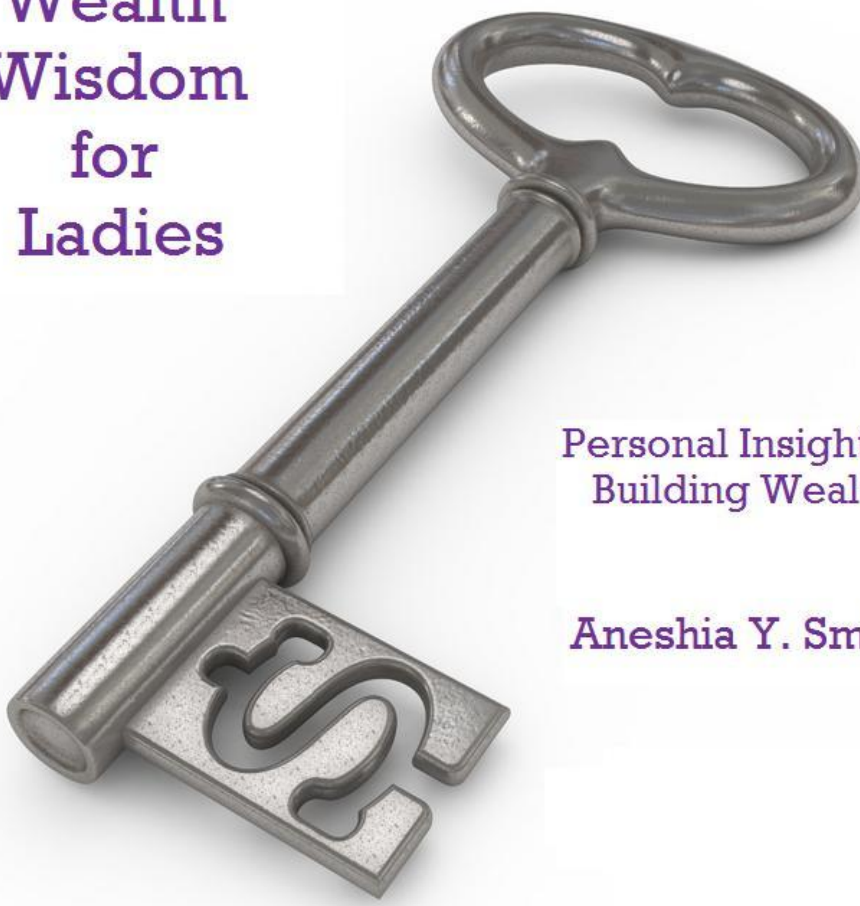
Wealth Wisdom for Ladies



Personal Insights to Building Wealth

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1 The Chicken or The Egg

Ladies, can I be honest? Let's be honest. Don't put all of your eggs in one basket. How many of you have heard that saying before? Yeah, I know. Your mind is going "I know that already." Well, that's part one. Don't put all of your eggs in one basket. Now here's part two…ESPECIALLY when you are not the one holding the basket.

Now, what do I mean by this?

If your job or self-employed business is the only income you've got, you could be in TROUBLE….and most of you don't even know it yet….or maybe, just maybe, you do. Maybe, just maybe that's why you are reading this e-book today. You realize you've been doing the same thing over and over again, and what you've been doing isn't working anymore.

Anyone know the definition of insanity? Help me out here, ladies….doing the same thing over and over again and expecting different results. So of course, you have got to do something different if you want to reach your financial goals…a little extra spending money per month, financial freedom, more time to spend with your family…whatever that may be.

Most of you make your money from active income. You trade your time for money. Have you thought about what would happen if you could no longer perform your role? What happens to that income?

Hello, my name is Aneshia Smith. And I love my life. I spend my time training ladies on how to trade and invest in the stock market, and I love every minute of it. I also own an engineering business and invest in real estate. I wake up everyday excited about the new adventure I am going to experience.

But there was a time when it wasn't so. There was a time when I was unemployed and staying with a friend, sleeping on her couch. There was a time when I thought about giving up on life, because I felt like such a failure. Even though my friends and family thought I had everything under control, I had never felt more out of control. I felt desperate and helpless.

Then, I discovered a secret. It was as if I finally saw the light at the end of the tunnel…and it wasn't a train. I started to see a bright future ahead of me. Gradually, things began to get better. I moved into my own place and eventually bought another home. I have been on the financially illiterate path. And I have been on the financially enlightened path. And I would much rather be on the enlightened path and on my way to financial freedom than to be living from paycheck to paycheck and worried about whether I will be the next one to get laid off.

Now my life is so amazing that I just have to share this secret with you. I am so passionate about this because I know that you too can reach your financial goals and live the life of your dreams. All that you need to do is take the first step: choose to make a personal commitment to your financial freedom path.

2 Dreams

When your girlfriends talk about their financial dreams, what do they say? Many say, "Oh, I would like to be a millionaire." Or some will say, "I would like to have enough money in the bank so that I can retire." Still, others may say, "I would like to have enough money to pay my bills every month." But very few say, "I would like to be financially free." And for those that do say it, the question I have for them is "Well, what exactly do you mean by 'financially free'?"

Ladies, I have news for you. If your goal is to be financially free, then I will bet you that you are closer to your goal than you thought. And it all boils down to your perspective. First of all, to be truly financially free, it is important for you to understand the difference between active income and passive income. Most ladies generate active income. You trade your time for money in the form of a job, whether you have a manager to whom you report or even if you are self-employed. Whether you are a doctor, an attorney, an engineer, an accountant, or a school teacher, it does not matter. Whether you are an employee or self-employed, it does not matter. And even as a person of "status" as in the case of a doctor, attorney, engineer, or CPA, you may get paid more than average money for your time. But either way, when you get paid based on your time, your income will be limited. Why? Because nobody gets more than twenty-four hours in a day.

