paying taxes, yet your company automatically withholds your taxes from your paycheck. As a result you often get a refund check because you over paid already. Meaning you often won't owe anything at the end of the year anyways, you will often just get a smaller refund check or owe a tiny amount since your employer already withheld enough for you.

Now that you hopefully took the 2 seconds to change your Pre Tax contributions to Roth.

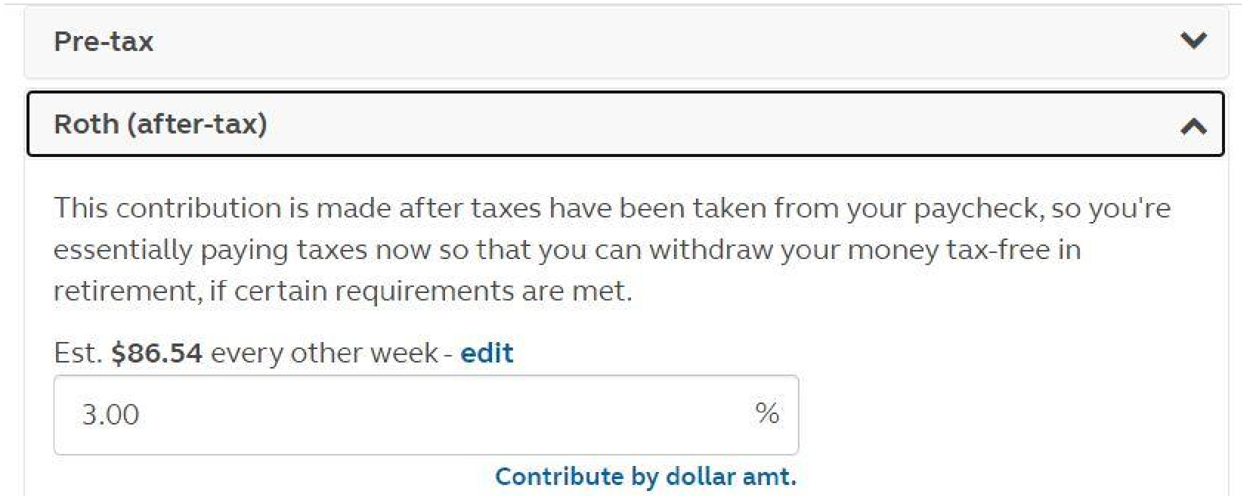
**I have seen on extremely rare occasions where a company will only match pre tax contributions. If you are that needle in the haystack, very simply contribution up to the match pre tax and the rest Roth. Very money is free money, always take the free lunch.

Whichever amount you are already contributing pre-tax, 4,5,6,10%, etc, simply change that to 0%.



Then put that same number where it says Roth (after-tax). If you want to retire even more well off, **increase the amount you were doing by 1%.**

Then hit save knowing you have easily increased your future net worth by over $100,000!



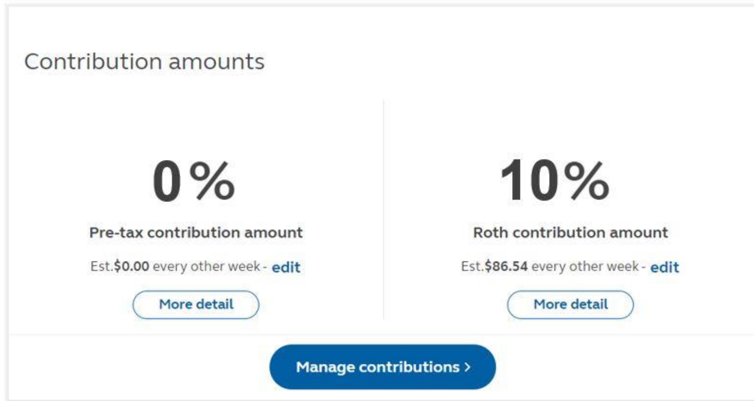
From the 401k reviews that I do, most people tend to fall in the 3-4% range, for one simple reason: their employer matches 3-4%. Yet to retire comfortably we need to be saving a minimum of 10% of our income. If you can't save 10% you are overspending. *The Richest Man in Babylon,* highly recommended reading, dives into this simple topic of why 10% is such an important factor.

2. How to increase your contributions over time (1% increase a month)

Your goal is to get to 10% saved in your 401k. Today you hopefully already increase it by 1%, then each month, increase it by another 1% until you get to 10%. By doing this slowly over the next few months you will not feel the $20 less out of your paycheck.

If you need help being reminded monthly to do this, message me (Ben G) on GroupMe saying 401k reminder! Then I will remind you each month to increase, if it is my job to remind you, I expect for you to be a man (women) of your work and honor your end of the deal.

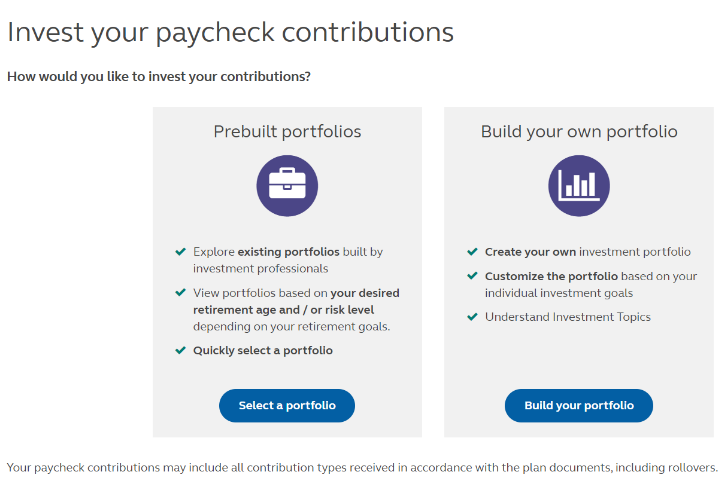
This is the ideal goal from a contribution standpoint. If you do this or are doing this, know that as long as you keep that up throughout your career you will be more than comfortable in retirement.



Now that we are done managing your contributions, we will finish this up by picking the proper funds to invest in.

3. Finding the best fund your 401k offers (S&P 500 fund)

Most 401ks all have the same layout and functions. Click on the investments tab, click on change investments and you will often come to two of the choices below. Click on build your portfolio.



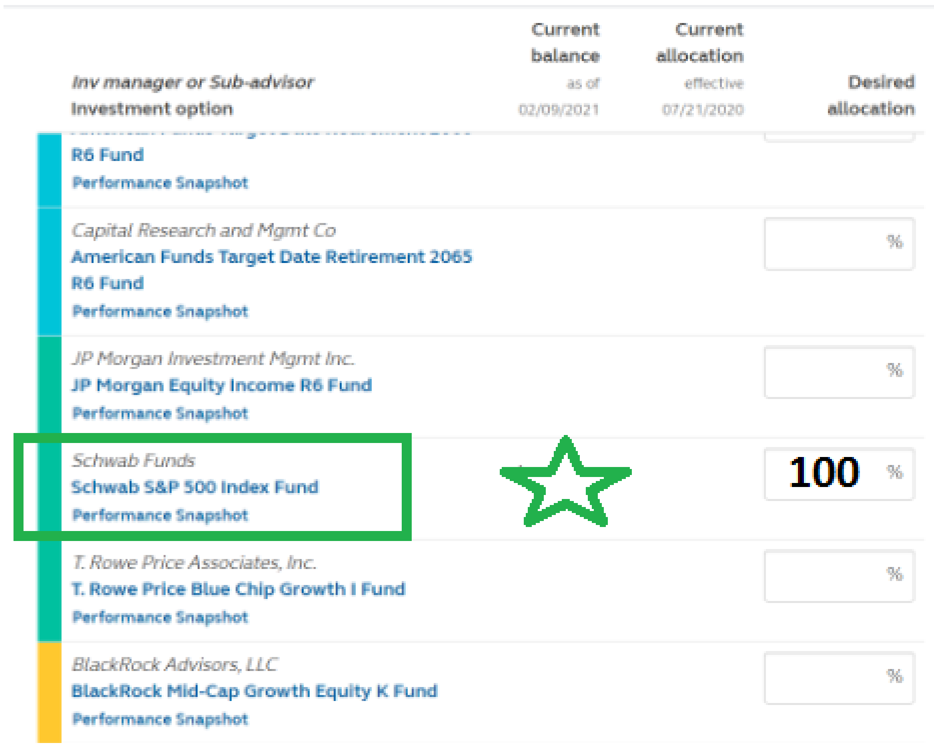
You will then see all the available options with a column for you to fill in the percent you want to invest in each. You are more than likely 100% in a target-date fund.

For the uneducated person, that is fine, but you are an educated trader. So we will show you how to spot the best fund in your 401k. Looking at the example below can you spot the best fund? Once you have try to find the best fund in your own plan.

Inv manager or Sub-advisor Investment option	Current balance as of 02/09/2021	Current allocation effective 07/21/2020	Desired allocation
R6 Fund Performance Snapshot			
Capital Research and Mgmt Co American Funds Target Date Retirement 2065 R6 Fund Performance Snapshot	$0.00	0.00%	%
JP Morgan Investment Mgmt Inc. JP Morgan Equity Income R6 Fund Performance Snapshot	$0.00	0.00%	%
Schwab Funds Schwab S&P 500 Index Fund Performance Snapshot	$1,900.28	20.00%	%
T. Rowe Price Associates, Inc. T. Rowe Price Blue Chip Growth I Fund Performance Snapshot	$1,431.82	15.00%	%
BlackRock Advisors, LLC BlackRock Mid-Cap Growth Equity K Fund Performance Snapshot	$1,430.45	15.00%	%

Remember there are 8,000+ mutual funds out there and only 28 have beaten the S&P 500 in the last decade.

In your 401k, there are 99% of the options that cannot beat the market, but every 401k has to offer, you guessed it, the market (S&P 500). When you can't beat them, join them.



Your only goal is to find the mutual fund that mirrors the S&P, put the allocation at 100% and hit save.

Now if your company offers stock and you plan to work where you do for some time, it could make sense to put a portion of your 401k in your company stock.

When I was working at an investment bank, I understood their business and knew they were not losing money anytime soon. I had 30%+ of my 401k in my company stock. Deciding to do this comes down to your own risk tolerance because one stock (your company) will be way more volatile than 500 of the biggest companies.

Take a look at your available options to spot the S&P 500 Index Fund in your plan, then hit 100% next to it and save.

Schwab Funds

Schwab S&P 500 Index Fund

Performance Snapshot

Why do we pick the S&P 500 mutual fund?

Other than the fact that it's the best way to match the market returns? It's due to how cheap it cost us to buy the market. Let me show you why.

Balance effective on 02/09/2021	Inv Manager or Sub-Advisor / Investment Option	Status	Share Price / Unit Value $ ***	YTD change *	Last Comp mo	Last 3 mos	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	Total Inv. Expense Gross	Total Inv. Expense Net
Fixed Income														
N/A	*Fidelity Management & Research* **Fidelity Advisor Total Bond Z Fund** [11], [15], [16],	-	11.2200000	-0.46	-0.41	1.96	6.96	6.27	5.53	4.55	4.58	12/22/2014	0.40%	0.36%
N/A	*Lord Abbett & Co, LLC* **Lord Abbett High Yield R6 Fund** [11], [15], [16],	-	7.5900000	2.30	0.68	7.30	5.56	4.81	8.40	6.73	5.95	06/30/2015	0.62%	0.62%
N/A	*PIMCO* **PIMCO Income Institutional Fund** [3], [4], [11],	-	12.1700000	0.93	0.33	4.54	5.31	4.97	6.31	7.18	8.03	03/30/2007	1.09%	1.09%
Balanced/Asset Allocation														
N/A	*Capital Research and Mgmt Co* **American Funds American Balanced R6 Fund** [9], [10], [15],	-	30.9300000	2.38	-0.63	9.01	10.68	7.69	10.77	9.98	11.62	05/01/2009	0.26%	0.26%
N/A	*Capital Research and Mgmt Co*	-	11.9600000	0.93 [a]	-0.34	6.97	8.78	5.89	7.75	6.85	8.38	07/13/2009	0.30%	0.30%

A majority of the funds offered will be actively managed funds, meaning there is a portfolio manager, traders, staff, an office, etc. These things cost money and you end up paying for them. 1% might not seem like a lot however a 1% increase in your investment return over a few decades is tens of thousands of dollars in your pocket.

Over the last decade there have been 8,000+ mutual funds that have tried to beat the SPY, yet only 28 were able to do so. Why try and find the .003% when you can be in the 100% for almost nothing?

The reason these active funds cannot beat the benchmark is due to one simple reason, their expense ratio. As a result of this a large majority of active fund managers do not invest in their own fund. They know the stuff doesn't work, most people are unaware of this. You are now aware of this because you have Trading Experts to show you the best possible 401k set up.

These expense ratios often are impossible to find on your 401k plan without some digging in the fine print. This is why you only need to focus on finding the S&P 500 fund because it is a passive fund. Meaning there is no portfolio manager or office or staff. No staff, no cost.

.02% a year is as close to free as humanly possible. That cost comes out to $.20 a year per $1,000 invested vs $10 a year per $1,000 for some of the funds that charge 1% a year.

