

## Investing, Stocks, Bonds, Calls, Putts, The long and the short of it all

- I. Investing is in the Bible as a way to gain usury on your money as it is invested in ventures of your choosing.
  - a. The only way you can legally make money without working is to invest in something. (Stocks, Bonds, Gold, Real Estate, A Business)
    1. You cannot get this money (Without working) unless you have something to invest. (The 10% you save)
    2. You cannot really learn about investing unless you do it.
    3. Most people are so worried about losing their investment money, but the chances are that if you don't invest the money, you will lose it!! *You will spend it on things that go down in value much faster then any investment will Toys, Vacations, etc.)*
  - b. In order to make money you need to risk it in some way. The more risk you take with your money, in most cases the more you make on that money.
    1. A passbook account at a local bank pays less then 1% Insured.
    2. Bank CD's around 1 ¾
    3. Government bonds around 3%
    4. Stocks average around 5% dividends, plus you can make or lose on the actual value of the stock itself.
    5. Options and Futures you can make 20% per month or lose it all in a day, I know a person who only works 30 minutes a day and makes a quarter million dollars a year in options and futures and have lost big, including me.
  - c. If you are not sure what to do with the money you have to invest you should talk to people who have done it. People who you can trust, and who you know or who have been recommended to you by people you know.
    1. Start out slow with things you do not understand, and ask all the questions. Can I lose any principle? Can I sell out at anytime without penalty? How much can I expect to make?
    2. At first it is very good to work with a good full commission broker, so that you can ask all the

questions. If you start out with an internet brokerage firm you can not ask questions or learn as fast as you could with a local broker.

3. Tell the broker right up front you are new at it, and will need extra patience and help along the way. Tell him or her as well what type of risk you want to be involved in, Low or High.

[REDACTED]

[REDACTED]-----[REDACTED] [REDACTED]  
[REDACTED]-----[REDACTED] [REDACTED]  
[REDACTED]-----[REDACTED] [REDACTED]

- II. What is stock? How do I buy it? How do I know when to sell it?
  - a. Stock is simply a small piece of a company. If your neighbor owned a company and he decided to sell stock in that company it would be something like this.

XYZ Company let's say is at this time worth \$100,000 and he is going to sell 10,000 shares of stock worth \$10 each = \$100,000.00.....

You buy 100 shares for \$10 a share = \$1,000 in the beginning of the year.

At the end of the year the company says it made \$5,000 or .50 cents per share. The same year the company got a patent on a new widget that promises to really make a lot of money over the next ten years. Now investors bid the price of the stock up to \$14 over the next few months after the announcement of the new product.

At year end if you still own the stock you get a check for \$50 as a dividend or 5%, and if you sell it today you will get \$1,400 for the 100 shares of stock you own. The total gain for the year is \$450. or 45%, if you sell it. To buy the stock you called your broker or placed an order with an internet firm like Ameritrade.com, and to sell it you would do the same thing. The dividend checks are mailed to you or sent to your margin or cash account with your broker which ever you prefer. You don't get the \$400 capital gain unless you sell the stock.

Remember you are buying a position when you are investing in a stock, if the value of the stock goes down, you have not lost the money unless you sell the stock.

Example: Experiences I have heard of....

If you don't want to take the time to learn all this you can buy mutual funds. Mutual funds are managed groups of stocks that you can buy all at once.