Now, you may be able to control how much you get paid per hour in the case of someone who is self-employed. Or maybe you get paid per transaction, as in the case of a real estate agent. Either way, you still have to invest your time in order to make the transaction happen. That is one of the reasons why time management is so critical for people who only generate active income. Because for them, time is money.

Now, ladies, ask yourself this question. What happens if you stop performing your duties? Certainly, I am not wishing any ill will on anybody, but what happens to your income if you were to become sick or disabled or have an accident? I have friends who are professionals who have had health challenges. If it were not for their employer's health insurance, their income would have been zero. And even long-term disability does not pay you the equivalent of your full salary in most cases.

One of my mentors used to be a chiropractor until he injured himself while helping a friend move a boat. He even had his own practice. But, at the point of his injury he was no longer able to generate income as a doctor. He had to find another way to support his family. Think about this situation for a moment. What if this was you? What would you do?

If you want to be financially free, it's time for another alternative. And it's called passive income. Now, what is passive income you might ask? Well, it is income that flows to you without requiring your time. You are no longer trading your time for money. This is how you make money when you sleep, or when you are on vacation, or when you are doing anything else but work. This is the key to unlimited income because it no longer depends on your time. Ultimately, you are now leveraging your time by an infinite amount.

Now, it no longer matters if something were to happen where you could no longer perform your regular work duties, because passive income flows to you regardless of whether you are able to do physical work. This leads me to how I would answer the question I mentioned earlier: "Well, what exactly do you mean by 'financially free'?"

Financially free means you are generating enough passive income to pay for your expenses.

Now ladies, notice I did not put any limitation on what the expenses could or could not be. Quite frankly, it really does not matter. And this is why I said defining financially free all boils down to your perspective. Depending on who you ask, some will say that it is a bad idea to have debt. Well, in the absence of judgment, a debt payment is an expense, no more, no less. And regardless, if you are generating enough passive income to pay for this expense, then you are financially free. Think about it, if you have freed up your time such that you only worked if you chose to, could do anything you wanted with your time and still handle your financial obligations, then does it really matter that you have a debt payment? That is for you to decide.

What are some examples of passive income businesses, you ask? Vending machines, parking lots, any business with a network or multi-level marketing business structure, real estate, and the stock market are just a few ideas for starters.

Dreams are so important. If it weren't for dreams, then why would you be willing to do whatever it takes to reach your financial goals? Why not just be content to be part of the middle class?

3 The Middle Class - What It's Like To Be Broke At A Higher Level

A few years ago, I was making more money than I had ever made before, but I did not know where it was all going and why I did not have much left at the end of the month. I was struggling with money. Ladies, can you relate? Here I was this engineer who could talk to you about anything technical…because I was taught how to analyze and solve problems in school. But one thing they never taught me was how to become wealthy, or how to grow the money that I make.

How someone spends their money tells you what financial mindset they have. And remember this: your thoughts create your reality.

But before I go into that, I want to give a brief description of the following financial terms from the perspective of the rich, and not necessarily from the perspective of a traditional bank: assets, liabilities, income, and expenses.

Assets are something that pays you. Investment properties, bank accounts, and company stock are examples of assets that pay you. Some would debate that your personal home is an asset. However, within this paradigm, unless you are able to rent out a room or the basement in order to generate income, your personal home is not truly an asset. Liabilities are something that costs you. Credit card debt, cars, and bank loans are examples of liabilities. I include cars as a liability, because unless you rent it out, it does not pay you. Even if you own it free and clear, I still count it as a liability because it does not generate any income for you. Speaking of income, income is money you bring in. As I mentioned in an earlier chapter, this includes active and passive. Active income is income you generate when you exchange your time for money. Passive income is income that your business generates "while you sleep." And finally, expenses are money you spend. They include rent or mortgage, car payment, credit card payments, and food just to name a few.

Now, back to the financial mindsets. The poor buy "stuff," things they may not even need necessarily. They're attracted to the "Save you money" ads. But what they fail to realize is that they must spend money in order to save money. They spend $1.00 to save $0.20. So, the end result is that they have spent money nonetheless, in this example, $0.80.

The middle class buy liabilities which generate expenses. As their income goes up so does their expenses, hence the phrase Robert Kiyosaki uses in his book "Rich Dad, Poor Dad" known as the "rat race." And THAT is what happened to me. When I made more money, I went out and bought a nicer car, a little BMW Z3 convertible. I did not need the car, but I wanted it. So instead of taking the additional money and buying income producing assets, such as investment properties, like the rich would do, I bought the car, a larger liability. And I remember a few years ago living in beautiful southern California, watching the sunset over the Pacific Ocean, cruising around in my convertible BMW with the top down, trying to be cute, as they say….BROKE! I was broke at a higher level. I had these things, but I didn't really own any true assets. Which brings me to the rich.

The rich buy "true" assets which generate passive income. And they then use this passive income to pay for their expenses. They basically create a financial freedom wheel. Also, the rich define wealth using net worth; the middle class define wealth using annual income. Your net worth is your assets minus your liabilities.

Ladies, one of the keys to financial freedom is how you manage your money. The wealthy manage their money differently than the poor or the middle class. And contrary to general beliefs, money is almost never the solution to a money problem. Have you ever heard of a person who was broke that won the lottery but returned to being broke just a few years later? What happened? Well, some people might say that they bought too many gifts, gave too much money away to their relatives, purchased bad investments, or let their financial advisor swindle them out of it. But the ultimate answer boils down to one thing: They did not know how to manage their money. You can trust all of the financial advisors in the world, but ultimately, it is up to you to manage your money. Nobody will take care of your money like you will.

That is one of the reasons why it is so important to track your progress on the road to financial freedom. How else are you going to know if what you are doing is working? Check the results. If you are getting the results you want, then by all means, keep doing what you have been doing. However, if you do not like the results, it is time to realize that you have got to do something different. Maybe it is as simple as realizing that you may not know as much as you thought you did. But the good news is….there is a solution for that. There is plenty of training available. And before you tell me that you can not afford it, or that it will be expensive, I want you to ask yourself the following question…"How much is my ignorance costing me?" Trust me, from my own experiences, I have found ignorance to be painfully expensive.