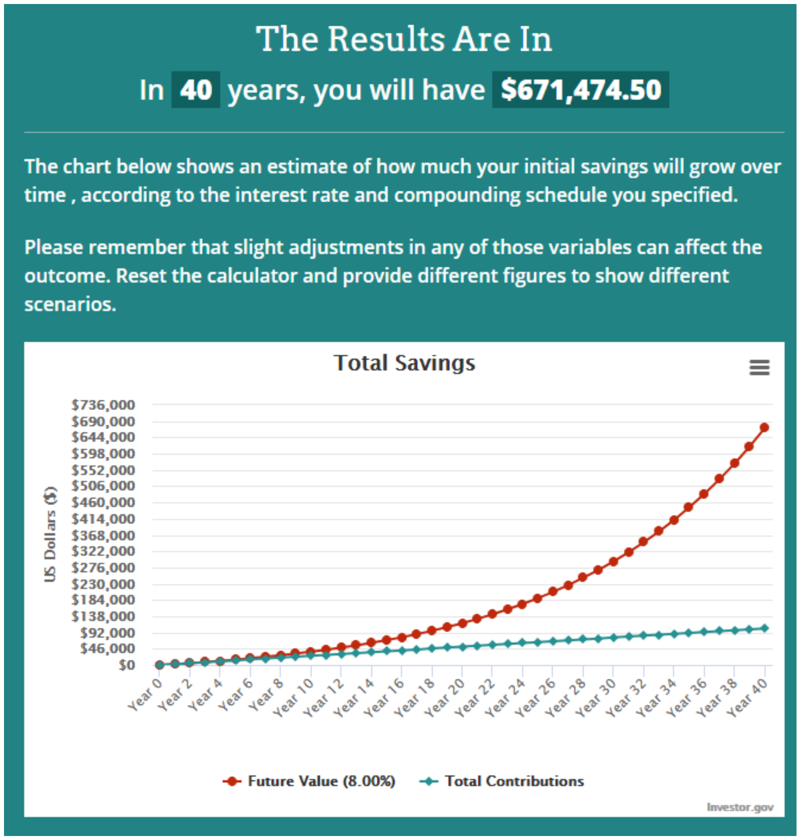
	Schwab Funds **Schwab S&P 500 Index Fund** [2]	-	59.8800000	4.28	-1.01	14.06	17.24	11.68	16.11	13.43	8.44 05/20/1997	0.02%	0.02%
	T. Rowe Price Associates, Inc. **T. Rowe Price Blue Chip Growth I Fund** [16]	-	174.7900000	5.36	-1.33	9.39	29.91	16.92	21.78	17.37	19.06 12/17/2015	0.56%	0.56%
Small/Mid U.S. Equity													
	BlackRock Advisors, LLC **BlackRock Mid-Cap Growth Equity K Fund** [1],[16]	-	46.1000000	4.39	-3.96	15.72	34.08	22.09	24.78	17.11	25.04 03/28/2016	0.73%	0.73%
N/A	*Cohen & Steers Mutual Funds* **Cohen & Steers Real Estate Securities Z Fund** [5],[16]	-	16.9100000	3.74	-0.80	12.68	-3.49	8.34	8.28	9.92	9.68 10/01/2014	0.77%	0.77%
N/A	*Janus Henderson* **Janus Henderson Triton N Fund** [1],[16]	-	41.8200000	7.01	-0.82	25.04	30.42	14.00	18.92	14.70	16.20 05/31/2012	0.66%	0.66%
N/A	*Massachusetts Financial Svc Co* **MFS Mid Cap Value R6 Fund** [1],[16]	-	27.6900000	5.49	-0.50	17.62	6.69	5.45	11.01	10.33	10.28 02/01/2013	0.68%	0.68%
	Principal Global Investors **MidCap S&P 400 Index**	-	83.4713692	9.47	1.50	23.53	18.35	7.87	13.91	11.36	10.02 08/31/1999	0.05%	0.05%

At this point if you have switched your contributions from Pre Tax to Roth, increased your contribution by 1%, and moved your investments into an S&P 500 fund then you have easily increased your net worth by a hundred thousand dollars if you are in under 30 with the few clicks of your mouse!

Now let's show you a few examples about Jim who is planning to save more today should have when he retires based on these simple changes.

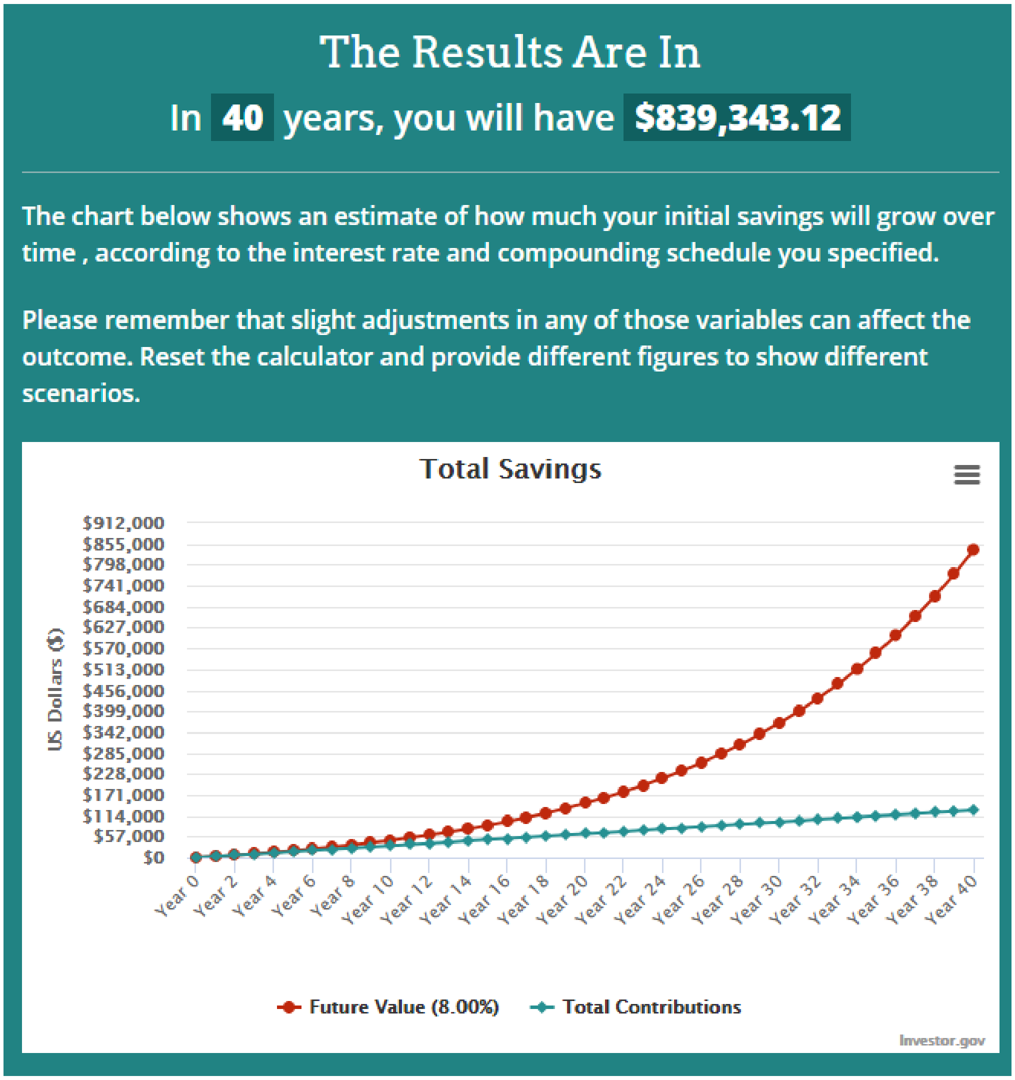
Jim is 25, makes $65,000 a year, contributes 4% to his 401k that comes out to about $100 per paycheck that goes into his Roth 401k with no company match. In 40 years in a low-cost S&P 500 fund, try and guess how much he will have?

The answer is $670,000, based on the rule of 4, meaning he can pull 4% from that account each year in retirement without burning into the principal.



He will be able to spend about $27,000 a year in retirement when we factor in social security which for someone like himself would be somewhere around $2,500 a month or $30,000 a year. Between these two, he is making about $57,000 a year fully retired. Still earning 87% of his regular salary while being retired.

Now as he reads this lesson, still making $65,000 a year and he increased his Roth contributions by 1% to 5% that lowers his paycheck by $20. Try and guess how much that 1% increase will have on his future?

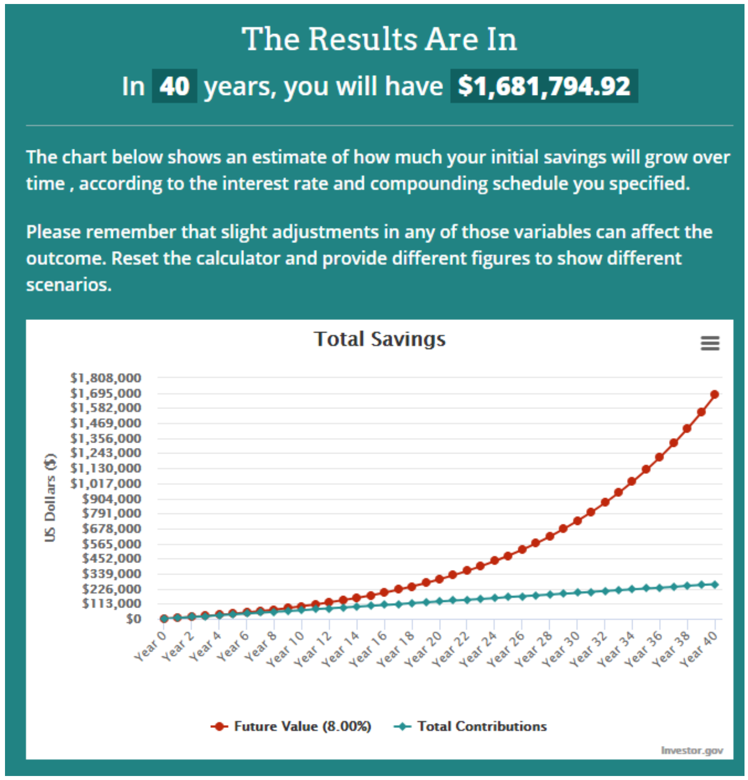


That extra $20 per paycheck added an additional $168,000 to his 401k!

He now has $800,000+ that is tax-free from his Roth 401k.

Based on the rule of 4, he will be able to spend about $33,000 a year in retirement plus social security. Between these two, he is making about $66,000 a year fully retired. Making more retired than he was making each year working!

Now over the next year, Trading Experts remind him to continue increasing it 1% a month until he gets to 10% of his income. Over the year he gets to the 10% mark and stops. He is used to saving and doesn't notice much different from his paycheck as the changes were slow and gradual.



When he retires he ends up with over $1,600,000 tax-free, where he could spend upwards of almost $100,000 a year between his Tax Free Roth 401k and social security. He is now making almost double what he was making working full time! Now in the generation wealth stages where he can leave money to his children. Remember this is an average Joe who never made more than $65,000 a year.

It is not how much you make, it is how much you save that matters!

The Secret Task

How are your contributions set up now? Roth

Did you increase your contributions by 1% today? Yes

Did you switch your investments to the lowest-cost S&P 500 fund? Yes

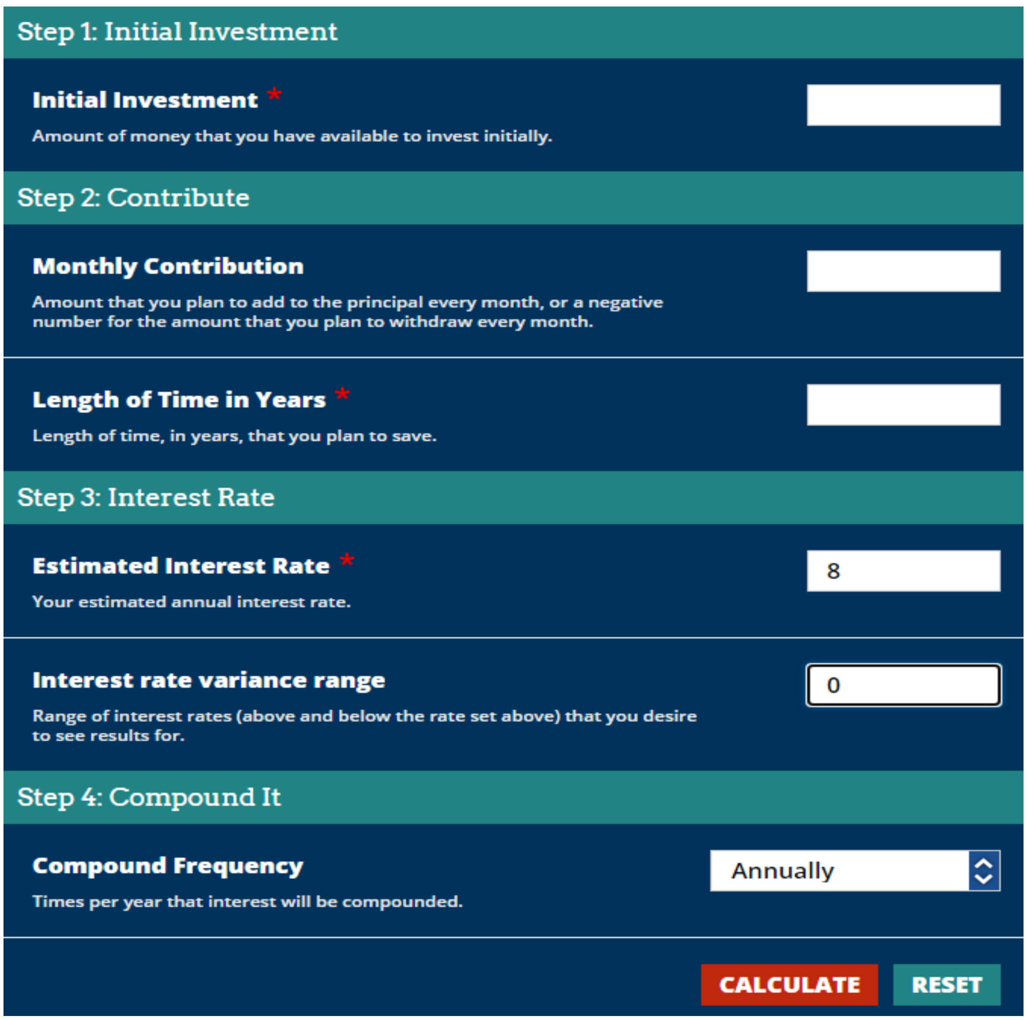
If these are your answers, post in the group "*I just created my own Perfect 401k Plan which will increase by net worth by over $100,000!*"

Part 2

Find out how much you should have when you retire based on these new improvements.

