It's Never Too Late to Get Rich: The Nine Secrets to Building a Nest Egg at Any Age

Jim Jorgensen
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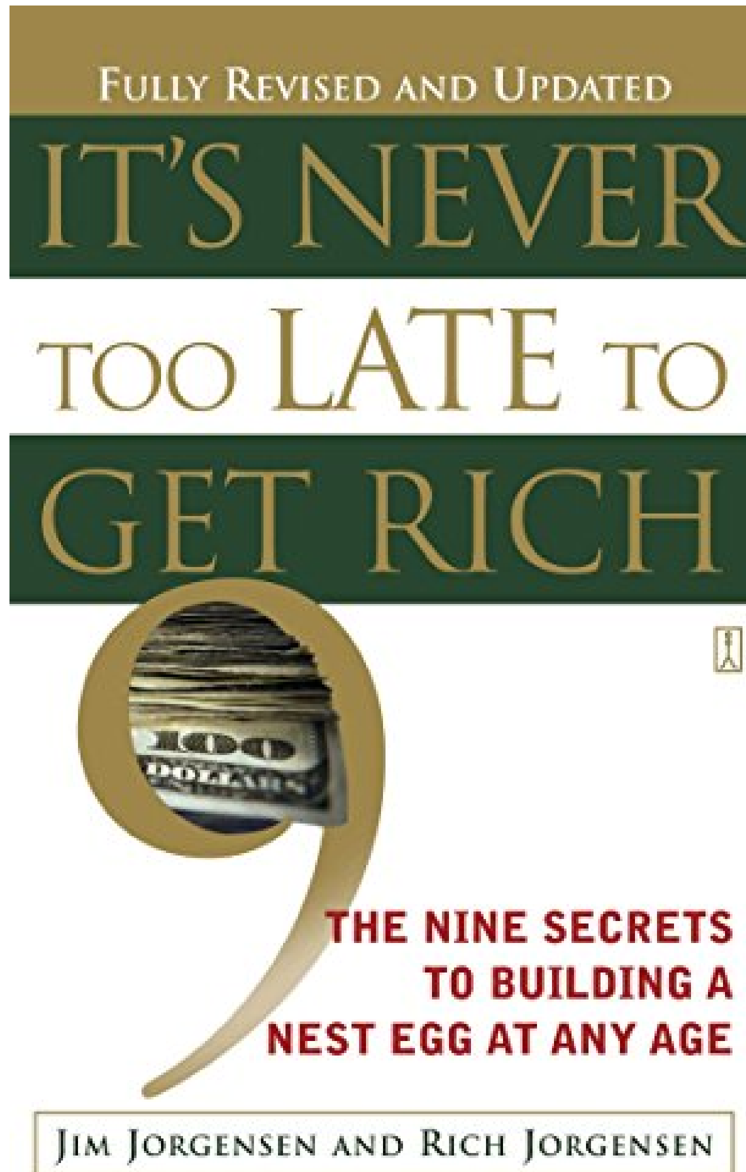

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Jim Jorgensen : It's Never Too Late to Get Rich: The Nine Secrets to Building a Nest Egg at Any Age before purchasing it in order to gage whether or not it would be worth my time, and all praised It's Never Too Late to Get Rich: The Nine Secrets to Building a Nest Egg at Any Age:

5 of 5 people found the following review helpful. It's Never Too Late to Get Rich.By Jusuf HarimanYou can get rich - regardless of age, income, or marital status - by simply following the advises of this book. Once undertaken, these advises can change your life and how you think about accumulating wealth. The most important thing for you to do is to take action. Don't be afraid to start now. If you really want something, chances are you will get it. This book consists of 9 basic secrets. They are: (1) Use the secret of compounding. You not only earn money on your new investment, but you also earn money on your entire previous balance; (2). Lenders take a big risk on what money will buy in the future. Don't be a lender; (3). You will never get rich paying off credit cards. Anytime you make a remote transaction, you are at risk of credit card fraud; (4). If you've lost your way in today's fast-moving electronic investment services, chances are you have lost money. Be IT literate; (5). Invest in the favourites. The best blue chips consistently make money no matter what happens in the overall stock market; (6). If you make a mistake with your 401(k) or IRA, you have no reverse gear. Be Careful; (7). Buy insurance for catastrophic losses, not for temporary inconvenience; (8). Before you trust someone to handle your money, find out all you can about his or her personal and professional reputation for integrity and competence and (9). The stock market has a mind of its own. Those who invest and do nothing are often the big winners. Digest this book and you can quit worrying about your future retirement nest egg. Dr Jusuf Hariman.0 of 0 people found the following review helpful. I have given this book out over 20 times to ...By Robert MendezI have given this book out over 20 times to various people.I was an original listener to the radio show back in the nineties.This book changed my life.0 of 1 people found the following review helpful. Read this and win the lottery. you'll like it.By leonard kraskaCouldn't believe it! In the first 6 months after reading this I hit the lottery. I am very fortunate. I seem to have attracted more friends.