Ladies, if you do not like your financial situation, the absolute first step, a painful one for some, is to take a good look in the mirror. In other words, you have to take responsibility for where you are financially and how you have created your financial situation by the decisions you have made. Otherwise, your situation will never change and you will continue to repeat the same patterns over and over again. You will be like that hamster running on its play wheel…running, running, and running… in circles, and getting nowhere. Taking responsibility empowers you to make different choices to create different results. Otherwise, if it is always somebody else's fault, then your destiny lies in their hands, not yours, and you have rendered yourself powerless to change it. People who claim this "victim" mentality, as a result of blaming others, tend to constantly find themselves in situations where they are being taken advantaged of. How is this, you might ask? Well, when you blame others you are affirming to the universe that you are a victim being taken advantaged of by all these other people. And as a result, you begin to attract people into your space that will take advantage of you. They can not help themselves, since this is the energy you are sending out. Everything is energy, including your thoughts. If you have positive thoughts you are sending out energy at higher vibrations, as in the case of joy, peace, and love, and then you will attract people into your space that are a reflection of that. And on the contrary, when you have negative thoughts you are sending out energy at lower vibrations, as in the case of blaming, criticizing, ridiculing, or hurting someone, and then you will attract people into your space that are a reflection of that. I know this from my own experiences of having lived from both ends of the spectrum.

So, why not learn from others who are either financially free or well on their way? Once again, achieving financial success starts with taking action. So, wouldn't you like to take the steps that someone else has taken so you don't have to make the same mistakes they did? That is why I am here…to share my personal experiences in hopes that it inspires and helps you, and also, to be inspired and uplifted by your personal stories as well. And I would love to hear from you. Become an exclusive member of a financially enlightened community of ladies. Take a moment and send me an e-mail to ITATIStocks@aol.com.

4 The Psychology of Wealth

T. Harv Eker has written a wonderful book called "Secrets of the Millionaire Mind." I highly recommend it, as it focuses on our beliefs about money and how those beliefs have contributed to our financial situation today. And since your beliefs create your reality, your mind has a tremendous influence on your financial situation in ways that you may not even be aware of. He talks about your financial blue print, how it is determined, and how it influences your money situation. One of the many things I learned is how my habits have been formed in part by modeling my parents' behaviors.

I have met many professionals who define themselves by what they do. Many of them have status. Folks who have status don't have jobs; they have "positions" if you will. I'm sure you know the type. In fact, you may even be one. Doctors, attorneys, engineers, accountants, and other professionals tend to have "status."

Folks stuck in status often wind up sabotaging their financial freedom results, subconsciously. How? Because their identity is so wrapped up in what they do. They are proud to say "I'm a doctor; I'm an attorney; I'm an engineer; I'm a CPA." So, if they were to put themselves in the financial position to not have to do what they do, that would be a threat to their survival, or so they think. Remember? Their identity is strongly tied in to what they do. So, this is how they wind up sabotaging their results on a subconscious level. So, if you truly want to be financially free where you never have to work again, I encourage you to deal with this green-eyed monster….learn how to identify yourself independently of what you do. For me, I learned this real quick when I was laid off my engineering "position" for seven months. Here it was, I had been in the engineering field for seven years and now, all of the sudden, when someone asked me what I did, I could not tell them I was an engineer, since I was unemployed. I had to learn this lesson, and this realization has helped me minimize the mental and sub-conscious blocks that have slowed my financial freedom path.

So remember, if you are one of those people stuck in status, you may find that you are effectively like its acronym, "Still Too Arrogant To Understand Success." Let it go, and it can make achieving your financial goals that much easier.

5 Compound Interest – It Can Feed You Or It Can Eat You…Bon Appetite'

Compound interest is by far one of the most powerful principles that can help you reach your financial goals. Now, on the flip side, it can also keep you broke and in debt to the credit card companies.

Ladies, I want to demonstrate to you a simple example of compound interest and how powerful this concept is.

Imagine the following scenario.

You are providing a one-time service for someone that lasts one month, and that customer gives you a choice of two options of payment.

Here are the two options:

1) At the end of your service, the customer pays you $100,000 lump sum payment. Not bad, eh? OR
2) At the end of your service, the customer pays you $1 the first day, and shows you a technique whereby you can double this amount everyday for the next 31 days.

Which would you choose?

Well, let's look at option #1 first since it is the easiest – at the end of your 31 days, assuming you did not spend any of the money yet, you would have $100,000. And I must admit, that sounds pretty good, especially considering the fact that the average person will not make that in a year, let alone one month.

Now, let's look at option #2. Do me (and yourself) a favor and get out a calculator. And if you don't have one, get out your cell phone. I'll bet you have a calculator on it that you can use. To recap, you are given $1 the first day and then it doubles everyday for the next 31 days. So, on day 2, your $1 becomes $2, on day 3, your $2 becomes $4, on day 4, your $4 becomes $8, and so on.

If you start with $1 and multiply it by 2 and take its result and multiply by 2, and so on for 31 days, what do you get? Well, here's what I got…….drum roll please……$1 billion, 73 million, 741 thousand, and 824. YES! I said billion with a "b." I don't know about you, but that's pretty phenomenal….the **POWER** of compound interest.

Now, which option would you choose? Option 2 of course!

Results:

1) 31 days - $100,000
2) 31 days - $1,073,741,824

Rule of 72

The Rule of 72 applies here as well. What is the Rule of 72? If you divide 72 by the annual interest rate, the result is how many years it would take your one time investment to double. That is the power of compound interest. For instance, an initial one-time investment of $10,000 at a rate of return of 12% would take 6 years to double into $20,000.