[**Put in your information here**]

Initial Investment - current value of your 401k
Monthly Contribution - Salary x %saved divide by 12
Length of years - 65 - current age



Post your screenshot of your new results and the answer to those questions above in the chat!

The Secret

1. Trading is not reserved for the world’s elite
2. Trading is not just a science it's also an art
3. There is no single way to make money

We’ve already gone over the main reasons to avoid Mutual Funds. The next logical answer would be to buy a low-cost ETF like the SPY that replicates the S&P 500. This is definitely one mechanism that allows you to enter the market if you want to keep your investment philosophy as simple as humanly possible. There is nothing wrong with this as we are all about keeping things as simple as possible.

You may be thinking, *“I can’t invest here, we’re at all time highs! What if this is the top?”* We’ve been hearing this now for a decade, the market is always high. We did have a minor depression in the 2008-2009 markets, although pundits tend to use the safe word *‘recession’*, but let’s call it what it is, because those were scary times.

If you don't remember, let me give you a little refresher. The housing bubble popped, and stocks got smoked. How would you have liked to buy Ford at $1? Maybe a little Siri at $.05? Can I interest you in some Las Vegas Sands for $4? Does BAC interest you at

$5? GM at $0.75!?! Don't worry I bought all of those and still lost my shirt because I had no game plan.

However, let's say you bought the highs before the crash. You'd be absolutely smoked in the short term. But fast forward to today and you're currently up around 150%+ from those pre-crash highs or a 15% annualized return. If you dollar cost averaged, being that you were just buying the SPY every week or month consistently, you absolutely crushed it! (Key word here: Consistently.)

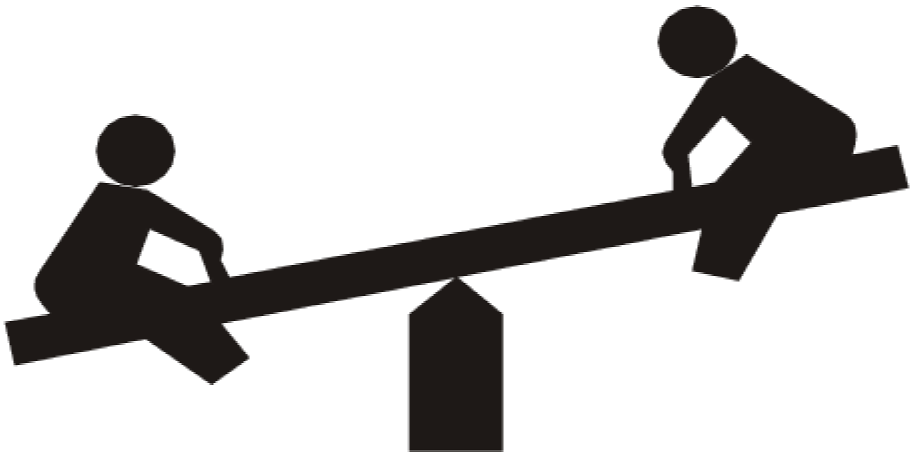
"Don't sell out, rebalance, by doing so, it forces you to sell high and buy low. "

Trading Experts

Just buying the SPY forever is about as sexy as Betty White in a bikini. If you don't have any interest in being a day or swing trader, but still want to have your money work for you in the market, then that is completely fine. Not everyone is striving to be the next Gordon Gekko or Bud Fox.

So, I'm going to let you in on a little secret that wealth managers have been using for their families,friends, clients and themselves for decades.

Are you ready to learn the *secret*?



It's called ***Rebalancing***.......

The biggest mistake a new investor can make is to buy when the market is going up on the assumption that the market will go up further, only to sell when the market is going down on the assumption that it will continue to go down further.

In addition, they tend to arrive just as the party is winding down. They miss out on all the gains and take part in all the losses. For most inexperienced investors, they are already rebalancing, however they just do it backwards.

What most newbies do is hold their losers then eventually sell them with no rhyme or reason. On the flip side, they generally hold their winners until they become losers --- and eventually sell them too. Think of a seesaw; the new investor tends to buy when they're happy and euphoric, "I bought it at $20 and it's going to $100!" We've all been there -- buying right at the high of a move, only to watch it come back down, as you sell very quietly and move on (as the seesaw comes back down to earth).

Now we all know that in each trade there is a winner and a loser. New investors tend to be on the wrong side of the seesaw, they buy high and sell low or they buy low and sell lower. Rinse and repeat. They'll get lucky here and there but they will never have a proven strategy. Even gamblers get lucky from time to time and that's what keeps them coming back.

"The key to making money in equities is not to get scared out of them."

Peter Lynch

The smart money is quiet, buying and selling high. They'll sell their winners, realize profits and buy back their weaker names to repeat the process. That's why when buying the SPY, it's somewhat binary. You can't rebalance because you own the whole pie. By diversifying, you can own each slice and sell the good slices, hold the ok ones, and buy back the valuable ones.

You can even look at the broad market such as the battle between Stocks and Bonds as their own seesaw. Over the past decade, we all know who's been having fun on that one. Now below is one of the simplest and most effective long term investing strategies **IF** you follow the simple rules.

1. Evenly invest across the top 11 major sectors

2. Continue to dollar cost average into each week consistency

3. Sell some of the leading sectors annually (taking profits)

4. Buy back weaker sectors with the proceeds (buying the losers to even the scale)

Think of this seesaw as an example of rebalancing. There might be times in the market when Tech is leading while Financials are weak. Maybe consumer discretionaries are rallying while Energy names are selling off. Let's look at what smart money does during these times.

In this example, they have 9% of their portfolio in each of those sectors. They sell some of the ones that are leading that are over weighing the portfolio while buying back the ones on sale. Now you're not going to be calling tops or catching bottoms but I will let you in on another secret, professionals don't look to do that whatsoever.

Below is a list of my top 11 ETFs that I implement this strategy with. These are some of the lowest cost ETFs in the world, costing a mere 10 basis points in annual expenses. To ditch the confusing finance jargon, this means that for every $1,000 you invest it only costs you $10 a year to be invested in those names - which when compared to 100 to 500 basis points or 1% to 5% from some mutual funds, you can see why we would never touch a mutual fund.

The 11 major sector ETFs we follow and invest in:

Vanguard Consumer Discretionary - VCR
Vanguard Consumer Staples - VDC
Vanguard Energy - VDE
Vanguard Financials - VFH
Vanguard Health Care - VHT
Vanguard Industrials - VIS
Vanguard Technology - VGT
Vanguard Materials - VAW
Vanguard REIT Index - VNQ
Vanguard Telecommunications - VOX
Vanguard Utilities - VPU

You can set this up once on M1 and start with as little as $100 and they will do this rebalancing for you. We will dive into this later on in the program.

For now we want to educate you on the secret behind rebalancing that most investors will never learn unless they have someone on the inside to share the secrets.

Rebalancing is essentially a 1-2 punch -- using your profits and extra cash to buy more shares. Most investors just take punches all day, when you are rebalancing you are jabbing and throwing right hooks and uppercuts.

Now you might be thinking :

"Why would I buy the loser?"

That is 100% valid, the losers we are referring to are relative, we have shown you the best of the best. So when we say losers it's just the ones that are in the 10 to 12th spot.

This does not work if you said pick 12 random cheap stocks and simply keep buying the cheapest one, that would never work.

The most *simple* long term advice one can give in an easy to digest form would be to buy the SPY which is like buying a whole pizza. By diversifying across all sectors, your pie now has 11 different slices in it, instead of just one plain, boring pie that you can rebalance or let brokers like M1 do it for you.

If you want to spice up your pizza even further and add some Alpha, you could then find the top leader in each of the 11 sectors. Before you do that, let's discuss it. For now, let's keep it simple.

Diversify and Rebalance.

Rebalancing can be a lot of work especially if the fluctuations of the market still cause you some fear, this often is much easier to let automation do it's thing.

The Secret Task

In the group chat share 3 things you learned about rebalancing.

$100,000 Mortgage Hack

As a financial advisor I spent most of my day pouring through my prospects and clients financials and put together projections based on where they are, what they are doing and where they can be at if they follow the recommendations that I put together.

Usually the answer is quite simple, save weekly, invest more, stay in the market, max out your retirement accounts. Simple stuff however for every 100 people, quite frankly 99 are nowhere close to where they need to be to retire comfortably hence why I have a job. Most are set up to realistically live the ramen noodle diet in their later years in life, they just don't realize it.

Delayed gratification is out and instant gratification is in.

Now when I come across the mortgage, I already know the answer to this question (99% of the time), we never speak in absolutes and if you are currently paying your mortgage let's play a quick game.

How often do you pay your mortgage? The answer 100……99% of the time is **once a month**.

Now let's continue this game, shall we, which is a bigger monthly payment?

A.One $3,000 monthly mortgage payment
B.Two $1500 payments bi weekly
C.Four $750 weekly payments

The answer is neither, they are all the same, now let's show you how your bank is bending you over the barrel while you drink the Kool-aid.

Now which monthly payment method takes the longest to pay off?

A.One $3,000 monthly mortgage payment
B.Two $1500 payments bi weekly
C.Four $750 weekly payments

The results are below!

Year End #	Monthly	Biweekly	Weekly
13	$360,759.76	$315,868.87	$248,079.20
14	$346,296.96	$296,737.79	$221,901.53
15	$331,169.74	$276,726.87	$194,519.50
16	$315,347.57	$255,795.73	$165,877.64
17	$298,798.52	$233,902.02	$135,918.08
18	$281,489.25	$211,001.49	$104,580.15
19	$263,384.76	$187,047.80	$71,800.45
20	$244,448.57	$161,992.57	$37,512.67
21	$224,642.44	$135,785.10	$1,647.35
22	$203,926.42	$108,372.44	Really Smart $0.00
23	$182,258.70	$79,699.12	$0.00
24	$159,595.57	$49,707.23	$0.00
Year End #	**Monthly**	**Biweekly**	**Weekly**
25	$135,891.33	$18,336.10	$0.00
26	$111,098.11	.01% Do $0.00	$0.00
27	$85,165.87	$0.00	$0.00
28	$58,042.34	$0.00	$0.00
29	$29,672.75	$0.00	$0.00
30	99.8% Do -$0.14	$0.00	$0.00
31	$0.00	$0.00	$0.00

(click here for calc)

Once a month payment like everyone else does it takes 30 years.

Twice a month (same total amount) cuts it down to 26 years.

Weekly payment (same total monthly) cuts it down to 22 years!

Now it's the same amount of money however most people tend to respond as if I ask them to sacrifice their newborn. One phone call to your mortgage lender or a few clicks of a button on your online account and you can save thousands of dollars and cut years off your mortgage by making the switch. Make the phone call!

Now that I showed you your right hook, your jab is to pay more than the minimum payment, let's see what a mere $25 extra a week could do?

Selected data record: None	
New or original mtg amount:	$ 500000
Annual interest rate:	4.5 %
Mortgage term in years:	# 30
# of payments already made:	# 0
Extra weekly amount (optional):	$ 25

Calculate Weekly Mortgage Payments

Weekly mortgage payments:	$584.24
Weekly interest cost:	$411,412.89

Compare Switching From Monthly to Biweekly or Weekly

Compare	Monthly	Biweekly	Weekly	Savings
Payment	$2,533.43	$1,266.71	$707.08	
Months	360.00	306.92	252.69	107.31
Interest	$412,033.42	$341,949.64	$273,777.20	$138,256.22
Est. payoff	Aug 2049	Feb 2045	Aug 2040	

That extra $25 a week helps stuff another $20,000 in your pocket over the term of the loan. An extra $100 a week saves an additional $65,000!

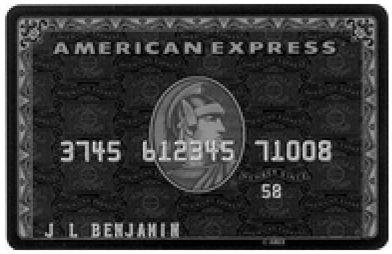
You combine your right hook (weekly payment) and your jab (extra $25-$100 a week), that is the 1-2 punch to help take control of your finances instead of laying down and getting knocked out by the bank.

If/when you set these two up, please let me know so I can cry a tear of joy knowing that you will be saving a Ferrari's worth of interest and almost a decade of freedom. If you would ever like me to run a longer term financial plan for you just shoot me a DM on GroupMe and I would be glad to show you when you will reach your first million, if your shy, don't worry, we will cover how you can reach your first million in the next lesson!

The Secret Task

Use the calculator to run the numbers on your mortgage and see how much you would save if you do not have a mortgage, ask your parents or friends who have one, and try to help them save a few hundred thousand in interest. You can post the savings in the group chat or if you would like to talk privately send me the info on GroupMe and we will go over it!

