

# Wise Money Newsletter

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*HELPING YOU NAVIGATE THE ROAD TO AND THROUGH RETIREMENT*



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## Revealed: Truth About Mutual Funds

Mutual funds are a collection of stocks designed to meet a stated investment objective or strategy. In other words, a mutual fund pools money from hundreds and thousands of investors to construct a portfolio of stocks, bonds, real estate, or other securities, according to its charter. Each investor in the fund gets a piece of the total pie.

Because mutual funds are made up of a collection of shareholders most mutual funds are "actively managed," meaning the mutual fund shareholders, through a yearly fee, pay a mutual fund manager to actively buy and sell stocks or bonds within the fund.

One of the most popular advantages of a mutual fund is its ability to diversify. Buying a mutual fund provides instant holdings of several different companies. Most funds require only moderate minimum investments, from a few hundred to a few thousand dollars, enabling investors to construct a diversified portfolio much more cheaply than they could on their own. Fully diversified mutual funds can offer you access to more than 50 individual stocks or bonds. Achieving a similarly diversified portfolio by purchasing individual stocks is more difficult and costly.

Another advantage of mutual funds is liquidity. Like individual stocks, a mutual fund investment can be converted into cash upon your request.

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## Budgeting is For Everyone!

Many people neglect to make themselves a household budget because of the wrong reasons. Budgeting is not difficult, and with only a little effort can readily provide some very valuable benefits to almost any individual.

Two of the primary reasons for neglecting to prepare a budget is that some people think a budget would be useless because they think that preparing a budget is too time consuming or they think they don't have enough money to budget. And sometimes it's because they think a budget would be too restrictive for their free spending lifestyle.

However, in most instances, anyone can take a few minutes to prepare themselves a monthly budget that can easily prove very beneficial. A budget, to be beneficial, does not have to be complicated to prepare or restrictive in application.

One of the simplest methods of budgeting is to take half a dozen plain envelopes and write your budget categories on the front of the envelopes and put a certain amount of money in that envelope that you expect to spend during a month. Then, as money is spent out of that envelope, you can write on the front of the envelope when and how much money was spent.

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## Interesting Facts

-Each year, more money is spent on alcohol and cigarettes than for life insurance.

-The percentage of people dreaming in black and white started decreasing after the spread of color TV

-During thinking, we use on about 35% of our brains

-We, as humans, forget 90% of our dreams

-The elephant is the only animal with 4 knees

-When cats are happy or pleased, they squeeze their eyes shut

-You burn more calories sleeping than you do watching TV

## Tired Of Losing Money?

**Now you can get stock market type returns without the stock market risks.**

**Plus, it offers tax deferred interest and tax free income at retirement.**

**Call Our Office Today for More Information!**

***How does a 12% bonus, a 4% min. guarantee, tax deferred growth, a tax free death benefit and you can walk away/cancel the policy anytime sound? Call me to find out about this AMAZING policy through EquiTrust Life...***

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**PROTECT YOUR HARD EARNED MONEY FROM THE NEXT STOCK MARKET CRASH! On average we have a stock market crash every 3 1/2 years.**

**The last crash was in 2008, we're overdue! DON'T MAKE THE SAME MISTAKES AGAIN!**



*If you are retired or plan to retire in the next 5 years, and have an IRA, 401(k) or other retirement accounts – don't miss this event!*

### **Dates:**

Tuesday February 18<sup>th</sup> @ 6:30 PM  
Wednesday February 19<sup>th</sup> @ 6:30 PM  
Thursday February 20<sup>th</sup> @ 6:30 PM

### **To Register:**

**800.815.4873**

### **You Will Learn:**

- *How to avoid losses during huge market corrections and recessions.*
- *How to protect your assets from catastrophic illness with the Pension Protection Act of 2006.*
- *Do you completely understand your investments and the associated risks?*
- *Will you outlive your retirement savings?*
- *Is your IRA/401(k) beneficiary paperwork filled out correctly? Will you avoid probate*

**\*\*\*If you've attended these workshops before you may be asked to be placed on a waiting list to make room for 1<sup>st</sup> time attendees\*\*\***

## **Revealed: Truth About Mutual Funds**

One rule to follow when purchasing a fund is don't chase winners. Last years big winners could be this year's losers! Don't look at it year by year, look at the averages 10yr, 20yr, etc... Mutual Funds are long term investments, not meant to be bought and sold monthly!

The same can be said for selling funds. Don't be too quick to dump a fund. Again, look at the historic average, you could sell it for a loss, and then they could have rebound the same year.

Any fund can -- and probably will -- have an off year. Though you may be tempted to sell a losing fund, first check to see whether it has trailed comparable funds for more than two years. If it hasn't, sit tight. But if earnings have been consistently below par, it may be time to move on.

Gaining knowledge on mutual funds can sometimes be a little confusing and at times overwhelming. It can be very beneficial to consult an expert on the matter. Being prepared can decrease any potential risks you may run into.

Just be aware, Mutual Funds put your money at risk! And there are other investment strategies out there that can yield the same great return without the downside risk!

**Call us today at 801.892.HELP for more information.**

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## **Budgeting is For Everyone!**

In a simple household budget, you might break your budgeted items down into such categories as food, clothing, transportation, utilities and miscellaneous. If you have limited income a budget can be more beneficial than for a person who had less limited funds but who would also benefit from understanding how he or she is spending the money and determine where expenses could be cut to save money.

A person living alone might eat all of his or her meals at home, might eat out a few times a week, or might not be much of a cook or food preparer and end up eating almost all meals in restaurants. However, if you are trying to save money on your eating expenses and put only \$50 or \$100 in that envelope, after a few weeks you'll clearly see how much money you're spending for food and can better balance your expenses because you're more aware of how much you're spending on that category.

As another example, you could create an envelope for transportation, and depending on whether you walked, took a taxi, or drove your own car, you could again balance your personal expenditures between what you preferred and what you could afford.

Budgeting need not be complicated, time consuming or cumbersome to beneficial. And most anyone will be able to spend money more wisely by preparing and using a simple budget.

For More information on creating a budget to reach your future need contact our office today!