# The Red Pill Finance Thread - redux

January 23, 2020 | 785 upvotes | by TheRedPillFinance

## Introduction:

Some may be wondering how this applies to the community. My answer to that is to consider guys like Hugh Hefner and Gainluca Vacchi. They built empires for themselves that created lifestyles most guys can only dream of having. Yes women find powerful men attractive, but that's more of a side benefit of having a killer lifestyle, and it's wealth that unlocks it.

So who the hell am I and why should you care? Think of me as being a bit like Trump from the perspective of the loudmouth "amateur" who kicked in the door and accomplished what the "experts" who've been at this their entire lives said wasn't possible. Now I'm not exactly new to investing having been in the game for about 15 years, but last year I absolutely crushed the market getting over 60% growth (as well as 50% growth in my dividend portfolio). This inevitably gives CPAs, CFPs, CFAs, fund managers a healthy dose of cognative dissonance because Average Joes like me aren't supposed to do that, which is why you're going to see ***crab bucket mentality*** in this very thread, I guarantee it. They'll tell you my advice is no good, blah blah blah. Mmmhmm. The proof is in the pudding. Remember the joke of the woman telling the man if he'd saved all the money he spent on beer he could have bought a Ferrari by now? His retort... *Where is* your *Ferrari then?*

Why am I here telling you all of this? Part of making your mission yourself is ensuring you have your personal finances in order. I've been through the ringer and have a lifetime of experience, both good and bad, that anyone can learn from. Even if you don't build a monumental empire or sell a software company for millions, and I want to impart those life lessons to the community. While money doesn't buy happiness it does pay for your healthcare and peace of mind, especially once you have "F-U Money". And to paraphrase a line from Bruce Lee, money helps you *live a life worth remembering, which is the key to immortality*. Guys like Hugh Hefner and Vacchi will never be forgotten, especially by those they influenced, and for good reason.

Similarly, if you want to have a great lifestyle well into old age, then frankly you are going to need to be wealthy. Pensions are largely a thing of the past and so it's incumbent on YOU to build wealth and safe for retirement. This is just the way the world works now. Even a military retirement and social security won't cut it. They're good starts, but IMO you should strive for more. Especially wrt social security. You younger guys may not even get it, and those of us who will, it's just not nearly enough.

Building your empire and developing multiple streams of ***passive income*** through entrepreneurship, investing, etc. is where it's at. Again, the moonshot goal is to wind up like Hugh Hefner and Gianluca Vacchi, who should be a role model for all of us, but even if you fall short and "only" wind up with 2 or 3 million dollars saved up for retirement, you'll still be in great financial shape.

The sad fact is that 57% of Americans don't even have $1000 saved up, and 39% have zero savings at all. Younger Millennials have it even worse with 67% not having $1000 saved, and 46% having no savings whatsoever.

## Step 1: The Reading List

IMO the "must reads" are:

- Bachelor Pad Economics by Aaron Clarey. This is *THE* book for single guys just getting started on their own.
- Intelligent Investor by Benjamin Graham
- Rule 1 Investing by Phil Town
- The Snowball by Warren Buffett
- Rich Dad Poor Dad by Robert Kiyosaki <-- This and the following were eye openers to what's possible with personal finance, regular day jobs, and why side hustles are so critical for long-term passive income
- Margin of Safety by Seth Klarman (you can find the PDF online)
- The Little Book That Still Beats The Market by Joel Greenblatt <-- his "Magic Formula" is pretty damn good and probably a lot easier to do long-term for most people compared to straight value investing like Warren Buffett, Seth Klarman, and Charlie Munger

*Intelligent Investor* and *Rule 1 Investing* above are largely what educated me on what's known as "value investing". More on that later...

### Step 2: The Budget

Why is this important? Well, you need to know where your money is going to minimize waste to enhance your savings. This will ultimately keep you out of trouble and help you stay focused on what's important. When people ask me about finances my first question is usually "what are your goals?"