800+ Credit Score

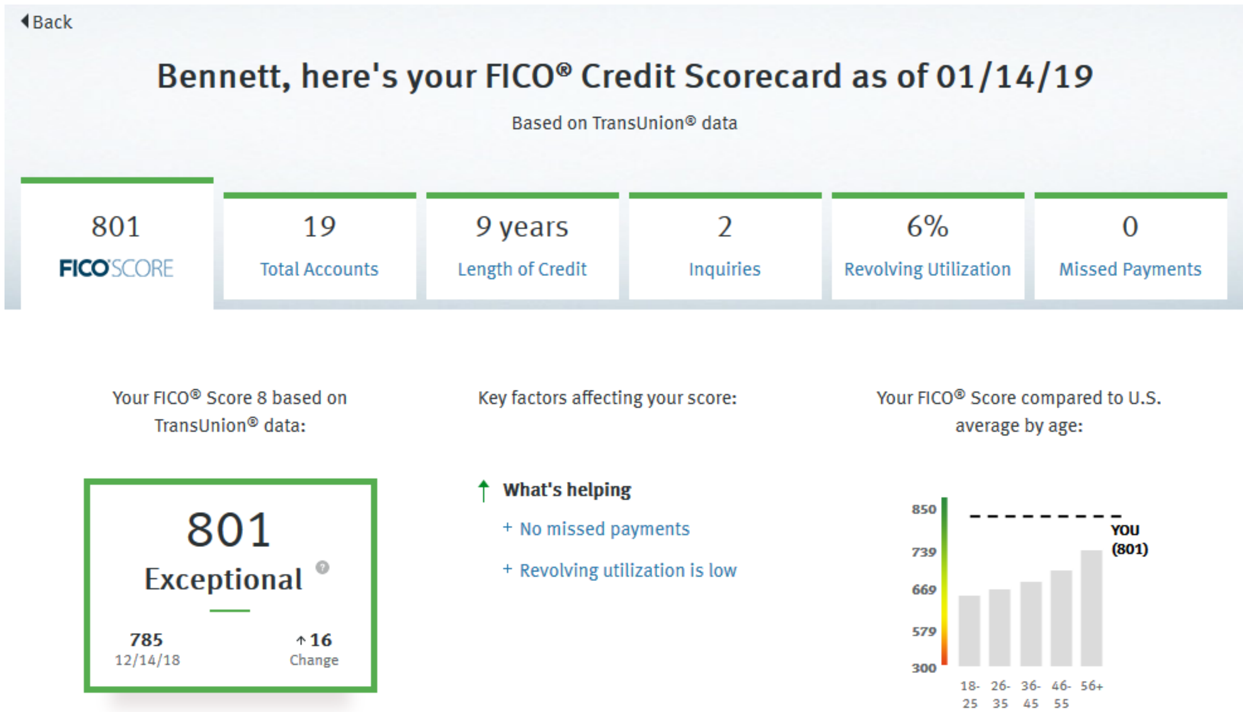


Over the past few years we have heard by far some of the worst advice possible when it comes to having a good credit score and this advice comes from none other than people with the absolute worst credit and money situations walking God's good earth. Some of the ones that take the cake are:

"always carry a balance" (wrong)
"only pay the minimum" (wrong)
"open up store cards" (wrong)

All are dumb as shit. Now having good credit is important when it comes to getting a car loan, applying for a mortgage or securing a loan for a business. However, for most of us, we are not doing any of those things on the regular and even with superior credit the interest rate that a credit card is going to charge you will be obscene regardless of your credit score. So is your credit score important? Of course, however it's not the end of the world if you're not sitting in the 800 plus club, we still pay for stuff just like you.

For myself I have had credit cards since my first mickey mouse Visa card at 16 fast forward to today with a black card, half a dozen AMX's, a Discover card (that's my favorite), and a bunch of others. All in all my available credit is north of half a million however my overall credit card debt is a whopping zero and it's not that my credit cards sit collecting dust. I use them all day long, I just pay them off before any interest is added.



As of writing this lesson I am mere 6% away from a perfect credit score. If your score is higher than mine, stop reading now, if it's lower, why not we continue?

Now if you are currently carrying credit card debt, how often do you pay your bill?

The answer is more than likely going to be once a month, and the reason for that is because drum roll, your credit card requires you to make a payment of X amount once a month. They give you that so you can let your balance sit and collect interest. Every notice why V, MA and AMX are usually banging on all time highs? They're legal loan sharks charging you 19-29% a year on the money they lend you and that interest compounds daily.

A few tips to get your credit card debt under control is to first rank the debt from the highest interest rate to the lowest. Let's test your skills below.

Which card would you want to pay off first if you were carrying a balance? The green or blue?

Fees	**TOTAL FEES FOR THIS PERIOD**	$	0.00
Interest Charged	**TOTAL INTEREST FOR THIS PERIOD**	$	0.00

2019 Totals Year-to-Date

TOTAL FEES CHARGED IN 2019	$	0.00
TOTAL INTEREST CHARGED IN 2019	$	0.00

Interest Charge Calculation

Your Annual Percentage Rate (APR) is the annual interest rate on your account.

Current Billing Period: 31 days

TYPE OF BALANCE	**ANNUAL PERCENTAGE RATE (APR)***	**PROMO APR EXPIRATION DATE****	**BALANCE SUBJECT TO INTEREST RATE**	**INTEREST CHARGE**
Purchases	21.24% V	N/A	$0.00	$0.00
Cash Advances	26.24% V	N/A	$0.00	$0.00

Mastercard® Black Card Statement

BENNETT ZAMANI PHD | Account Ending 2113 | **Statement Period 12/20/18-01/19/19** Page 5 of 8

Transaction Date	Posting Date	Description	Amount

2019 Year-to-Date Totals	
Total fees charged in 2019	$0.00
Total interest charged in 2019	$0.00

This Year-to-date summary reflects the Fees and Interest charged on billing statements with closing dates in 2019, and does not reflect any subsequent fee and/or interest adjustments.

Interest Charge Calculation Days in Billing Cycle : 31

Type of Balance	Promotional Rate End Date	Balance Subject to Interest Rate	Annual Percentage Rate (APR)	Interest Charge
Purchases				
Standard Purchases	–	$2,942.61	17.24% (v)	$0.00
Balance Transfers				
Standard Balance Transfers/Checks	–	$0.00	17.24% (v)	$0.00
Cash Advances				
Standard Cash Advance	–	$0.00	27.49% (v)	$0.00
Total				$0.00

ⓘ **Your Annual Percentage Rate (APR)** is the annual interest rate on your account. (v) = Variable Rate that varies with the market based on the Prime Rate. See the "Important Information" section of this statement for more information about how we calculate interest.

One card is charging you 21% while the other card is charging you 17%, the obvious answer would be to pay off the 21% card first. I know that seems obvious however you would not believe how many people get that one wrong.

Now the reason why I don't get charged interest is that I pay in full before my statement is due. Most cards give you a 30 day window, for example if your statement is due on Jan 1st and you pay your balance in full prior to Jan 1st you will not incur any interest, any balance after that day will start to incur interest. What this does is essentially give you up to 30 days of free credit, however if you let this snowball out of control it can be very costly for you and this what the credit card companies bank on. As most people are financially stupid.

When I was running my Amazon business out of college, I lived on credit cards paying for my inventory which was great as I was spending tens of thousands of dollars a day, however when money would get tied up, those interest payments would add up quickly.

The one habit I got into was making credit card payments weekly of a fixed amount regardless of my spending, I started at $100 a week, $200 a week, $300 a week, $1,000 a week, etc. As time went on $100 payments felt like nothing, so I moved up to $200 and so on and so forth. By doing this I am always chipping away at the balance. We often forget how much we spent over a month's time and then look at the statement and wonder what the hell happened. Those weekly payments will keep you in check and that total under control.

Credit cards are really simple if you get the basics down and get your spending under control, you should not have a dozen cards all carrying balances, even though I had quite a number of cards, I use 2, my discover for personal stuff and my AMX business card for business expenses that's linked to my Quickbooks account so my accountant can work his voodoo magic even though I still manage to owe Uncle Sam a small fortune each quarter. The other cards chill on the bench and from time to time I will increase the credit limits when needed.

Do not carry a balance because you think it will improve your credit, pay that thing down every month, don't make an excuse to give your money to a credit card company because of an imaginary number. Avoid spending more than 50% of the total limit of your cards, if the limit is $1,000 try to avoid spending more than $500, you see above that my credit utilization is 6%, meaning that I am only using around 6% of my overall credit while a higher risk person would be using 60 to 100% of their credit. Keep your credit cards simple, find a card that gives cash back as cards that give points tend to be far less worthless than actual cash back. If you credit situation is really out of whack let me know and we will dig a bit deeper. If you would like me to refer you to my favorite credit card that has given me thousands of dollars in cash back over the year, no annual fee and a low APR, let me know your email and I will send you the link.

The Secret Task

What are 3 ways that you can improve your credit?

Good Luck With That

There's no more perfect time than now

Why is it so difficult to time the market successfully over the long term?

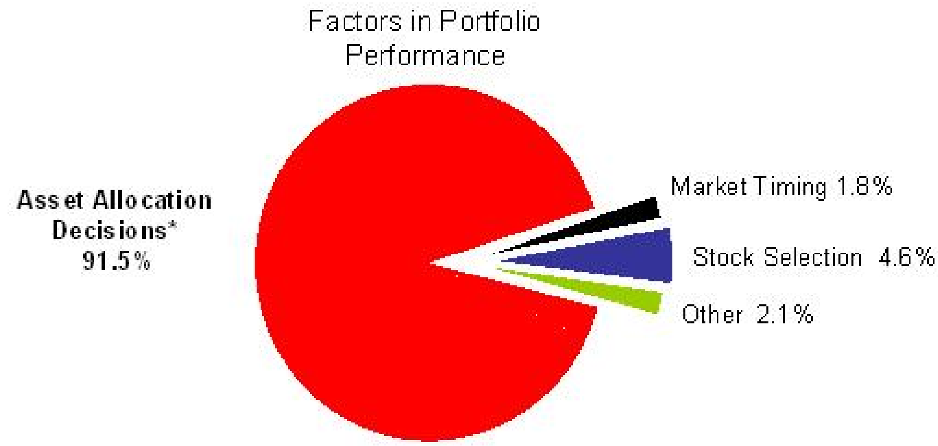
How does one move in and out of stocks at just the right moment, so that they can benefit from the market's upturns and avoid the painful pull-ins?

We try our best to always have positions on to keep us in the game and in tune with the price action. It can be extremely difficult to consistently go from being fully invested one day to all cash the next.

Many people mistakenly assume that you just need to be right a little more than 50% of the time for this approach to pay off.

An extensive study by Nobel laureate economist William Sharpe showed that a market timing investor must be ***right 69-91% of the time***, an impossibly high hurdle.

Factors Affecting Portfolio Performance



In another landmark study, researchers Richard Bauer and Julie Dahlquist examined more than a *million* market timing sequences from 1926 to 1999.

Their conclusion: just holding the market (via an index fund like the SPY) outperformed more than *80%* of market timing strategies.

Now you might be thinking, don't you time the market?

The answer is yes and no.

There are times when it's a “Risk-on” environment and there are times when it's simply a “Risk-off” environment.

As a long term investor, you always want some skin in the game to see how the market is reacting. There's something about having even 1 share of a name that will keep your eyes on it compared to having no position at all. Are we always 100% long? No, are there times when we are 100% in cash? Also no. No matter how bad it gets, having some skin in the game, will give you the ability to see when the tide is turning. I will walk you through the Bennett Plan, which is how my investments are set up to take advantage of this information. Now at the end of this program, we will create your own plan based on your own situation.

Bennett Plan

401k - Roth Contributions, Maxed out for the year, invested in the lowest cost S&P 500 fund available

SEP IRA - this is pretax as it's the only available option, maxing out, invested in a basket of a handful of individual stocks that I aim to hold long term set up on M1 Finance that dollar cost averages every week my cash goes in

Roth IRA - I am over the income limitation to contribute further so the contributions are zero, (max $6,000 a year), like the SEP this is invested in stocks, this account I trade more aggressively at my broker TD. (my trading account)

Taxable Account - a weekly saving going into the Big Picture model (you will learn about this shortly), set up at M1 Finance that dollar cost averages and auto rebalances for me

Those are my 4 main accounts, 3 of them are fully automated, maxed out, auto rebalanced and set up for the maximum tax benefits possible. 90% of my assets I never have to think about as the model does the heavy lifting.

In my one account I can be aggressive and trade (my Roth IRA).

As we go through the rest of this program we will break down each of those accounts and show you how to set them up to their max potential.

At the end of this program we are going to review your financial plan to see how it has changed from today and I will show you approximately how much you should retire with down the road.

The Secret Task

In the group chat share

What is the most important factor when it comes to your portfolio's performance?

Which has the smallest factor?

Pizza Pie

When it comes to trading, regardless of your account size, position sizing and the ideal amount per position is a debate that could go on longer than the debate on which came first: the chicken or the egg.

As a licensed financial advisor who worked at a major investment bank that oversees more than 7 trillion dollars in assets (trillion with a T) for nearly half a decade.

I have seen investment accounts of all shapes and sizes. I have seen clients who have 20,000 shares of Apple at a cost basis of $.07 a share.

I've seen a little old lady turn $300,000 into $30 million over her time with our firm by simply buying new highs and everything in between.

Even a gentleman with 70,000 of NFLX with a cost basis of $40, who is too scared to sell any at $420 when we advised him too, yet he wanted to sell it all at $300 on the way down. What's $20 million between friends?

When starting out, there tends to be this rush of now, now, now, trade, trade, trade, max tier, come on move stock, move! As you grow into your account size and learn about your own faults, your psychological triggers tend to subside.

So let's begin by providing a broad overview real quick, then after, we'll dive into the toppings.

