Investing Reflection

This past semester we read the book, Rich Dad, Poor Dad, as well as participated in an Investopedia simulation. Participating in these helped me look at money in a different way.

Running a simulated stock portfolio was a new experience for me. I have a 401k through work and a vanguard IRA that I contribute to regularly. Three things that I have taken from the simulator are:

* Take risk. To maximize your profits, you must be willing to take chances and not play it safe. Diversify your funds.
* Upon researching my picks, I learned that one of the safest routes to go was to invest in ETF’s. I read an interview where Warren Buffet advised that people that did not regularly invest look for ETF’s due to their broad types of stocks.
* Be patient. Just because one stock is not doing to well does not mean it is time to sell it. In fact, the opposite is true. When it is down is the best time to buy, so hopefully you will not lose your money and get a good return.

Overall, the simulator has not really encouraged me to invest any more than normal. Of the items listed above, I do not take many risks, nor am I patient so I would go crazy. I had a hard time not changing my stocks out every day. Ultimately, I did not touch anything the last three weeks and it worked out to my benefit.

Rich Dad, Poor Dad, did make me look at my finances in a different manner. As mentioned earlier, I do not like to take chances with my money. If I would have had a mentor like Rich Dad, I would have been in a better place financially. I am not in a bad place now, but there is no way I would be able to retire anytime soon. I am more inspired to invest in rental properties. My wife has wanted to for some time, but I have not been comfortable with it. Now I can see us doing some research and maybe beginning to invest more.

Some lessons I took away from the book are as follows:

* Your house is not an asset. I never considered it a liability but after reading this book, it is the biggest liability I have.
* Like the simulation, do not be scared to fail. You will be ok playing it safe, but you will never be able to have your money work for you.
* Taxes. I have always been one who thinks the rich should be taxed more, however, now I see that they will just adapt and make the rules work for them. So you have to be smarter. I did not know that a corporation allows you to spend first and pay taxes on what’s left like the poor and middle class do.