Now, returning to the first scenario, where you have the two payment options. The second option entailed learning a technique where you could double your money every day. And yes, I must admit, this sounds pretty far-fetched. Basically, you would need to make 100% profit (or double your investment) every day for 31 consecutive days in order to become a billionaire, with a "b." Well, what if I could show you a technique that may take a little longer, say you could double your investment in a year? And before you say "that's impossible" I want you to know that I have done it before. How you might ask? By trading in the stock market.

Ladies, I believe that real estate investing is one of the quickest ways to become a millionaire. But, when it comes to generating passive income, the key to financial freedom, I have found the stock market to be one of the most lucrative methods out there. And for those of you who disagree, I encourage you to open your mind up to the possibility that there may be some things about the stock market that you do not know. Forget about what your neighbor, relative, or co-worker says. Discover what works for you. And remember this: I never allow someone to tell me I can not go where they have never been. If they have never doubled their investment in the stock market, then what qualifies them to tell you that you cannot do so? Absolutely nothing!

I certainly do not know everything. And I am always open to learning something new to keep me on track towards my financial goals. But I will say this. I have been trading in the stock market now for over five years using a system that my mentor Dr. Stephen Cooper created. And he has been trading in the stock market for over 20 years. I have done so well with his system that I have licensed with him to train others on it. So, who are you going to listen to? Take a moment to join a financially enlightened community of ladies and send me an e-mail to ITATIStocks@aol.com.

6 Tax Deductible – What Does It Really Mean?

Ladies, how many of you believe in spending money because it is tax deductible? I know you hear it all the time. The mortgage companies who try to get you to take out some of your equity to pay off credit card bills? What do they say? Well, if you take out a home equity loan, then the interest is tax-deductible.

For those of you who like to spend money solely because the expense is tax deductible, then I have a deal for you. How about you give me a dollar, and I will give you 30 cents back. Sound like a good deal for you? I didn't think so. Yet, this is exactly what happens when you spend money for the sole purpose of getting a tax refund. In fact, I have overheard conversations between people, where they use spending additional money on a home mortgage versus what they are currently spending for rent because they can write off the interest. Now, don't get me wrong, as there is nothing wrong with buying a house to help build wealth by increasing your net worth. But, frankly, most folks have got it backwards. The financially free and literate do not spend money for the sole purpose of getting a tax refund. Instead, they learn ways to deduct expenses that they already have anyway through a legitimate business.

I started my first business, an e-commerce / network marketing business, seven years ago. I was looking for a way to minimize my yearly tax bill. Of course, one of those ways is to own a house and deduct the mortgage interest. But at this time, I was in transition, so I did not own a house. I made the mistake of selling my first property a year earlier. But as the saying goes, now that I know better, I do better. So, I have no regrets.

In essence, I was able to reduce my yearly tax bill by employing a simple financial model used by business owners. Basically, it goes like this: Business owners take in income, incur business expenses, which they deduct, and pay taxes on the rest. Employees on the other hand use another financial model. They take in income, pay taxes, and use the rest to pay for their expenses.

However, I want to re-iterate the statement I made earlier. The key here is not to spend more money in order to deduct the expenses from your taxable income. That would be like spending $1.00 in order to get $0.30 back. But, if you already have existing expenses, which can be legitimately claimed as business expenses, this is where owning a business can pay serious dividends.

And, here is a scenario to illustrate this principle:

Say you have a business owner and an employee who each make $100,000 per year. Assume they are both taxed at the same rate of 30%. The business owner spends $40,000 in business expenses. What is the result? Well, the tax bill of the business owner would be substantially different. Why? Remember the financial model.

The business owner makes $100,000, but s/he gets to subtract the $40,000 from the original $100,000 and pay taxes on the rest. So, the resulting taxable income is $100,000 minus $40,000 equaling $60,000. 30% of $60,000 is $18,000. The business owner pays $18,000 in taxes.

Now on the flip side, the employee makes $100,000 and is immediately taxed. 30% of $100,000 is $30,000. The employee pays $30,000 in taxes.

Ladies, this is a $12,000 advantage that the business owner has. That is $1000 per month. As the saying goes, "a penny saved is a penny earned." So in this case, a $1000 saved is $1000 earned. What would you do with an extra $1000 per month? If you are wondering where to get the extra money to start building wealth, this could be it. You have probably already got it, and it is in the form of your existing tax bill. Find a way to reduce your taxes.

7 Roth IRA vs. Traditional IRA

First off, ladies, if you are a traditional employee and your company has a 401k plan, investing up to the amount that your company matches is a great idea. For example, if your company matches your investment for up to 5% of your investment amount, then investing up to 5% can maximize your benefit. Why? Because this is free money. For instance, I once worked for a company that matched my investment dollar for dollar for up to 6% of my investment AND I was vested immediately. That means I had an immediate 100% return on my money in addition to the gains it made in the market. Remember the effects of compound interest. Also, the 401k has tax benefits because your taxable income is reduced by the amount that you invest in the plan. Remember the financial model of the business owner I described in the *Tax Deductible – What Does It Really Mean* chapter.

However, after investing the 401k amount (in this case 5%), the next investment to consider could be an IRA. Why an IRA, you ask? Because of the tax benefits that an IRA can provide you, over a traditional equity or mutual fund investment that is made directly in the market by yourself or through a financial advisor or stock broker. If it is a self-directed IRA, it also provides more freedom that you would not likely have with a 401k. This freedom includes choosing which companies and funds to invest in, and also which investment techniques to use to help grow your account at a pace faster than a typical 401k.

Since the traditional IRA has been around the longest, I will start with that. A traditional IRA allows you to invest up to a certain amount of your income (currently up to $3000 annually) into the stock market. This amount that you invest can be deducted from your annual earned income, thereby reducing your taxable income. Also, your account grows tax deferred. This means that you do not have to pay taxes on your gains, which leaves all of your gains to continue growing via compound interest. It is taxed once you make a withdrawal usually at your retirement age (currently age 59 ½).