Account size = # of positions
<$5,000 = 1 - 5 positions

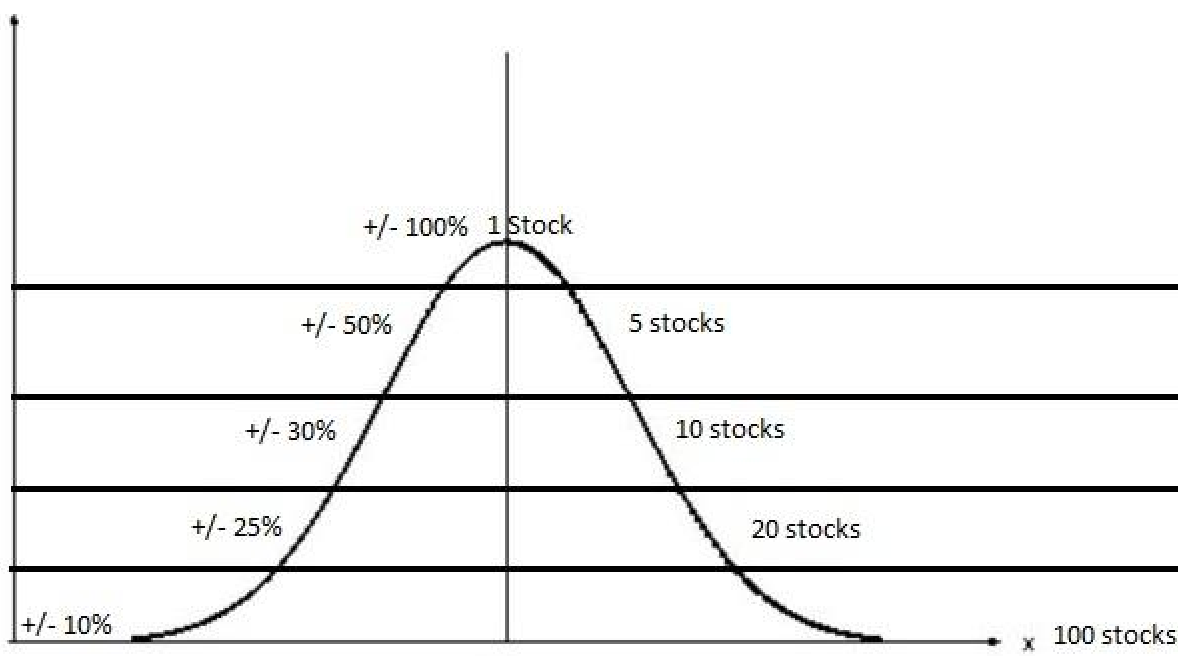
<$10,000 = 1 - 10 positions
>$10,000 = 1 - 10 positions
>$100,000 = 5 - 15 positions

Why is this so important? A study was done by people with fancy PHD's that tested portfolio sizing and here were the results:

Out of 3,000 250 stock portfolios, 63 beat the market.
Out of 3,000 100 stock portfolios, 337 beat the market.
Out of 3,000 50 stock portfolios, 549 beat the market.
<u>Out of 3,000 15 stock portfolios, 808 beat the market.</u>

With a 15 stock portfolio, there was a 1 in 4 chance of outperforming the market, while a 250 stock portfolio had only a 1 in 50 chance. So now that you have your 15 stocks (or less) let's dive a little deeper, because everyone's risk tolerance, goals, outlook, and needs are different.

I have seen guys who have play accounts of $10 million, and if it were to all be gone tomorrow nothing would change for them. **These guys tend to crush it, why? They have no fear.** Most of you will likely not have $10 million to play with (yet), so for now, we will use the bell curve below to gauge your risk tolerance.



When looking at these different buckets, you might be drawn to the top one, the thought that with all your money in 1 stock you can double your investment in just a year. This thought is now making your mouth water just as it was when you were staring at that pizza. But what if you forgot about that pizza after you'd put it in the oven and you're now forced to eat it?

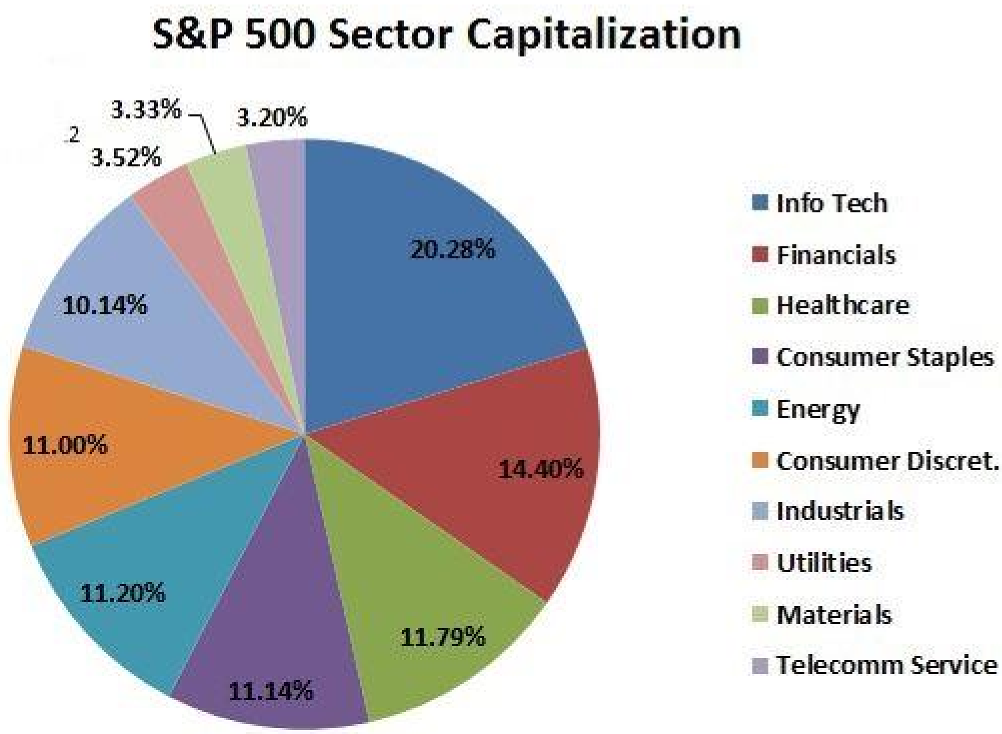
Sounds pretty gross right? The same thing happens when today's winner turns into next year's loser. On the opposite side of the spectrum, if you cut that pizza into 100 tiny slices, those would be some small slices and wouldn't be very enjoyable to eat. Return-wise, having a 100 positions tends to have the same effect.

Personally, I tend to fall into the 10 to 15 stock category, and max position size tends to stay under 10% of my account from a diversification standpoint. Now, remember that these are the guidelines that I follow since I have been on both sides of the game; holding one stock and losing my shirt and being over-diversified and underperforming.

The real way to exploit this is by utilizing the financial advisor's secret of "rebalancing".

You will notice that you will have never heard me mention closing out a Big Picture ETF for a loss-- breakeven or profit, or I ain't leaving. Pay me my dividends!

I am no wizard, but I am going to let you in on the secret, come closer because I'm whispering.

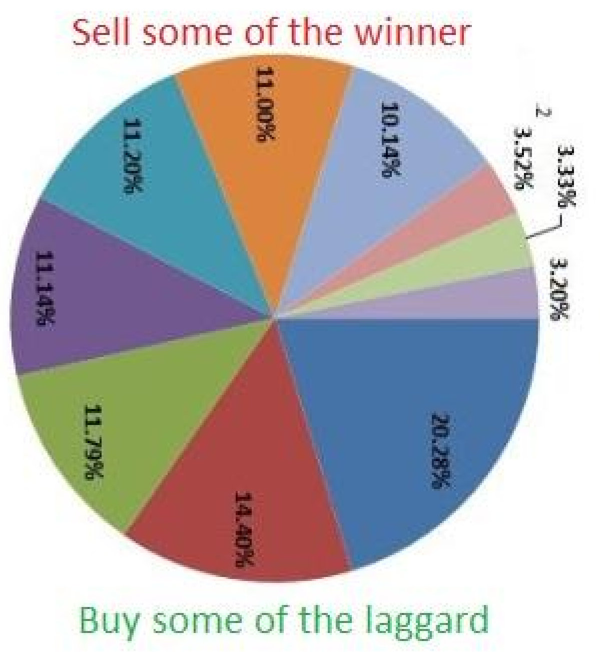


I want you to think of that same pizza pie above as this breakdown of the ***Sector Rotation*** that we cover weekly in ***The Big Picture***.

You have your 5 to 15 slices of this pie and the best tasting or best performing slice (stock) is at the top (**light purple**) while the worst tasting slice is at the bottom (**dark purple**).

What we do is simply take a bite out of the best tasting slice (which we get paid to do, the dream job for most) and from there, we add some fuel to the worst performing at the bottom. **By doing this we are realizing gains while we are able to dollar cost average in the weaker name.**

Then as time goes on the portfolio starts to rotate and now the **orange** slice is at the top while the **red** is at the bottom, same idea. Eat a little **orange** and add some fire to **red**.



Rinse and repeat. Depending on the names you are trading, this can be something you are doing quarterly or even annually if you are holding ETFs in a taxable account. If you are holding a basket of stocks it can be more frequent. Now the beauty of brokers like M1 Finance, is that they will do the rebalancing for you. All you have to do is make your pizza (open the account) , select your toppings (investments) and drop it in the oven (set your weekly saving) and you are all set.

For your 401k - all you need to do is set your contributions to Roth, keep increasing your contributions by 1% until you are maxing it out, make sure you are in the lowest cost S+P fund and this account is all set.

For your IRA (Roth, SEP, Traditional) - you could create a model of 1-15 stocks you use or stand behind and create the model on M1 Finance or trading the account as you see fit.

For your taxable account - our recommendation is to create an ETF model that we will discuss further on M1, so you can focus on trading just one account.

By setting these accounts up and understanding rebalancing you will continue to become more confident in your trading, the more you will find yourself wanting to ensure that your cash is always working for you. You'll want to get away from the 100% in cash or 100% investing based on the day to day fluctuations.

The biggest key to following this approach is quite simple. Go take a look at your locked in P&L for the year (amount of gains and amount of losses) the goal is to obviously have the gains outweigh the losses.

As Buffet famously once said, "*Rule #1 never lose money, Rule #2 never forget rule #1"*.

What if you were able to eliminate that entire column of losses? After you ponder on that question, go back and look at all of your trades from this year. How many trades were you shaken out of only to see them trade higher at some point down the road?

The downside to this is that you will miss some opportunities since your money is always fully deployed. But remember, I am not holding a gun to your head telling you to do this or die. I just wanted to let you in on some of the secrets that financial advisors live by that makes their clients money year in and year out.

Make sure you don't tell too many people, once a secret becomes common knowledge it stops having the desired effect.

Trade Theory Task

What is the ideal range of positions you should aim for based on your account size?

Explain the concept of rebalancing.

Where should you park your ETFs and your stocks?

I should park _______ in my Taxable Account

I should park _______ in my Retirement Account

Post your answers in the chat!

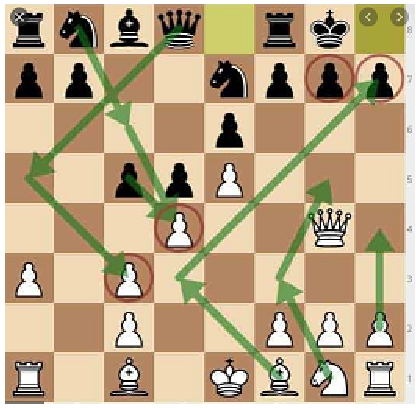
Checkmate

After spending almost half a decade working at an investment bank, I walked away with a handful of secrets. Secrets about market timing, insider trading, earnings reports and so much more. Just kidding. Now I did learn a lot don't get me wrong, but the one thing I learned that was most surprising was the fact there is dumb money at all levels of wealth.

Another key lesson I learned was that **the simple approach tends to outperform the complicated one**, yet most clients want the complicated one. That's the real secret (or the major secret) I took from my time working at one of the largest investment banks on the street that manages over $7 trillion dollars in assets. That's not a typo, trillions was the lesson on rebalancing.

Now we went over it at a very high level before, we are going to dive a bit deeper now.It takes a few times for it to really start to click with most people. When it clicked for me, my overall outlook on trading dramatically changed in a snap, especially my outlook on taking losses, a real m-fields experience for most when they learn it too.

Now the reason why I titled this lesson checkmate, is due to the layout of this lesson. If you have ever read a book on chess, the pages are filled with images like the one below walking you through the moves. If you are not paying attention, you're lost in a snap, and this lesson will be somewhat similar. Get rid of the other distractions, and try to focus for a few minutes.



I am going to start with a simple example of 2 sectors. Then this will rely on you to perform the exercise to really cement the idea in your head. To begin with, we will start with 7 shares of VHT and 25 of VDE, $1,000 each.

We start with 25 shares of VDE from $40 (total cost $1,000)

Then we buy 7 shares of VHT from $150 (total cost $1,000).

We have a total of $2,000 invested in these 2 sectors.

Leaving us with a 50/50 allocation between the two.

If it was 12 major sectors it would be an 8% allocation between them.

The 12 I use are IBB, VAW, VCR, VDC, VDE, VFH, VGT, VHT, VIS, VNQ, VOX, and VPU. These are referred to as Big Picture Model 1 and what the model I follow for my taxable account set up on M1 Finance.

Now let's remember we never sell a rotating sector or broad market for a loss. I have fired clients over this, if they want to break the rules and take losses they can do it elsewhere.

Now a few months go by and let's check on these 2 sectors and do some rebalancing.

Now both sectors are up 30%, we take 10% off to lock in some profit ($74 profit to be exact) and take the cash and add to a 3rd sector. The new portfolio looks like this:

VDE sell 3 shares at $52 = $152 cash
VHT sell 1 share at $188 = $188 cash
Cash $340 that we invest in VFH

Now our portfolio looks like this:
VDE 23 shares at $52, total value $1196
VHT 6 Shares at $188, total value $1128
VFH 7 shares at $57, total value $340

Now, what seems to be the issue with these allocations? VDE and VHT still take up a big portion of the portfolio when compared to VFH. The savvy advisor would say you are overweight or over-concentrated in those sectors.

So let’s take a bit more off in VDE and VHT and add two more sectors to the mix to spread the money around more evenly.

We pick up some VNQ

Along with some VAW

Now our portfolio looks like this:

VDE 13 shares at $52, total value $676
VHT 3 Shares at $188, total value $564
VFH 7 shares at $57, total value $340
VNQ 7 shares at $78, total value $532
VAW 5 shares at $115, total value $575

Now the $2,000 we started with rose by 20% in value, we took $296 in profits and added the capital and profits to other sectors.

