

Podnos: How to Lose Money with Your Investments

Steven Podnos 7:43 a.m. EST November 30, 2015



QUESTION: What's your best advice on how to make money with my investments?

Podnos: There are many articles telling you how to make a fortune, but few that tell you how to lose one. Here are some ideas if that's your goal.

Being a short term investor is key. You should be trying to continually make short term trades that make money. Jump in and out of various stocks and funds over and over. Watch TV for great ideas on what stocks are hot and which are not. Those guys on TV must know what they are talking about, right? You have to make your fortune right now, not twenty or thirty years from now, right?

It helps a lot to worry about geopolitics and other big picture problems. Certainly the Gross National Product of China is well known and of serious concern to your portfolio. If you hear it is getting lower, trade immediately.

Have confidence in your brilliance as an investor. You are great at your day job, and investing is simple. Leave the hard work and confusion to those other dumb hundreds of million investors.

Forget about cost. It doesn't matter that you are paying your brokerage or insurance company two to four percent a year to do nothing for you except a basic asset allocation. Heck, even though the asset allocation is often "steered" by which funds are paying an extra bonus to the brokerage doesn't matter, does it?

Ignore the funds your brokerage or insurance company picks for you. So what if the funds are expensive and pay the brokerage fees called 12-b-1 as an annual reward for keeping you as an "investor" in their crummy fund. If you have an insurance company based retirement plan, don't lose sleep over the weird choice of expensive funds you are limited to pick from. Even though the insurance company picks them for a cash reward for themselves, you'll probably still do just fine.

Definitely buy those annuities you hear advertised on the radio. Sure enough, you can't lose money, but not making any is just fine also. Their huge commissions and annual fees shouldn't hurt you since your account may make a nice one to two percent a year long term. So what if inflation ends up being higher than your return?

Definitely go for whole life insurance without asking for pricing on term coverage. The agent is so convincing that it is a great "investment", you'll probably sleep better at night.

Finally, always follow the herd. If people are selling the market is dropping, you must do the same. If stocks are to moon and everybody is making a lot of money, you should be also. Buy with both hands.

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