The Roth IRA is another investment vehicle that allows you to invest up to a certain amount (currently up to $3000) into the stock market. Unlike the traditional IRA, the amount you invest cannot be deducted from your annual income. You do not have to pay taxes on your gains, which leaves all of your gains to continue growing via compound interest. However, once you have reached retirement age, your distributions are tax free.

Both IRAs have penalties for early withdrawal of money. That is why it is so important to establish a contingency fund prior to investing in an IRA. That way, if you experience an unexpected financial challenge, such as becoming unemployed, you will not have to withdraw any of your IRA funds, and it can continue to grow unaffected.

So, which IRA is best for you? Well, that depends on your situation. If you are someone who owes the government in taxes at the end of each year, then you may consider a traditional IRA, in order to reduce your taxable income. However, if you anticipate that you will be richer than you could ever imagine by the time you reach age 59 ½, then the Roth IRA may be your chosen investment. And in many cases, some ladies have both a traditional IRA account and a Roth IRA account.

The important thing to realize about IRAs is that you must elect how you want your funds to be distributed. Otherwise, it will likely sit in a basic money market account, and you will lose the benefit of compound interest, which is why you likely chose an IRA as an investment in the first place.

You can set up IRAs with virtually any broker or investment firm that you choose. They are not difficult to set up. In fact, you can even use an online broker, which is what I choose to do. However, if your experience for the time being is limited, you may feel more comfortable going through a financial planner. But remember my statement earlier: nobody will watch your money like you will. So, if you go through a financial planner, remember that it is your money they are investing, and if they do not take your input seriously, then it may be time to move on to another financial planner.

Also, there are income limitations on these types of investments. The laws change all the time, so I recommend contacting a financial planner to get the latest update on the maximum amount of income you can earn and still invest in an IRA.

Would you like to know how to accelerate the growth of your IRA account without making any additional contributions? If you answered yes, then writing covered calls could be for you. This technique works when you already own the stock or ETF (Exchange Traded Fund). Basically, you obligate your stock or ETF to a potential buyer, giving them the option to buy it from you at a particular price. In return, this potential buyer pays you a premium, which goes into your account the very next day. Writing covered calls actually lowers your risk versus just owning the stock or ETF because you receive the premium regardless of whether the other individual buys your stock or ETF.

Personally, I have averaged a profit of 4% per MONTH over a period of three years using this technique. That is 145% profit in three years! Ladies, consider the fact that most banks won't pay you 4% interest per year, let alone per month, and the comparison between your taking control of your financial future and letting someone else do it for you is pretty staggering. E-mail me at ITATIStocks@aol.com if you would like to learn more about this powerful technique to generate passive income. IRAs are wonderful accounts in which to apply this technique because the premiums can grow in your account subject to the same tax benefits as your original investment capital.

8 True/False – Common Myths About The Stock Market

In my various conversations with everyday people, I have discovered that there are many misconceptions about the stock market. In order to grow, I believe in the importance of being open to learning new things. So, once I discover that what I used to think about something is based on insufficient information, I open up to a new perspective and belief.

And I think it is important to point out some of these misconceptions, because what I list below are some examples of how some people allow their mind to take them out of the game. What do I mean by that? Well, while our mind can be extremely powerful, its desire for security and resistance to change can also keep us from stepping out of the box to accomplish our goals and dreams.

Myths

It takes a lot of money to start investing

I hear this one a lot. Many people believe that it takes several thousands of dollars to begin investing or trading in the stock market. Truth be told, I will show you how you can get started purchasing stock and even trading stock options for $500 or less. I will show you resources you can use to get started analyzing stocks for FREE. I will also show you an online broker website where you can trade for minimal commissions and NO required minimum account balances. All you have to do is send me an e-mail to ITATIStocks@aol.com.

Trading in the stock market is too risky

I hear this one ALL the time, especially from folks who had money in the markets in 2000 after the dot com bust or in the fall of 2008. And I was one of them. I lost money in the markets during both of these periods too. But, the most important step I had to take was to determine how I could not repeat the same mistake again. I had to take some responsibility for my situation, so that I could learn from it and make wiser financial choices in the future. Something in me said that I could still make money in the stock market, AND that the key to doing so was training. Indeed what I learned from training with my mentor between 2000 and 2008 helped me to deal with the substantial drops in the market that occurred in the fall of 2008.

Risk management is extremely important when investing in any business. That includes real estate, any traditional business venture such as a restaurant or clothing store, and the stock market. I cannot stress enough the importance of having a clearly defined exit point BEFORE you even enter a trade. And once you select this exit point, follow it. Don't make the #1 mistake of amateur investors – don't be ruled by your emotions. Invest and trade based on a proven system. This is how you will protect your investment. This is how you will live to invest and trade another day.

Trading or investing in the stock market is like gambling

Some people believe that trading in the stock market is like gambling. Truth be told, trading in the stock market is only like gambling when you do not use a systematic approach. So for most people, I am sad to say, it is not merely "like" gambling…it IS gambling! Only this time, your retirement or family's future is on the line, not just the cab fare, to take you from the casino back to your hotel in Vegas. This used to be the case for me when I had very little knowledge about the stock market and all I had was my 401k. Now that I trade and invest based on a systematic approach, the odds are definitely in my favor that I will be profitable and continue to be into the future. And for those of you who do not want to trade, but still want to be able to monitor the funds you select in your 401k, then this system will work for you too.

<u>You have to be good at math to trade in the stock market</u>

The key to trading successfully in the stock market is using a proven system. My mentor, Dr. Stephen Cooper, who has over 20 years of experience trading in the markets, has developed a proven trading system. This is the system I will show you if you choose me as your coach. Yes, analyzing stocks using this system involves looking at charts, but the calculations are minimal, and I will show you how to do all of this. The trading system consists of a template, which answers the necessary questions with clearly defined steps. The template will show you how to determine what company's stock to trade as well as your entry and exit points of the trade.