The easiest way to start this (automated) is to create the Big Picture Model on M1 Finance, deposit the min $100 to start the investments then set up your weekly deposit and it will build this out while you sleep. It will also rebalance automatically (only selling the winners and buying back the losers).

The more hands on approach that we used to teach was to start by buying 1 share of each sector which would cost you about $2,000 to start. On M1 you can buy fractional shares hence why you can start with as little as $100. With this more work approach, you would have to manually buy each sector as the cash comes in. I used to do this and in the beginning it was fun, as it may be for you. For myself, I rather let the model run the money and I focus my time elsewhere.

If you do the more hands on approach, you will pretty much only be buying until the account has about $30,000 in it. Then you can start to rotate some of the money, any less, it's usually more work with less reward. This also is something at most that you should be doing quarterly. The primary theme here is set up properly then less is more.

The idea here is more buying from weekly savings and investing in the market and less selling, and to only do this when it's really needed. Only when there are opportunities to lock some profits in a sector that is really taking off (and another sector that is getting beat up) is when you want to rebalance. So let's take a look at the full picture below and see if anything starts to stick.

Here are your positions. Which 2 sectors are you selling and which 2 sectors are you adding the capital and profits into?

Symbol	Gain (%)*
IBB	21.29%
VGT	17.71%
SPY	7.76%
VCR	5.68%
VNQ	4.59%
VPU	3.13%
VAW	2.82%
VOX	1.68%
VFH	0.60%
VIS	0.20%
VDC	-0.21%
VHT	-1.05%
VDE	-2.03%

The correct answer would be taking some profits in IBB and VGT and rotating those funds into VHT and VDE.

Symbol	Gain (%)*	
IBB	21.29%	Take Some Profit Here
VGT	17.71%	
SPY	7.76%	
VCR	5.68%	
VNQ	4.59%	
VPU	3.13%	
VAW	2.82%	
VOX	1.68%	
VFH	0.60%	
VIS	0.20%	
VDC	-0.21%	
VHT	-1.05%	
VDE	-2.03%	Put Back to Work Here

Now the first example was a layup since the market has been oddly easy after bottoming out in March 2020 after being extremely hard for a short period of time. That short period of time was when most abandoned this approach and reversed the wheel. So let's try another example. The most common excuse for people not starting is that the market is too high to get in. So let's buy highs and see how that plays out.

You decided to FOMO chase at the end of February right before the Bear Market drop over the next month.

You invested $1,000 in VNQ picking up 10 shares at $100.

While grabbing 8 shares of IBB at $125 for another $1,000

A total investment of $2,000.

Over the next month, your $2,000 drops to $1292 at its lowest. A 35% drop, scary right? This is exactly the time when the investor who cannot follow this model cracks and sells for a loss. **The smart trader holds, the wise trader adds.** Now we are going to keep this simple and play it smart and hold, 6 months later to see how that $2,000 is doing.

6 months later, the $2,000 that was only $1292 at its low is working its way back almost to green, worth around $1800.

Now IBB is slightly profitable from the high-cost basis and VNQ is showing a better opportunity related to your cost basis. So let's sell 1 share of IBB and take the proceeds and lower your cost basis in VNQ.

We take a mickey mouse gain in IBB and free up some cash and add it to VNQ.

By doing this, we lowered our cost basis in VNQ from $100 down to $96. Now we are still not out of the woods just yet, however you didn't lose any money starting at the worst possible time.

Now the first time, even probably the first few times you read this, you will most likely be scratching your head, but if you take the time to read this lesson and write down the exercise below the light bulb will start to go off in your head. Let's recap one more time.

- The easiest way is to start is with an automated model on M1 Finance starting with as little as $100
- The harder way is to set this up manually and buy each time with the broker you are already using. Starting with 1 share of each of the 12 major sectors or 1% allocation of your account into each sector (example $100,000 account, $1,000 in each sector)
- Continue to add 1 share or 1% a week to each sector until the account is fully invested
- After it is fully invested, start to trim some of the winning sectors (1 share or 1% of the position) and add the cash raised from the sale into the worst-performing sectors, rinse and repeat. Remember this is a slow process, there is no rush, most sectors (most of the time) move very slowly
- The Big Picture Taxable Model includes these 12 ETFs - IBB, VAW, VCR, VDC, VDE, VFH, VGT, VHT, VIS, VNQ, VOX, and VPU
- You are buying weekly from your weekly savings
- You are selling quarterly or annually if doing this the hard way, M1 does it for you
- You will earn around 2.25% a year of dividends on top of any cap gains
- You should match the overall markets returns (average is 8% a year) over a 10 year period
- If you are thinking of selling a sector for a loss, you do not have the relative peak intelligence on this topic to properly implement this investment strategy, let a professional or M1 do it if you can't follow the rules

The Secret Task

In your own words explain rebalancing in the group chat, putting pen to paper helps us remember.

If you have set up your own model or the Big Picture model for a taxable account on M1 post a screenshot of your allocation! Saying "Here is my auto rebalancing tax efficient ultra high network Big Picture model at work!"

A Broker Worth Talking About

Don't tell me what you think, just tell me what's in your portfolio

On the drive up to the 4th annual Vermont trip, my good friend, Yeno brought up the question that makes my skin crawl, *"what's my opinion of the best broker?"* Knowing my co-pilot for years, these ploys often hide an ulterior motive. I play along nicely and ask, "*which broker are we talking about?"*

[*M1 Finance*](), he replies.

Now, I heard of it years back from another member. However, I am not too familiar with them, as we know how useless the ongoing search of the 'dream' broker is. He goes on to explain how this particular broker allows you to create your own portfolio, which will then auto invest your money into the model you create as you add funds and will keep the allocation you set (rebalancing for you).

A light bulb immediately goes off in my head, as this was exactly what I did for my clients when I worked at an investment bank for years. I did the heavy lifting sifting through 8,000+ piles of manure (meaning mutual funds) only to find that 28 actually beat the market. Nixing that pool completely out of my sight and continuing the search digging through an additional 5,000+ different ETFs, I eventually came across the baker's dozen that were the best in bread.

As a result of all that hard work, the financial planning that I prepared, as well as, consistent advice I gave to those clients, there was a cost associated with all of this work. Now, I can show you how to set up the same plan for no cost.

Over the years, I have made it my mission to simplify this model and explain it in prior lessons to those who wish to better their financial success. Nonetheless, the hardest part of implicating this model to work to it's best abilities is to entirely remove you or I from the equation, to automate it.

As much as you or I will say that we will buy during the next panic, or continue to buy through new highs, and we might. Unfortunately we often buy less on the way down and more when everything looks safe.

Just think of the Small Caps recently, no one cared when we had $98 dollar cost average alerts in the February 2020 Big Picture newsletters, but 125% later in January 2021 everyone now wants to start scanning the Russell 2000 as it starts to top out $100 dollars higher.

This broker worth talking about will continue to buy as you add funds each week and the best part is you can't get any trigger fingers to try and sell. You have to go through extra annoying steps to disassemble the model which most will avoid and just go elsewhere to do their selling.

Even in my own accounts, my automated models often did far better than my own buys, as they were consistent, unemotional, never took a day off or went hiding during a down day.

We all know that one of the most time tested and proven successful investment strategies is to simply dollar cost average the SPY. Yet, it's just too bland, a steak with no sizzle. The Big Picture model mirrors as close to the overall performance of the SPY, while giving us a few more sides to our main course.

After Yeno dropped this little nugget of this new broker knowledge on me, I can now show you a more efficient way to replicate the Big Picture Model and a few variations that are simple and scalable that should match the overall market performance over time. I want you to remember the word match, there has been more money lost trying to beat the market then on any other endeavor one could think of, when you can simply match it's returns.

Never forget that $100 a week for 40 years with average market returns is a $1,000,000+ account. That $100 a week is only $200,000 saved over 30 years while the average market matching returns does the rest.

Similar to setting up your 401k or updating it during your financial plan, we went over it once, found the best funds, increased the contributions, and were done. The same idea holds true here, we spend a few minutes setting the model up now and put it to work.

Then you and I can focus more on the riskier swing trades while this model watches your back. You can of course set this up for any account you like, ideally you want to set this model up as a taxable account. Since you will be holding long term you will pay the least amount of taxes.

While you can be more aggressive and take advantage of the tax benefits of your retirement account.

You could also build out a model of stocks you would like to own for the long term that could be better suited for your retirement account. If you have specific questions related to your own financial situation please let me know as I am giving broad advice, not specific advice.

Now, with the good comes the bad, but it's really not that bad. With this type of account, it will rebalance on it's own, taking away the fun or gratification of taking some IWM off for a 109% gain.

This idea of an automated model also can pair well with the *Keeping up with the Influencer* (will get to this lesson after this one) lesson on holding your top ideas for at least 5 years. If you don’t want to go the old school way of buying it, having us change the password and us acting as your go between. You can now simply add those names to your model and bring it into the 21st century.

This is not simply something I am saying you should do, that I am not also doing. Like the *Keeping up with the Influencer* idea and this topic, I am practicing what I preach.


Trade Confirmation

Hi BENNETT,

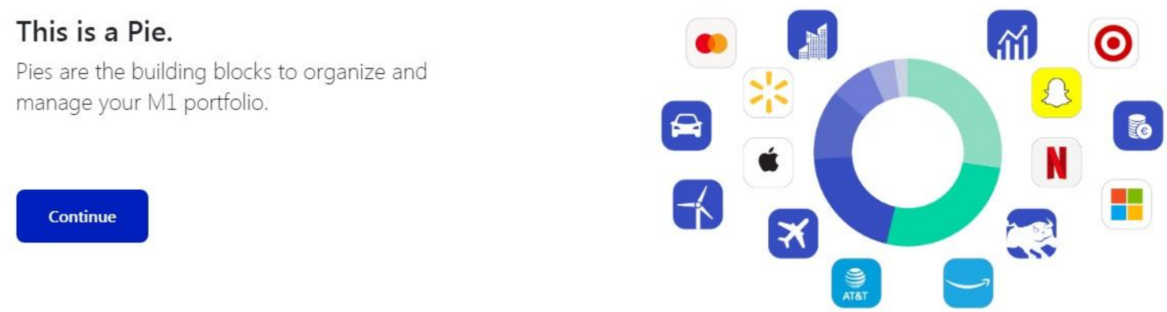
Your trade confirmation report for January 26, 2021 is now available.

I created my own account with M1 to see who does better this year. My automated model or myself pulling the levers. Then after comparing the results in a year, I will see where I should allocate more funds to. The automated model or my own accounts that I manage are similar to the Big Picture newsletter. Hopefully you too can battle your own self and see who wins. A true win win if there ever was one.

The simple steps to help you set this up.

Step 1 Create your log in at M1 Finance ($30 bonus if you use this link)

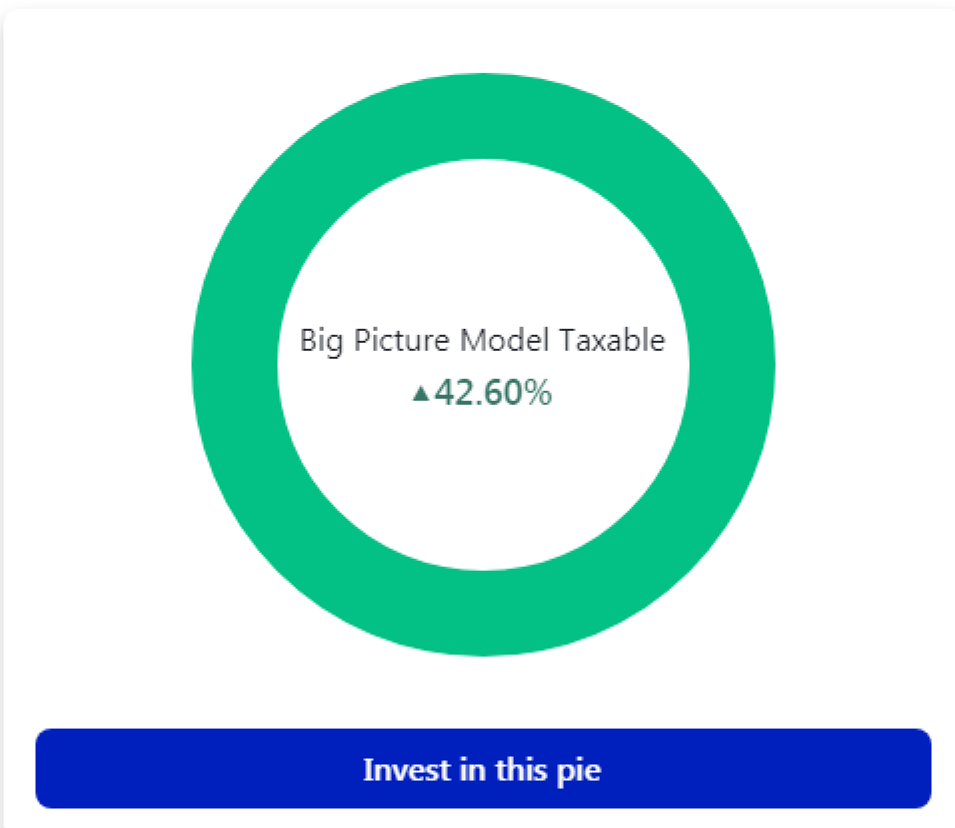
Step 2 Click continue to create your model



Step 3 Select Funds

[Big Picture Model for Taxable Account]

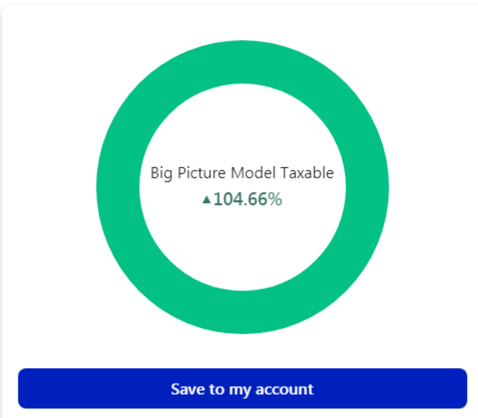
If you click on this link and click **"Invest in this pie"**



You can invest in the same model that I have designed for hundreds of clients as well and most importantly the same way I invest my own money. Most advisors will tell you how you should invest your money but they leave out how they invest there's as the famous saying goes:

“don’t tell me what you think, just tell me what’s in your portfolio.”