Now completely revised and updated, the Jorgensens' classic guide to increasing wealth provides solid advice on investing, paying taxes, buying insurance, and more...in good times and bad. You can get rich -- regardless of age, income, or marital status -- by simply following the advice of financial duo Jim and Rich Jorgensen. It's Never Too Late to Get Rich explains how to apply their tried-and-true rules of financial planning in any financial climate, taking you through a process built on nine foolproof, easy-to-follow strategies: bull; Pay yourself first bull; Don't be a lender bull; Kill those credit cards bull; Be willing to accept some risk bull; Build a rock-solid investment portfolio bull; Invest with technology bull; Delay your taxes bull; Buy adequate life and disability insurance bull; Work with a financial planner Here too are invaluable guidelines on saving and investing in a crashing or soaring stock market, on minimizing taxes, and on preparing for big expenditures like education and retirement. Fully updated with information on new ways to earn interest, the latest financial websites and resources, and much more, It's Never Too Late to Get Rich is your reliable guidebook toward the financial security that you've always dreamed of.

From Publishers WeeklyJim and Rich Jorgensen, father and son co-hosts of the radio show The Jorgensens on Money, offer a straightforward, no-frills way to save money with It's Never Too Late to Get Rich: The Nine Secrets to Building a Nest Egg. They show how a few modest steps-e.g., brown bagging lunch once a week; renting a video instead of going to a movie-can help save hundreds of dollars. They also advise investors to pick a stock or mutual fund and keep their money there until they need it, regardless of the market's turbulence. Inexperienced investors and people nervous about handling money will find this primer helpful. But while the tax and retirement sections are updated and there's new material on choosing financial planners, the book is otherwise practically identical to the edition originally published in 1994.Copyright 2003 Reed Business Information, Inc.About the AuthorJim Jorgensen is the author of six books on personal finance, including The Graying of America, and is co-host of the nationally syndicated radio show It's Your Money. He is a frequent speaker at conventions and meetings and lives in the San Francisco Bay Area.Excerpt. copy; Reprinted by permission. All rights reserved.From Chapter 2 Don't Be a Lender Lenders take a big risk on what their money will buy in the future. Individuals have lent money in return for interest payments since money was invented. It was not until 1472, however, when what many consider to be the oldest bank in the world, the Monte dei Paschi di Siena in Italy, introduced the forerunner to the passbook savings account. The idea that banks could attract individuals' savings and keep track of their accounts opened the door to massive lending. In Renaissance times, bankers like the Medicis and the Fuggers, with their state-licensed money machine to attract depositors' money, grew immensely wealthy. Beyond the Passbook The passbook savings account remained the principal mode of individual savings for almost five hundred years, until the advent of computers after World War II. The first stage of the ongoing technological revolution was internal. Since banks and thrifts are nothing more than giant counting houses, it was easy to run the entire customer list past the computer each day. Earned interest, which had been posted once a month or once a quarter, could now be posted every night. It was a small step, to be sure, but in the merchandising of money, it was a fundamental innovation. In 1969, an enterprising young executive of the Worcester Five Cents Savings Bank petitioned the Massachusetts Banking Department for permission to offer a negotiable order of withdrawal account. A NOW account was, in effect, a computer-driven checking account that paid interest on the balance in the account. The executive knew he was skating on thin ice because at that time it was illegal for federally insured banks and savings and loans to pay interest on any monies on deposit for less than thirty days.