If you don't know why you're saving, then I can't really help you. I'ts like pulling over and asking, "Could you give me directions?" "Sure, where you headed?", and you say, "I have no idea." Don't be that guy. Have an idea of what your long-term plans are.

As for the budget itself, you need to know where your money is going every month. Track your expenses in exquisite detail for 1 or 2 months. Every single dollar needs to be accounted for. THEN and only then can you really start carving out money to save by either getting a side hustle or pay increase to increase how much you can save, or trimming the fat from your expenses to free up some extra money to put away. In some cases you may have to do both if you aren't hitting your goals for how much you want to be able to save every month.

### Step 3: Building Wealth

This is when you take that budget you've created and start putting that excess cash to work for you. 74% of building wealth with investments is simply *starting* the process of investing. If you're more than 10 years out from retirement, then time in market > timing the market. Fees, returns, all of that is secondary to actually starting the process of investing. And it's never been easier! The best time to invest was yesterday. The second best time to invest is today! As Einstein famously once said, compounding interest is the 8th wonder of the world. Those who don't understand interst pay it, and those who do, earn it.

M1 Finance, Robinhood, Schwab, and almost all of the other big brokerages now offer free trades and fractional shares, or will soon enough. You're a fool not to take advantage of the opportunities this creates. ***Especially with M1 Finance as they're offering double referral bonuses until Jan 31st!***

To wit, the typical millionaire has several income streams, most of which are passive. The most common income streams are Interest, Dividends, Capital Gains, Royalties, Rental Income (from real estate), and Business Income (from startups they created). Other viable options today are courses you put together and sell on Udemy, a YouTube channel. The most accessible income stream with the best ROI for Joe Sixpack is probably going to real estate combined with active or passive investing in the stock market.

---

I mentioned value investing above. What you need to know about that is that it's how Warren Buffett became a billionaire, which interestingly enough he didn't become a billionaire until he was in his 50s. Just something to think about when it comes to playing the long game.

The core principles of value investing are finding good companies that are:

- In your circle of competence
- Have a big "moat", aka competitive advantage
- Provide a 50% margin of safety
- They have good management
- You're comfortable holding onto them for 10 years or more

Regarding "margin of safety", it just means the company's price is currently about half of what they should be valued. This happens frequently because the market is *emotional*. Some companies core functions, values, and performance may not change, but an external event could push down their price making them a good buy. An example of this was when Chipotle was getting people sick a few years back because of a supply chain issue or the market as a whole taking a giant dump like it did during Q4 2018.

Re: Chipotle, what happened was a couple of their suppliers sourced them tainted ingredients which got people sick and the news knocked their price down from about $750 a share to a low of about $250 in January 2018. You know what they're worth today? $880.85 at the time of this writing. The company itself didn't change, it was just a couple of shady suppliers that they quickly replaced and were back to business as usual. But... people are emotional and sold their stock that drove prices down lower and lower. Their dumbass losses could have been your gain.

---

### Step 4: Continuing Education

I'm a big fan of personal finance YouTube channels and the ones I watch the most frequently are (in no particular order):

- **The Red Pill of Finance**
- Ryan Scribner
- Graham Stephan
- Dave Ramsey
- Andrei Jikh
- Minority Mindset
- Chris Hogan
- Wealth Hacker Jeff Rose
- The Money Guy Show

## Step 5: The Financial Order of Operations

This is right out of The Money Guy show on YouTube:
https://www.moneyguy.com/2018/08/financial-order-of-operations-how-to-prioritize-your-financial-goals/