<u>You have to be very smart to trade in the stock market</u>

I have found that the more formal education you have, the harder it is to be successful in the stock market. Most people with a lot of formal education tend to think too much. They try to read something into the stock market that is not there. They think they can outsmart the market. Well, the stock market does not care what you think. You have to let go of your status. And quite frankly, the folks who do not have a lot of formal education tend to be most successful at trading in the markets using this trading system, because they are less likely to have status issues. Once you start being successful using this trading system, the day you start to believe that it is about you is the day you start a losing streak of trades. I know so because I have done so. But the good news is I have since been resurrected, and I am here to share my stories and what I have learned from my experiences. Ladies, this is a great empowering community of which to be a part.

Many people say "I'm going to beat the market." You see it in stock market advertisements all the time. This is not a competition. I have found that the most profitable trades come from working with the market and not against it. Once again, the stock market does not care what you think. It is going to do what it is going to do. The key is to learn different strategies so that you can respond to the different market conditions: bullish, bearish, or neutral.

You must be tied to a pager

You do not have to be a day trader in order to make significant profits in the stock market. And you do not have to spend all day watching the market. I use the trading system in the evenings after the market has closed. The only time that I look at the live market is when I am entering into a trade. You can learn and use this system in your spare time. I will show you how to manage risk and collect your profits by automating your trading so that you can spend your time doing other things and living your life. This is the way to generate passive income, income that flows to you without having to be physically present.

You can only make money when the stock price goes up

This is one of the most common myths of all. Most people believe that you can only make money when the stock goes up. I am here to tell you that you can also make money when the stock goes down, or when the stock stays the same, or moves sideways. I have done all three.

9 Money, Money, Money, Money…Money! – Making Money In the Stock Market No Matter What

Ladies, risk management is extremely important when investing in any business. That includes real estate, any traditional business venture such as a restaurant or clothing store, and the stock market. I met a lady on a plane one time. When we started talking about the stock market, she pointed out how her boyfriend did not like the stock market. According to her, he had lost a lot of money on one company. As she told her story, I just continued to listen. And she went on to say, when the stock first started to climb, he got excited. He looked at how much money he was making and he felt great. But then, slowly, the stock started to decline. Well, he held on. And I thought to myself, "okay, no problem here, he is waiting for the down cycle to play out." But then, she went on to say the he held on until the stock had dropped over 50%, and he KEPT holding on.

The #1 mistake people make in the stock market is they invest, or trade, based on emotion. Ladies, let me repeat that. This is critical. The #1 mistake people make in the stock market is they invest, or trade, based on emotion. They have no system to their investing. If you think about it, what happens when Alan Greenspan opens his mouth? The answer is something. When Greenspan has good news, what happens to the stock market? It goes up. People are happy, and they buy. On the contrary, what happens when Greenspan has bad news? "Oh, the Dow Jones dropped 107 points today on Greenspan's announcement that the Feds will raise interest rates." Anyone ever heard that before? Sound familiar, doesn't it.

And the emotion of fear is more intense than the emotion of joy and excitement. As the saying goes, "the bull goes up the stairs, and the bear goes out the window." By bull, or bullish, I mean when the stock is going up, and by bear, or bearish, I mean when the stock is going down. Stocks tend to climb slowly, but when they fall, many times they fall MUCH quicker than they rise.

Ladies, trading based on emotion will cause you to lose money. It will cause you to enter into a trade or exit a trade at the wrong time. How many times have you bought a stock because everyone else was excited about it? And the reason everyone else was excited is that the stock price had been going up. So, what do you do? You buy….you buy….you buy….at the WRONG time. You have missed the train. Successful traders do not run after the train. They wait for the next one. Fear tells you what? That this is the one and only train and there will not be another one. There is not enough good to go around, so I must chase after this stock, because it is the only one that can possibly make me any money. Right? Well, it is these thoughts of lack and limitation that influence your beliefs, which influence your actions, which will likely get you into trouble AND make it more difficult for you to make money in the stock market. Timing is everything…timing is everything…timing is everything.

Buy low and sell high is the fundamental principle that will keep you successful in the market long term. Yet this goes against human nature, because most folks who trade based on emotion have it backwards. They buy high and sell low. Now, keep in mind, this does not mean that you should let a losing trade continue spiraling down out of control because you do not want to sell low. You have to be wise about your trading, which includes practicing risk management. Before you entered the trade, you should know your conditions for exiting the trade. What is your profit goal? 10%? 20%? 100%? And also what is the maximum amount you are willing to risk, or lose, before realizing that you made the wrong choice, sell it, let it go and move on.

The key to successful trading is to observe what the stock market is showing you and choose your trading system or strategy accordingly. If the market is bullish, then you use a bullish strategy. If the market is bearish, then you use a bearish strategy. And YES, there is a way to make money when the stock price drops. I've done it. In fact, I tend to make money quicker in a bearish market because as I just said a few moments ago, "the bull goes up the stairs, and the bear goes out the window." And if the market is neutral or moving sideways, essentially staying the same, I use a neutral strategy. If you try to read something else into the stock market or try to get it to show you what you want to see, then you are going to have a difficult time investing or trading successfully in the stock market. Just observe, and respond…based on a strategy that you follow regardless of how you feel on that day.