However, the Massachusetts savings banks had their own deposit insurance fund, and Massachusetts law did not have the same tight restrictions as those that governed the federally insured banks and thrifts. The state bank regulators gave his suggestion of using computers to track interest rates on checking accounts a frigid reception and turned him down cold, but the enterprising executive believed he had found a formula that could pry open the regulatory gate. He sued and he won. Thereafter, it became possible for state-chartered savings and loans to offer checking accounts that paid interest. For the first time since the advent of banking in the late 1400s, banks faced competition for the "free" money their customers had been forced to keep in non-interest-bearing checking accounts. As a result, Congress authorized NOW accounts for federally insured banks and savings and loans. Today, we take for granted that computers make money market accounts, certificates of deposits, NOW checking accounts, and an endless array of mutual funds possible. But what it all comes down to is that there are only two ways to put your money to work: as a lender or as an investor. A Lender Be As Will Rogers said in the days of the Great Depression, "I'm not so concerned about the return on my money as the return of my money." Many people still feel that way. Their first objective is to keep their money safe. Therefore, lenders are willing to accept lackluster interest returns of 4 percent or less in exchange for the assurance that their original investment will be returned intact. The only decisions they have to make are the length of the deposit term and the interest rate they'll accept. When you deposit money in a savings account, you are lending money to a bank in exchange for interest income. After the Great Depression and scores of bank failures, many lenders felt they were walking on a financial high wire. To give them the safety they required, Congress established the Federal Deposit Insurance Corporation (FDIC) to protect up to $100,000 per account. Banks and thrifts offer two basic instruments for earning interest income. Money Market Accounts Think of a money market account as a computerized passbook savings account. In the banking trade, they are called demand deposits. The main attraction is that you can make deposits and withdrawals any time you like. For this privilege you earn about 1 or 2 percent less interest than a fixed-term deposit. Money market mutual funds -- while not federally insured -- have had the same safety record as bank money market accounts, and they pay as much as 1 to 2 percent more interest than bank money market accounts. Are money market accounts and passbook savings good for banks? You bet they are! Over the past two decades, the banking industry has been sustained by the profits from ultra-low-yielding savings accounts squirreled away by worried or uninformed lenders. The good news -- not for lenders but for taxpayers -- is that without these billions of dollars of low-interest money, the recent financial bailout of banks and savings and loans would have cost a great deal more. Are money market accounts good for long-term investors? Probably not. Like millions of Americans, I started out with a passbook savings account. It held every penny of my entire wealth. My vision widened as I grew up and watched the numbers in my passbook increase. It turned out, however, that I would never get rich on 2 percent interest a year. I decided that when I had real money to invest I would put it to work in the stock market. Fixed-Term Deposits Insured certificates of deposit are term deposits. Terms are available from six months to as long as ten years. Like bonds, the longer the term, the higher the yield. Six-month insured CDs might yield 3 percent, but a five-year CD could yield well over 5 percent. To keep the money locked up inside the bank once you've made the deposit, the bank imposes a penalty for early withdrawal. The penalty is the loss of interest income for various periods, from ninety days to six months. The problem with an insured CD is that if interest rates later rise, you are stuck with the lower yields until your CD matures, just as you would be with a bond. In your search for higher yields, you must withdraw the CD money and possibly pay the hefty early-withdrawal penalty. On the other hand, an insured certificate of deposit and money market account are the only interest-income investments where your principal is unaffected by changing interest rates. For example, if you deposit $1,000 in a one-year CD, you are assured of the return of the $1,000 one year later. With FDIC insurance, a bank failure along the way is no problem. Your money is safe. Or is it? In truth, the assured safe return of your money in the face of rising inflation puts your money at great risk. The shrinking dollar a lender gets back at the end of a CD term has less value in purchasing power than when it was invested in the first place. Here's what I learned while talking to a farmer over a hay rake: If you earn only the inflation rate in interest, you can go directly to the poorhouse without passing go or collecting $100. Let's say you deposit $10,000 in a one-year insured CD paying 4 percent interest. One year later, you'll get back $10,000, plus $400 interest, or a total of $10,400. However, the IRS does not love lenders. Each year the interest income you earn is taxed at your ordinary income tax rate. Let's say you're in a 28 percent federal and state tax bracket. The $400 of income can then shrink to $288, which leaves you with a net after-tax return of 2.9 percent. Now let say that over the past year inflation has risen 3 percent. Here's how taxes and inflation can drain the real value out of your money: Invest in a 4 percent insured CD $10,000 One year later, with interest $10,400 Less taxes @ 28 percent $2112 Less inflation @ 3 percent $2312 Purchasing power of the CD $9,976 You may feel good about yourself; you might have a lot of ideas about how you'll spend your money in retirement. But the fact is that over the years, in terms of real purchasing power, your saving account resembles a highway truck stuck in the mud going nowhere. If you want to preserve the future purchasing power of your money, you must earn a long-term return substantially higher than inflation and taxes. That means dumping your low-yielding fixed savings accounts and investing in bonds, stocks, or equity mutual funds for their potential double-digit returns. What's that? You say you are scared to invest in the stock market? The cold, hard fact is that you can't put your money to work without some risk. You can play it safe with a low-yielding federally insured savings account

and risk losing out to rising inflation and taxes. You can reach out for higher yields with bonds and risk the possible loss of your principal. Bond Basis Risk If you've ever wondered why some people earn 3 percent in a money market account while others earn 7 percent on bonds, it's because the higher yields carry greater risks to principal if interest rates later rise. If you think this sounds a bit cold-blooded, you're right. Over time savvy lenders, dissatisfied with the skimpy yields on money market accounts and certificates of deposit, have discovered that they can sometimes double their interest income with bonds or bond mutual funds. However, before you invest in a bond or bond fund, you need to know how bond basis risk can take a safe, guaranteed investment and turn it into a loss of principal. It's also important to understand that bond basis risk holds true for any bond -- government, tax-exempt municipal, high yield junk, or blue-chip corporate bonds. In other words, if you ever want to become a savvy investor on Wall Street, you must understand that changes in interest rates can change the market value of any bond or bond fund. Without this knowledge, you can get clobbered when interest rates ...