This is for anyone who has under 250k dollars in stocks and bonds and also has debt.

If you listen to me, **I GUARANTEE YOU that you will earn a greater return than 90pct of the richest, supposedly smartest money managers ON THE PLANET.** All those Wall Street fat cats, they can't earn as much on their money for you as I can help you earn.

Sound too good to be true ? Read this and decide for yourself.

First thing to understand is that Wall Street wants you to believe that if you give them money, every month, forever, to buy stocks, that you will most likely will earn 7 or 8pct per year. When compounded, your money will double every 9 or 10 years. Sounds great, right ? One problem with it. You know what you would call someone on Wall Street who made you 7 or 8 pct a year, every year without ever losing money in a year ? Non Existent. Those managers don't exist.

You can however do what they can't and even better if you do the following:

1. Write down a list of every penny you owe to anyone and the interest rate that you pay on that amount. Your mortgage, your car payment, your student loan, the Rent A Center TV and Dell Computer Loan, your loan shark, your uncle or grandparents and most of all your credit cards

2. I'm willing to bet that you have absolutely no idea what your true, effective interest rate is on any of the above. Between penalties for using the wrong type of stamp, being 37 seconds late, and moving interest rates that are triggered by every crazy thing, its hard for anyone to know. However, a glance at Citibank Platinum Select Mastercard details as an example, would tell you that if you are late on your payment, your rate is:

"All default APRs equal the greater of (1) the Prime Rate plus up to 23.99% or (2) up to 28.99%. **PLUS LATE FEES of 10pct OR MORE ON BALANCES UNDER $250 !!!!** (There may be something in the fine print that asks you to bend over too, but my eyes couldnt focus on print that was that small….) "

All of Wall Street would give you the choice of either testicle to be making returns that high. A quick glance at IndexCreditCards.com tell us that not only are the average rates for any card, higher than the biggest promises from the best Wall Streeters, but they have been trending higher.

So in a nutshell, while the interest rate on your credit cards is going up, the return on your investments has been going down. **You know what they call someone who keeps on giving money to their stockbroker, mutual fund or 401k, but doesn't pay off their credit card balance in full every month, BROKE AND STUPID** !

The first thing you do with your money is if you have money market funds, you take the money out and pay down your credit card debt. If that doesn't pay it off. This is what you do next:

You make a list of every stock, bond, fund, whatever you own, and mark what your cost is, the current market price, the current dividend yield on your cost basis, if any and whether it is in a 401k, fund or brokerage account. For any stock or bond at a brokerage account that is yielding less than what you are paying in interest rates on your credit cards, and for which the current price is less than what you paid for it. YOU SELL IT. When you call your broker to get the prices, you do not let them give you a bunch of BS about why you shouldn't. YOU SELL IT.

You dont hold it to see if you can make money with it. If you love it, you immediately fall out of love with it. ITS A FRICKING STOCK, not a family member, and you sell it. You take that money and you pay down your credit card debt.

Then you start with the stocks/bonds you have made money on. Beginning with the stock/bonds you have made the least amount of money on, if it isn't yielding you more than the interest rate plus late fees that you pay, you start selling, and selling and selling. Sell as much as you need to until you can pay off your credit card balance.

Once you have sold enough to pay off your credit card balance, you RIP UP YOUR CREDIT CARDS and replace it with a debit card. **The only way Credit Cards cost you less than 9pct, or possibly as much as 40pct or more is if you pay it off monthly. Debit cards make that happen automatically. You cant afford to pay 9pct, 40pct or more. Both are far more than you can expect to make in the stock market, or any market**. If you have gotten here to this point, and you just tore up your credit cards, **YOU HAVE JUST EARNED A GREATER RETURN ON YOUR MONEY IN THAT PERIOD OF TIME THAN ANYONE ON WALL STREET COULD EVER EARN YEAR IN AND YEAR OUT**.

If you still arent to the point of paying off your credit card, its time to borrow against your 401k. Switch all your money from whatever funds to insured, guaranteed funds like money markets. Then find out the rate of interest you pay, how long you have to pay it off (usually 5 years), and then borrow the money to pay off your credit cards. I have never seen a 401k that charges more than credit cards in interest. Credit cards accrue interest and penalites a lot faster than you can earn and accrue interest and returns in your 401k. So borrow the money, pay off the credit card, and start paying back your 401k with what your credit card payments were. You will have your 401k loan paid off a lot faster than you could ever pay off your credit cards.

Once your credit card is paid off, then you go to your debt list and pick out the next highest interest rate and start the process all over again until all your debt except your mortgage is paid off.

If after paying off all your non mortgage debt, you still have money left, then you need to sit down with someone who knows your tax situation. Since mortgage loans are usually deductible, ask them to help you figure out what your effective interest rate is on your mortgage and what your outsanding balance is. If you are fortunate and your net effective rate is less than 7 or even 8pct, and you can make the monthly payments, then you probably don't need to do anything with your mortgage.

If you have a mortgage that is variable in any way , shape or form, you are probably paying more after tax in effective interest rate than you can earn on your money anywhere that is legal. With this information in hand, you and your accountant or whoever you turn to for help (and please make it someone who really knows what their doing, not someone who got a refund using some tax software) can set up a meeting with your banker, or whoever happens to own your mortgage if you can find that person, and start discussions on how to buy down, pay down , buy out, or pay off your mortgage. They may say no, but if you can get them to renegotiate, and these days thats a very real possibility, you should be able to get a greater return from this process than you can get from the money being in stocks, bonds, or any thing else for that matter. This is particularly applicable if you have a subprime , ARM, or any type of variable rate mortgage.

If you have read this far you have hopefully picked up on the basic principle of debt vs investments. The people who lend you money can guarantee you that they are going to charge you a ridiculous percentage, and throw on top of it, any and every fee they can, thereby increasing the effective interest rate you pay. They can do it every year forever.

On the other side, **no one in the universe can guarantee you that they can earn you more than what Consumer lenders like credit card companies charge you in interest. No one.** If they could, the lenders wouldnt lend the money to you, they would give the money to those people to invest, right ?

If it takes selling every stock, bond and whatever you have to pay off your debts, do it. If it means borrowing against your 401k and paying back yourself instead of the credit card or finance company, do it. It is a far better return than you will ever make putting that money elsewhere.

If none of this applied to you. You kept your debt at levels that you could afford and at rates that were fixed and low, congrats. Hopefully this just reinforced what you already knew.

If on the other hand, this set you on the right path, and you still have money in stocks and bonds, you are fortunate. You probably need to make sure that what you own is very, very safe and not at risk. My recommendation is 6 month CDs, you can probably go to your bank and convince them to pay you 4 or more percent. If you havent heard, there is a bank liquidity crisis. Banks want your money. They have been ripping you off with credit cards all these years, go take some of their money…

One last point. It would not be out of the realm of possibilities to see a collapse of credit card debt like we saw in mortgage debt. Default rates are going to go up. That means credit card company income is going to go down. You know what banks do when their income goes down ? They try to figure out more ways to charge you more money to make it up. Which of course pushs up default rates. Its a viscious circle and you pay the price.

Get out now while you can.