This brings me to probably the most important topic in this chapter…risk management. Sports fans, have you ever heard the saying, "Offense wins games, but defense wins championships?" Well, risk management is like the defense of your investment plan. If you want to live to trade another day and stay in the stock market long term by protecting your investment capital, then you must have a strategy for risk management. When I talk about the stock market, one of the most common statements I hear from people is that the stock market is too risky for them. And do not even get me started on what happens when I mention stock options. Then, folks really start to cringe. Usually I respond by asking them a simple question, "Is a swimming pool risky?" Some answer yes, and some answer no. So I say to them, if you ask someone who has never swam before this question, they will likely say, "yes, a swimming pool is definitely risky." However, if you ask an Olympic gold medal swimmer this same question, I'll bet you'd get a different answer. For an Olympic gold medal swimmer, the risk is minimal. Notice, I did not say it went away, I just said it is minimal. The only difference between the two responses is the amount of training and experience each person has swimming in swimming pools.

The same goes for trading stock and stock options. The risk of stock and stock options is different depending on the amount of training and experience each person has trading. I want to reiterate again the importance of having a clearly defined exit point before you even enter a trade. Most inexperienced investors just jump in to the market with no training whatsoever. They trust everybody else to tell them what to do with their money. And then they want to play the blame game when they lose it. It is always somebody else's fault but not their own. Taking responsibility is one of the most important characteristics to have if you want to reach your financial goals. And besides, nobody will watch your money like you will. It is time to take control if you have not already. Nobody is perfect, we all make mistakes. But taking responsibility for what you have done to help contribute to your situation is the quickest way to learn from it, grow, and not repeat the same mistake again. I believe it is important to break out of these cycles, like the hamster running in the wheel and going nowhere.

Speaking of cycles, successful investors understand that the stock market has cycles. The price of a stock will not go up forever. At some point, it will come down. Why? Well, think about it this way. When someone decides to buy a stock, they hope to make money. And in order to make that money, at some point, they must sell the stock in order to take their profit. Buying a stock will drive the price of that stock up. And on the contrary, selling the stock will drive the price of that stock down. It's economics. When you hear on the news that the Dow Jones Industrial, or the NASDAQ, or the New York Stock Exchange is up so many points for the day, it means that there was a lot of buying going on, more so than selling. People were buying stock, for whatever reason, most likely something emotionally based. On the contrary, when you hear that those indexes were down so many points, it means that there was a lot of selling going on, more so than buying. People were selling stock, most likely either taking their profits, or cutting their losses.

These cycles are known as "price and consolidation." And once you understand this concept, you will no longer worry when the stock price goes up one day and then down the next. You will understand that it is a part of the game that keeps the stock market in existence. You will see what is going on, and you will be able to determine when is the optimal time to enter a trade, and when is the optimal time to exit a trade.

Ladies, if you want to become an exclusive member of a financially enlightened community of women, then drop me an e-mail at ITATIStocks@aol.com. I usually respond within 24 to 48 hours.

10 You Can Be Right or You Can Be Rich

The need to be right will prevent you from making money in the stock market long term. The need to be right will cause you to stay in a trade for way too long. Now, you have heard me use the words "right" and "wrong." And I want to stress that I am not using these words in judgment. I use these words to reference whether a choice will help get you to where you say you want to go. If you are reading this e-book, then my guess is that you want to make money. So, when I use the word "right" I am describing something that has proven from my own experience to lead to success in the stock market. And when I use the word "wrong" I am describing something that has proven opposite. It is as if someone has told me that they want to get to Los Angeles from Atlanta, but when they leave Atlanta they head east instead of west. Well, given where it is you say you want to go, this would be the "wrong" choice.

You can be right, or you can be rich. Keep that in mind, let go of your ego's need to be right and more importantly, not wrong, and invest based on a system. Remember that it is not about you. The stock market is going to do what it is going to do. And that is something you cannot control. Letting go of a losing trade is a critical part of risk management. There is no trading system that is perfect. If someone goes so far as to say that they have a trading system that makes you a profit in every single trade, then I will go so far as to say they are not being honest with you. I am a person of integrity, and I will tell you the truth as I see it, that is.

One of the questions I have heard asked about trading in the stock market is "How much money have you lost?" And I respond to that by saying to them, let me re-phrase that question a bit and then return to it. I would like to re-phrase that to "Will all of my trades be successful if I use your trading system?" And my answer to that is: Absolutely………NOT! There is no trading system that delivers winning trades every time. If you think about it, if you had a trading system that could do that, then that person would ALWAYS buy at the right time and ALWAYS sell at the right time. That person would do EVERYTHING at the right time. There is nobody that is right ALL of the time.

This takes me back to the importance of risk management. When it comes to investing in anything, whether it be real estate, a traditional business like a restaurant or clothing store, or the stock market, it is absolutely critical that you know your exit point BEFORE you get in to the investment. Every time somebody tells me their sob story of how they lost a lot of money in the stock market, I always respond with the same question, "What was your exit point?" And invariably, 90 percent of the time they tell me they did not have an exit point. And the other 10 percent tell me they had an exit point, but they did not follow it. They figured they would just let it ride, thinking it would come back again. Well, it rode alright…right down to "broke." So, whose fault is it that you lost a lot of money in the market? You must take responsibility for your financial results, or lack there of.

So, I want to show you an example here. BEFORE I enter a trade, I decide that my maximum risk is 20%. Trade #1 – I lose 20% and exit to cut my losses. Trade #2 – I lose 20% and exit to cut my losses. Trade #3 – I gain 100% and exit to take my profit. Let us look at this scenario more deeply. Trade 1 – lose money; I made the wrong choice. Trade 2 – lose money; I made the wrong choice. Trade 3 – make money; I made the right choice. Now, when you look at the overall performance, I have made 60% (100% - 20% - 20%). However, I have made two wrong choices as compared to one right choice. What is my point? **You can be right, or you can be rich.** It is your choice. I tell you one thing, if your choice is to be right, then you would have likely lost more than just your 20%, waiting for the stock to turn around. The long term result is that you will be broke. You will not last in any investment with that strategy, let alone the stock market.

So, back to the original question of "how much money have I lost in the stock market using the trading system I teach." Well, the answer is I have lost less than what I have made. Ultimately, I can be right, or I can be rich. And I choose rich. What is your choice?