My taxable account is invested in this model.



Big Picture Model Taxable

1W 1M 1Q 1Y 3Y 5Y

Returns since Mar 15, 2016

Performance

▲104.66%

Returns based on an initial deposit of $100.

How are returns calculated?

Stats

Holdings	Dividend Yield	Expense Ratio
12	1.397%	0.13%

Your picks are now slices of your Pie.

We've equally weighted your slices. You can make changes anytime.

VGT	Vanguard Information Technology ETF	9 %
IBB	iShares NASDAQ Biotechnology ETF	9 %
VOX	Vanguard Communication Services ETF	9 %
VCR	Vanguard Consumer Discretionary ETF	9 %
VHT	Vanguard Health Care ETF	8 %

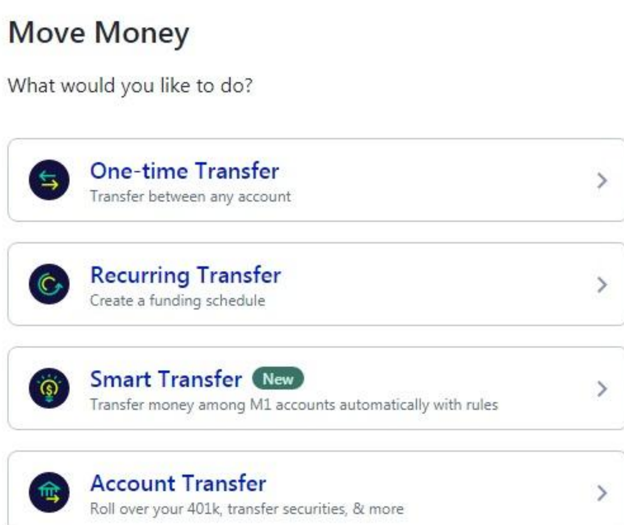
Total 100%

This is your money, so you do not have to follow this model exactly or even at all, you could add some of your favorite stocks that you would like to hold long term. You could simply pick only stocks and none of the Big Picture model, you have to decide how you want to invest this money. I am simply showing you the way I have found it the most effective from my experience.

Step 4 After model is created click Transfers on the top toolbar

Step 5 Click Move Money

Step 6 Click Recurring Transfer



Step 7 Complete the weekly savings and you are done!

Then all you have to do is periodically increase the weekly savings and you are done.

If you have an account or accounts at other brokers that you want to consolidate to M1 then simply click **Account Transfer** and follow those simple steps (enter account number, name of broker and recent statement) should take you all of 5 minutes max to do this.

If you have positions from those prior accounts that you want to continue to hold, you need to add those stocks to your pie. If you do not want to continue to hold them, simply sell them and the cash will get brought over. If this confuses you at all let me know, for myself, after doing literally hundreds of these, it's a pie of cake, yet for your first time it can seem daunting.

Once you have spent the few minutes to step this up you are pretty much done. All you have to do is periodically increase the weekly savings and you are done.

If you have any questions on this let me know and we can take a look at your personal situation, as always anything we discuss is kept confidential.

The Secret Task

This is obviously not required at all, this is just one of the best brokers I have come across to automate your investments. If you set up this model or any model using this broker, post a screenshot of your model!

If you do use them, click this link and they will give you $30 for free.

Any questions about setting this up shoot Ben a message on GroupMe saying *M1 Help*

Keeping Up With The Influencers

"That which we obtain too easily, we esteem too lightly. It is dearness only which gives everything its value. Heaven knows how to put a proper price on it's goods"

Thomas Paine

Investing used to be a game played similarly to chess. Smart investors planned multiple moves ahead, setting traps and spreading false rumors to temporarily hurt the stock to position themselves to take advantage of the company's next upswing. A gentleman's game.

Over the years, the game has started to change with the increase of the 'gamification' of trading. Robinhood was recently fined for this.

> ## $65 million
>
> 16 filed a complaint against **Robinhood**, calling out its "**gamification**" tactics. A day later, the U.S. Securities and Exchange Commission **fined Robinhood** $65 million for concealing from customers that, from 2015 to 2018, its biggest source of revenue was sending orders to high-speed trading firms. Dec 18, 2020
>
> www.bloomberg.com › news › articles › robinhood-s-role...
>
> Robinhood's Role in the 'Gamification' of Investing: QuickTake ...

Now, trading has turned into Chinese Checkers for most, only looking at their next move, with no thought or care for what could actually happen if they took a step back and planned their moves ahead. As a result of this, holding long term for those 5 and 10 baggers has become an almost impossible task in today's market, unless of course, your name is Carl.

'Fomo' is another culprit with stock market influencers. Like Wall Street Bets, who make dumb money investors look like heroes showing off their 99% losses. Wall Street was once a place where gentlemen would whisper of their winners, now it's cooler to shout about your losses.

Commission-free trading is another culprit that makes it harder to hold long term, this was a huge market disruptor to the status quo when Robinhood announced it, that has now become the standard.

When most wondered how brokerage firms would make money getting rid of commissions, they only saw the brokerage houses moving their pawn two spaces ahead. They were unaware that trading executions is a fixed cost business. They wouldn't notice the Sicilian Defense opening, just like they won't notice that it costs these firms very little for you to trade your heart out and add liquidity to the market. Delaying gratification tends to be a much harder game when the buffet is free.

Even for the professionals, the game has gotten harder where the goalposts are inched closer each day. Years back, fund managers had a few years to earn a track record and could afford a down year. Now, if they have a down year, the fund is closed.

Reflecting on some of my own costliest blunders, holding those monster trades that can make one's career has been a difficult task. Typically, that ends up being given away for a small gain, when holding out longer is often the wiser move.

Now, there still is a small group of people who still manage to hold long-term successfully, it's our grandparents. During my time as an advisor, our primary focus was working with people nearing retirement for one simple reason. They are the people who actually have money.

They weren't day trading on a commission-free broker, they were simply holding a $5,000 investment in T from 50 years ago that was now worth $1,200,000. But they don't care about the million, they care about the $52,000 a year in dividends they receive like clockwork.

After working with and learning from these older investors, along with discussions on our most recent Trading Experts retreat in Vermont, we flushed out a possible solution. The light bulb started to flicker and by the end of the weekend, we formulated a plan to test out this old tech idea that we will get to shortly.

All these successful long term holders were old. Holding long term, truly holding, takes a long time. Even for myself thinking back to some of the trades that if I still had, would have turned comical sums into millions of dollars. All took at least 5 years to show their true value.

For our grandparents, the market rewarded the ultra-slow, the sloth, but with all of these technological advances that are making trading easier for everyone, it is shortening up the time frame for these massive advances. The hard part is being able to fully capture these long term career-making trades.

But first, let me stick a knife in my own ribs and twist it a few times so we can remind ourselves why the steps below will help us avoid the knife wounds and instead leave us with piles of cash.

First up was a long term idea in F during the bottoms of the financial crisis back when the only game out there was catching lows. I actually caught the low in F at $1.10 a share, a crazy $1000 investment. This was a long-term idea, and I can still remember thinking that if I held to $10 it would be a $10,000 trade. Playing checkers, a few days later I sold it at $2 for a $1,000 gain.

Recently F cut its dividend however over the last decade the prior dividend would have amounted to a 60% annual yield on that mere $1,000. I would have made 60% a year every year for a decade while the stock increased 1,000%. The 1000% is cool but the more important point was all those dividend payments reinvested would have been an additional 400%+ investment. A $1,000 investment a decade ago would have returned 15x if I didn't watch that position each and every day, or more importantly, simply forgot about it.

Amazon was another ‘buying the low’ trade, but in a winner. Now take a moment to figure out how I bought Amazon at $280 when it never traded there on the chart?

I bought it pre-market on an earnings gap down. This was during a time when I was still selling very actively on Amazon and understood their business on a much deeper level than most of our common swing ideas that are chart focused.

This was the lowest price one could have possibly bought Amazon since 2015, I had conviction in the name and was right. From the second I bought those 500 shares that cost $140,000, the investment only increased. The problem with watching your investment increase is that it gets harder to hold onto it.

This too, I wanted to hold long term, and I did for about a week walking away smiling with the easiest $10,000 I ever made. Yet today, it makes me want to vomit.

This didn't even take decades, this took a mere 5 years. Trading Experts is older than this trade.

The last trade that I want to stick the knife in my ribs and twist it for your possible enjoyment is SHOP.

Like Amazon, I had conviction in SHOP, I was an active user of their site before they went public and we still use it today. I understood and believed in their business model, I just couldn't hold the stock.

Unfortunately, I tried to trade my long term idea and took a few hundred dollar loss and moved on.

Do you know the percentage return on a stock that goes from $25 to $1200? One moment, just running back to the bathroom to puke real quick.

To put this 5,000% return in perspective, that's a better return than Bitcoin has had in the same time going from $1,000 to $40,000 (3900%).

Unlike the successful retirees who needed decades for their winners to show their hand, with the increase of gamification of trading, the ease of commission-free trading, the willingness, and eagerness of the crowd to join bubbles. The crowd is continuing to focus on the short term while most can't think for the long term. This is how we can plan our move 10 steps ahead.

Right now everyone is talking about Bitcoin like they did in the 2017 run-up, yet you couldn't find a single soul who would talk about Bitcoin after the 80% drop off highs in 2019. After a 1000% run-up or a 100% run-up after taking out the retest, people can't wait to buy the high. You need to find your long term idea that is not already in the bubble phase. You almost want to find your winners during their hated phase.

Remember TSLA at $200 (split-adjusted $40), when Elon smoked on Joe's podcast and they were selling off based on an extremely short term optic? Or right now, with people running out of BABA because Jack Ma is missing? Yet most are quick to forget that 90% of the crap that arrives on our doorstep from Amazon comes from simple Jack, regardless if he's missing in action or not.

Buying Bitcoin at $40,000 here, you would need it to go to $400,000 to make 1000%, SHOP would need to go to $10,000, and Amazon would need to go to $30,000 to make those 1000% investments. Could those happen? Who knows, but your odds are not stacked as high in your favor buying what's hot now or what's currently molten lava from a percentage standpoint. You need to hunt for something that's a winner and could be the next popular stock years from now.

If you can use some of the benefits of retirees to our advantage while being able to read charts and invest in names you truly believe in. You can hold for the next 500 to 5000% trade without needing luck or decades. You just need a simple system to keep us accountable.

For starters, they never had access to their accounts online, nor did they ever want access. They were happy with their annual statement mailed and yearly meeting, where their primary goal was to never talk about their investments.

They had a go-between, which was their advisor, who held them accountable. When the shit hit the fan once or twice a year, they sometimes would call in, ask what was up, just so they knew what was going on. We would explain and they rarely ever wanted to actually do anything. They rode the ups and downs and stayed on the ride while most today, get on the rollercoaster on the climb up and puke on the way down.

Which got me thinking, how could we invest in a similar fashion as these successful retirees? The only way is if we go back to the old school mentality, aka less tech. Here is how we can try to accomplish that. We have to make selling as close to impossible and this is how we will do it. I am personally doing the same exact thing mentioned below.

For most, they have their trading and investment account at the same broker, which makes sense to keep things simple, the downside is it's very hard to separate which account is which. This is virtually impossible during market crashes when rational thinking is thrown out the window. As much as it pains me to say this, trust me, it does. Having 2 brokers in this situation would make sense.

For myself, I trade at TD Ameritrade and I have my long term investments at M1.

M1 Taxable - Big Picture Model - ETFs
M1 Roth & SEP - individual stocks 10-15 names (names I am currently holding)

To go a step further, the account I focus on using at M1 is my retirement account where I build out the model of the stocks I want to hold long term, adding to them weekly there.

Now in prior lessons when the decision was trade in your taxable or trading in your retirement account, trading in your retirement wins.

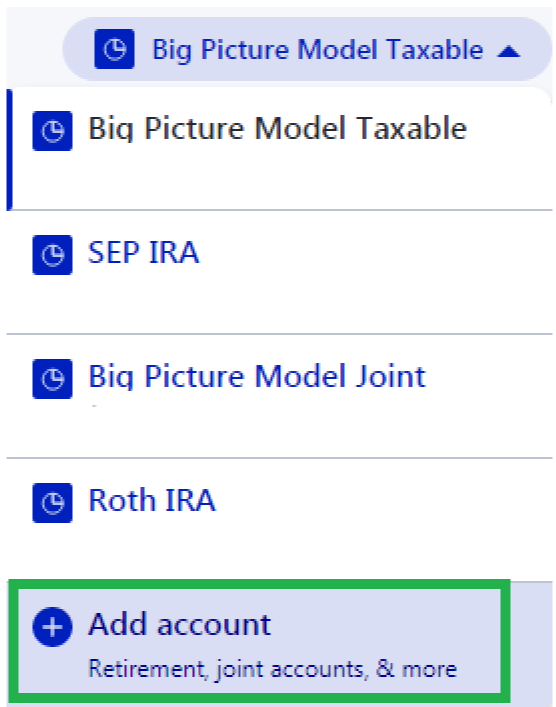
When it comes to (actually) holding stock long term from a tax standpoint, it would be better to hold them in your retirement account and be willing to pay capital gains in your trading account.

The reason for this is simple: we would rather those 500 to 1,000% winners be tax free and pay taxes on the smaller swing trading profits then vice versa.

To start your own long term stock model if you already have an M1 account, click add account and open your Roth IRA if you make less than $139,000 a year.

If you make more or married and make more than $206,000 as a household, open a Traditional IRA.

