

I'm going to simplify what I consider to be the best investment advice I have ever been given and share it with you. Here you go:

1. **If you have any credit card or other type of consumer debt** on which you pay 5pct or more interest, **pay it off**. Compound interest is your enemy. **The chances of you earning more on your money than you are paying in consumer interest rates are slim**. Pay it off.

2. **Cash is King**. Now that Madoff is in jail, no investment can offer returns with zero risk. If you don't fully understand the risks of an investment you are contemplating, it's ok to do nothing. **In times of massive uncertainty like we are facing today, doing nothing is a valid and IMHO preferable investment strategy**. Just put your money in the bank.

3. **Cash Creates Transactional Returns**. What does this mean ? It means that you should analyze what you spend money on over the course of a year. You will get a better return on your money by being a smart shopper and taking advantage of cash, quantity or other types of discounts than you will in the stock market. **Saving 15pct on the \$1k dollars worth of items you know you will absolutely spend money on is a better return on your money than making 15pct in a year on a \$1k investment because you don't pay taxes on it**.

If you have under 100k dollars in liquid assets, your net worth will be higher in one year if you follow this advice than if you follow ANY other investment advice any broker or banker will give you this year.