11 ETFs or Mutual Funds: Which One is Right For You?

Diversify, diversify, diversify. How many of you have heard that recommendation before? Well, if you know anything at all about "saving" for retirement, then the answer to that question is most likely "yes." Up until recently, mutual funds were the recommended investment vehicle for a long term financial plan where you desired to reduce your risk by spreading the investment across several companies in one share.

Now, there is the ETF. What is an ETF? Well, it's an acronym that stands for Exchange Traded Fund. And it's basically an investment vehicle which allows you to invest in several different companies with each share you purchase. One of the major advantages of ETFs is that they possess the same characteristics as individual stocks. Basically, they trade like stocks, can be analyzed like stocks, and are liquid like stocks. When you invest in a mutual fund, and you want to sell some of your mutual fund shares, it may take as long as a week or longer before you receive your check. For ETFs, this time is much shorter.

12 How Would You Like To Pay My Mortgage?

The other day I had an interesting conversation with an acquaintance. She told me that she has "issues" with owning property. Now, when she told me this, I admit that I was curious about her statement. I did not want to be nosey, but I figured I would ask her to elaborate anyway. "What kind of issues?" I asked. And to my amazement, she could not elaborate any further than that. All she could say was that she had personal opinions about why she does not believe in owning property. So, figuring the remote possibility that this woman in her late 30s might have hit a streak of bad luck and by chance was living at home with her parents, I asked her "well, since you do not own property, do you rent?" and she said "yes." In fact, she went on to say that since she could not afford to own what she really wanted, that she would rather just rent.

So, I immediately offered my gratitude towards her for setting such a fine example of kindness. In fact, my words to her were as follows: "on behalf of the real estate investors out there, myself included, who own rental property, I want to thank you for being so, so generous." And she says to me, "Well, what do you mean?" And I told her, you say you have personal issues with owning property, yet, you are more than willing to buy somebody else's property for them. As she looked at me still confused, I explained further "when you rent, you are basically paying somebody else's mortgage for them. So, when YOU are done paying off somebody else's mortgage, they are the ones who own the property, not you."

The bottom line…people rent property for many different reasons. And I am not here to judge anybody's reasons for doing anything. The only question I ask to those who choose to rent is this: "in your situation, does renting make financial sense?"

13 Balancing Spirituality And Financial Prosperity

I have heard many folks tell me that they can not be wealthy because their spiritual beliefs are too important. I always scratch my head at this one. Why? Because I know it is possible to be both spiritual and wealthy. When I say spiritual, I am not talking about any specific religion here. I am talking about a belief system in something greater than humankind. Some people refer to this force as Spirit, Creator, Universe, God, Allah, Love-Intelligence, and so on. What you call it does not matter. What does matter is what type of God do you believe in? I believe in a God of abundance.

I am sure you have heard of Mahatma Ghandi, a spiritual advisor who advised that we should all live simply so that some may simply live. Now, I don't know about you, but this does not sound like a principle recommending financial freedom, abundance, and prosperity. Indeed, you may have heard this statement before, but I'll bet that most of you have never heard the flip side to Ghandi's statement. And in fact, it was an Indian industrialist, who upon donating millions of dollars to Ghandi's causes, stated "It cost me a fortune to keep Ghandi simple."

Now, what is the point of this story? Love is an action. And money is one of the mediums by which love can be expressed. Giving money to different charitable organizations, or educational institutions, or to someone who is in need is an act of love.

Many people believe that you have to make a choice between financial prosperity and spirituality, and that you can not have both. And for those who believe that, I have this to say. Most of you probably go to church? And please do not misunderstand me, as I do not believe there is anything wrong with going to church. I just have one question for you though. Where did the money to build your church come from? Let's say it cost $100,000, for example, to build your church. Well, that money had to come from somewhere. And if you think about it, if someone, or even a group of people such as a congregation, tithed 10% to arrive at a donation of $100,000, then they had to have made $1 million in order to give away $100,000. And even if someone chose to give away more than 10%, I do not know anybody who gives away money when they have no food to eat, clothes on their back, or shelter. You have to have money to at least meet your basic needs before you are able to give some of it away. Self-love is important here, because you cannot give something to somebody else until you have first given it to yourself.

This also reminds me of my own upbringing in various churches. I recall the theme being preached that you can not be rich and believe in God. This belief is in and of itself self-destructive to churches. Why? Because whether you are aware of it or not, we are all creating our realities from the thoughts we think, either consciously or subconsciously. And because many folks choose not to seek their own truth and interpretation of spiritual principles, they are content to take on the meaning and interpretation that their spiritual director portrays.

Indeed, it is this financially limiting and self-destructive belief that would explain why, when I was growing up, the pastor had to pass the collection plate around five times in order to raise enough money just to pay the light bill. After all, you can not be rich and believe in God, he would say. And that is exactly the collective reality that was created in his church.

I believe in a God of abundance, not a God of lack and limitation. This is my reality. What is yours? What do you believe?

14 The Light At The End Of The Tunnel…And It's Not A Train

Ladies, I want to thank you for taking time out of your day to listen to my personal experiences. I do appreciate and value your time and I would love to hear your story, or any thoughts and comments you have to share. Become an exclusive member of a financially enlightened community of ladies. Take a moment and send me an e-mail to ITATIStocks@aol.com.

I wish you the best of luck in your endeavors and in living your dreams. Have a wonderful experience!

 Aneshia Smith is the founder and lead coach of ITATI, a stock market training organization providing coaching to ladies who want to take control of their financial future. ITATI was created based on enlightened principles with the intention of empowering smart investors to make wise financial choices. Its mission focuses on educating women, and providing a safe community for women to express their thoughts, views, and concerns on financial matters. Smith has been investing and trading in the stock market on her own behalf for twelve years. E-mail your comments and questions to ITATIStocks@aol.com, or log on to http://ITATI.typepad.com for more details.