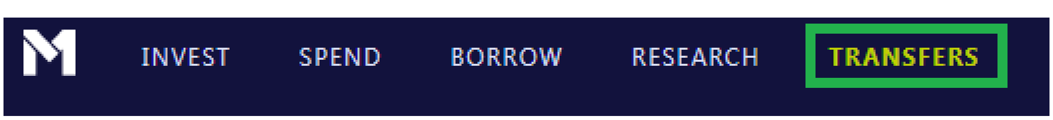
If you are self-employed and plan to save more then $6,000 a year open a SEP IRA.



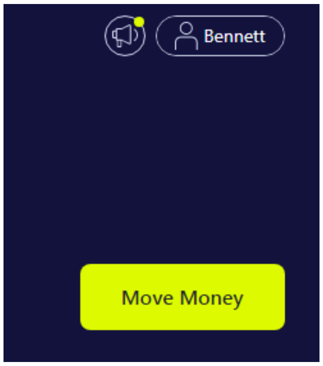
If you do not have an M1 account already you would first need to open a regular taxable account then follow the step above to add the retirement account.

You can click here and you'll get $30 as a free bonus

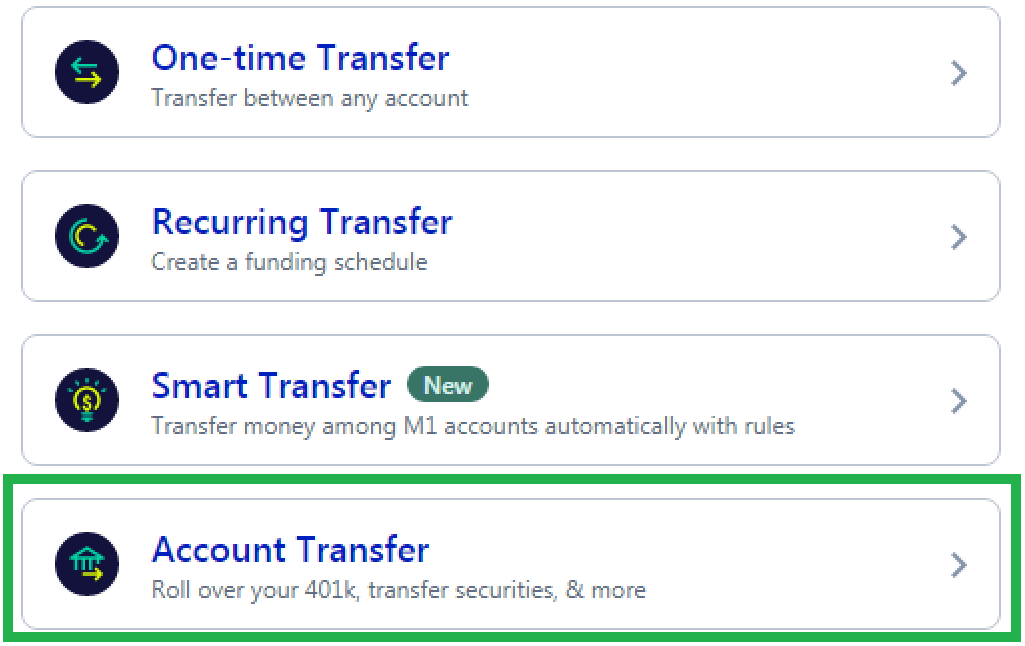
Now if you already have a retirement account elsewhere you can easily roll the account over exactly how it's invested to M1. All you have to do is click **transfers**.



Then hit **Move Money.**



Then you click **Account Transfer.**



Once you click account transfer, this should take you all of 2 minutes, enter in the broker, your account number and attach a recent statement of that account and hit submit. In about 2 weeks the positions will come over exactly how they were invested.

Then all you need to do is create your pie with those positions and you can continue to add to them.

Once you have opened your retirement account at [M1](), create the pie of the stocks you want to hold, the names I am holding are below. You do not need to copy any of mine, I am simply letting you know the names I am holding. As the famous saying goes *"Don't tell me what you think, just tell me what's in your portfolio"*

AAPL ABNB AMZN BABA BMBL CRM DASH MTCH TDOC UBER BRK.B SHOP ETSY DFS

After you set up your pie, set up your weekly contributions (ideally $115 a week to max out your IRA) and most of your work is done.

The rules are simple for this account:

1. Invest in anything you like, ideally individual stocks
2. Your goal is to hold for a min of 5 years or a 500%+ investment whichever comes first
3. Check this account as much as you check your 401k (once or twice a year)

If you have any questions on how to properly set this up, let me know ***after*** you have opened the account and followed the steps outlined above. Simply email Ben@TradingExperts.org subject M1 Retirement Help with your question(s).

The Secret Task

List the types of accounts you have, how much you are saving to each, and the overall model you are following.

Example
401k Roth, 10% saving, 80% invested S+P Fund 20% Company Stock
Roth IRA, $115 a week (maxing out) 10-15 stocks, Stock Model on M1
Taxable account, $100 a week,automated Big Picture Model on M1
Taxable account at TD, $100 a week, swing trading

The Big Picture

When looking at the big picture of investing and retirement planning it can be a somewhat daunting task that most put off for too long:

"I have (x amount), how am I supposed to save millions of dollars?"

Hopefully after reading "*The Secret"* you have a better answer for that question, and a better understanding of how to look at things from a longer term perspective. I hope you now see how professional money managers use tactics such as rebalancing their portfolios in order to put themselves in the most advantageous financial situations; how you can make your money work for you in the most effective ways; how breaking it down to a consistent short term system can work wonders over time. Along with the powers of a simple scalable system and how profitable thinking long term can be.

When the big goals are reversed and broken down into smaller weekly, consistent goals, you should be much more at ease about your financial future. The shortest time frame is about a decade out to reach that first Million by saving $40k a year and matching the market returns.

At the time of publishing -- we're trading right around all time highs. Stocks seem expensive, right? Virtually your entire life, the market has been expensive (barring a few outlier years here and there). This is when you hear know-nothing's at the bar say things like,

"The market is too high, it has to come down."

That should be music to your ears as it is a great sign. Markets don't come down when people are waiting. They come down when you hear your barber or Uber driver talking about being fully invested pitching a random stock. That's when you GTFO -- seriously.

We cannot stress the importance of getting started planning for the long term, today. The sooner you start the better off you'll be down the road.

Keep your trading and investing **simple**.

Take your trades
Turn your winners into investments (not vice versa)
Hold your winners longer
Save money weekly
Automated your accounts
Take advantage of tax benefits
Stick to your game plans
Diversify your safe money
Concentrate your risk money
Embrace the pull backs
Sell into euphoria
Be patient
Rinse and Repeat!

You have successfully completed our 10 step trading program, pat yourself on the back as less than 1% of the people who start at Step 1 make it this far.

We have built up your trading foundation from the ground up, it is now time to put your new learned skills to test by starting to invest in the market.

Take things slow, post your game plans in the Alpha chat, we are all here to help you and you can reach me anytime my cell is (551) 313-9558 day or night, except 9:31am on Monday mornings.

Financial Planning

We all try making the best decisions possible however our relative peak intelligence is just not quite where it needs to be on most topics. Where an incorrect assumption can send people worse off then simply having a second look from a professional.

We educated you on a dozen secrets in this program however let's make sure you are doing them all properly.

We are going to go over your current financial plan to make sure you are doing everything possible to put yourself in the best position for financial success. This is something that clients used to pay upwards of $5,000 to have done for them at the investment bank I used to work for. This is a service I extend to you and anyone in your family at no cost.

Your **final task** is to put together your longer term financial plan and I will flush out the weak spots to make it bullet proof.

Everything we discuss is kept between you and I, it's confidential.

Please copy the questions below into an email with your answers to Ben@TradingExperts.org with the subject **"Financial Plan"**

Once you have done this let your mentor know that you are ready for the Alpha Chat!

By the time we are done with this exercise you will know when you have a better idea of when you will reach your first million in assets!

Financial Planning Questions

1. List the improvements you have made to your accounts as a result of reading The Secret.

1.

2.

3.

2. Use this calculator to show approximately what your future net worth should be when you retire (age 65) based on your current assets, your current weekly saving and an 8% return? Insert a screenshot of the results here.

3. Based on those results at what age will you reach your first million in assets?

4. How do you feel now that you know your own personal road map to your first million in assets?

5. Based on the projections of what your future net worth should be. Using the 4% rule. How much will you be able to spend in retirement?

Example $1 million in assets by age 65, can spend $40,000 a year.

$1,000,000 x 4% = $40,000 a year

6. What are your new financial goals for the future knowing this information?

1.

2.

3.

7. Can you list your investment accounts values below and your weekly savings (include any that are missing, remove any that are not needed)

Example Brokerage account $35,000 $200 a week

401k $

IRA $

Roth IRA $

SEP $

529 $

8. If you have a 401k, what % are you adding from your paycheck?

9. How are your contributions going in your 401k? Pre tax or Roth

10. Is your 401k invested in an S&P 500 fund? Yes/No

11. Could you let me know what your approx. employment income?

12. If you have any other types of income/businesses could you include that as well?

13. Could you list the values of your assets (home, cars, and businesses)?

1.

2.

3.

14. For your liabilities, list them in order from highest to lowest amount (mortgage, car, student loans, credit cards, other)

15. For each liabilities, list how frequently you are paying each of them (weekly, bi weekly or monthly)

16. If applicable, how much sooner will you be paying off your mortgage by making the same monthly payment broken up into weekly payments? Use this calculator and post the screen shot of each result.

17. Please list 3 questions that we can go over

1.

2.

3.

Once you have completed this email to Ben@TradingExperts.com with the subject **Financial Plan**

Post in The Secret

"I have successfully completed the 10 step program by increasing my future net worth by (insert number from your plan) and I am ready to join the exclusive Alpha chat!"

Schedule Financial Planning Call

From Ben G

Trading Experts

Bucket List

Have you ever heard of a bucket list? If you've lived under a rock and don't know it's pretty simple, it's a list of things you want to do before you kick the bucket (die). Some people have traveling bucket lists or life goals such as becoming the president. For us as traders we need to set goals and have things we want to strive for.

We created a bucket list that once you complete you will be invited to the Omega Group Chat. Print this list out and start crossing off what you have done!

Trading Experts Bucket List

1. Max Roth (AGI under $120k) or Traditional IRA (AGI over $120k)
2. If applicable contribute 5% income to your Roth 401k or SEP
3. 6% to your Roth 401k or SEP
4. 7% to your Roth 401k or SEP
5. 8% to your Roth 401k or SEP
6. 9% to your Roth 401k or SEP
7. 10% to your Roth 401k or SEP
8. Max your Roth 401k or SEP
9. Fund $100 a week into trading account consistently
10. Fund $150 a week into trading account consistently
11. Fund $200 a week into trading account consistently
12. Fund $250 a week into trading account consistently
13. Fund $500 a week into trading account consistently
14. Fund $1,000 a week into trading account consistently
15. Create an automated long term stock model on M1
16. Create an automated long term ETF model on M1
17. $1,000 in locked in profit this year
18. $5,000 in locked in profit
19. $10,000 in locked in profit
20. $25,000 in locked in profit
21. $50,000 in locked in profit
22. $100,000 in locked in profit
23. $250,000 in locked in profit
24. $500,000 in locked in profit
25. $1,000,000 in locked in profit
26. Updated longer term Financial Plan
27. Updated Business Plan
28. Top 3 Goals set for the year
29. 3+ months of Monthly Goal Setting

30. 4 books read this year
31. 8 books read this year
32. 16 books read this year
33. 36 books read this year
34. 52 books read this year
35. 10% Chop
36. 20% Chop
37. 30% Chop
38. 40% Chop
39. 50% Chop
40. 60% Chop
41. 70% Chop
42. 80% Chop
43. 90% Chop
44. 100%+ Chop
45. 200%+ Chop
46. 500%+ Chop
47. 1,000%+ Chop
48. A long term capital gains hold in a taxable account (366 day hold)
49. Comma Swing ($1,000+ Profit)
50. Light Barrier ($10,000+ Profit)
51. Sound Barrier ($100,000+ Profit)
52. Achieve a 5:1 Risk Reward Trade
53. Achieve a 10:1 Risk Reward Trade
54. Achieve a 20:1 Risk Reward Trade
55. Achieve a 25:1 Risk Reward Trade
56. Achieve a 50:1 Risk Reward Trade
57. Achieve a 100:1 Risk Reward Trade
58. Get account to $10,000
59. Get account to $20,000
60. Get account to $30,000
61. Get account to $50,000
62. Get account to $75,000
63. Get account to $100,000
64. Get account to $250,000
65. Get account to $500,000
66. Get account to $1,000,000
67. Get account to $5,000,000
68. Get account to $10,000,000
69. Donate 1 day’s PnL to charity of your choice

Once you have completed 50% of this list, let us know and you will be able to move up from the Alpha chat into our exclusive Omega Chat.

The Secret Task

Print out the bucket list and start to cross off any you have achieved already, and post a screenshot of any that are crossed off so far! Let's hear **“So far I have achieved (x) number of tasks on the Trading Experts Bucket List!”**

Final note before you move up to the Alpha Chat.

We made a promise to you when you started this challenge that we would teach you a decades worth of lessons in under 90 days.

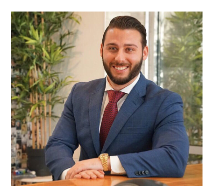
By completing the lessons presented to you in this program, you have your own personalized plan to reach your first $1 million dollars in assets.

Our goal is to always under promise and over deliver to you as a member of Trading Experts.

If you have found this helpful and can think of 1 person who could benefit from learning this information simply send them this link to start their own challenge

Or tell them to DM TradingExperts on Instagram and say *“Friend and Family Challenge”* and we will take care of them as we have taken care of you!

From Ben G
Trading Experts



Call/Text (551) 313-9558