**1. Deductibles Covered**: You need to have enough money saved to cover basic emergencies
**2. Match from Employer**: Everyone who has access to a retirement plan that provides a match should work to take advantage of that "free money"
**3. Credit Card**: The order of priority between employer match and credit card debt is a coin toss. Consumer credit card debt and punitive interest rates charged should be avoided if you are going to be on the path to financial independence.
**4. Emergency Reserves**: You need to save three to six months of living expenses for a rainy day and the unexpected events that can make life scary.
Roth and HSA Contributions: The thought of tax "free" growth is exciting. Currently, for 2020 you're allowed to save $6000 in an IRA (Roth is preferred) if you're under 50, and if you're 50+ you can save up to $7000
**5. Max-Out Retirement Options**: Retirement accounts are great for building wealth for the future. We share the max-out numbers for each type of account in this episode
**6. Hyper-Accumulation**: You should aspire to reach hyper-saver status by saving 15-20% of your gross annual income
**7. Pre-paid future expenses**: You need to make sure you have your retirement squared away FIRST and then prioritize the other financial goals you can prepay and fund
~~**8. Debt Prepayment**: The desire to be master of your financial life includes being completely debt-free. We share exactly how you can do this and how to prioritize which debts to pay off first.~~
**8. Debt Repayment**: My preferred take on the last point... Now is the time to start pouring more money into those really long-term low interest debts like a home mortgage. Generally speaking you will get a far better bang for your buck by doing the above steps and investing than you will by paying off your mortgage early, so only do this once the above steps are fully funded.

If all this sounds familiar, it's probably because there's a flowchart similar to this over on another sub.
https://i.imgur.com/lSoUQr2.jpg

---

## Summary:

The intention of this thread was to give you a quick primer on personal finance and provide some critical food for thought as it's incumbent on each and every one of us to get our financial houses in order.

---

# Comments

AutoModerator[M] [score hidden] 31 January, 2020 02:08 PM stickied comment

## Why are we quarantined? The admin don't want you to know.

**Register on our backup site: https://www.trp.red and reserve your reddit name today.**

*I am a bot, and this action was performed automatically. Please contact the moderators of this subreddit if you have any questions or concerns.*

LondonFighting • 205 points • 23 January, 2020 03:54 PM

This is the type of shit I expect to see when I open this sub Reddit.

This is gold, thank you.

[deleted] 23 January, 2020 04:55 PM

[deleted]

> oldguy_1981 • 43 points • 23 January, 2020 11:11 PM
>
> This should be the top reply. Encouraging average joes to read the intelligent investor and then go ham looking for value stocks is a great way to *lose* money.
>
> The best bet for *most* people (not all) is to just dump everything in to a target date retirement ETF. In 2019 the vanguard target date funds all had returns in excess of 20%. Who can argue with this? Let the portfolio manager and analysts pick the stocks for you.
>
> Save your money. Don't spend needlessly (pack a lunch, don't buy a new car every couple years, etc). Match your employer contribution, max your IRA and or 401k. Buy insurance. Have a rainy day fund. Ta da, this is all you need to do. Not complicated.
>
> > 8380atgmaildotcom • 4 points • 25 January, 2020 08:57 PM
> >
> > Shout out vanguard TR 2055
> >
> > Nicolas0631 • 1 point • 1 February, 2020 03:08 PM
> >
> > This a good way to do part of your investing, but this is would be a bad decision to do only that. I think one shall not take shortcut and accept any investment method blindly.
> >
> > On the contrary it make more sence to get a well rounded introduction to finance in different areas: businesses, real estate, stocks and others. For most people that have it for example the bonus their company add to what they invest is the best investment they can make. Then you likely need some cash ready to be used at any moment, and you likely never want to be 100% on stocks or even on a single index/market inside stocks.
> >
> > Also and quite importantly, you can't really leverage stocks without huge side effects while you can with other medium like real estate or businesses.
>
> [deleted] 1 February, 2020 09:44 PM*
>
> [deleted]

jeunpeun99 • 1 point • 19 February, 2020 09:29 PM

Great comment. Btw I saw an article that Buffet is on the sideline with a lot of money (128 billion), and not dumping it in the market.

SACRlion • 4 points • 24 January, 2020 09:23 AM

> Don't be the autistic fucks over at wallstreetbets.

They're more into YOLO on one major bet than they are value investing. The successful ones on that sub (they are a rare minority, but there are a few) make their money playing the options market, literally gambling.

awildbannanaphone • 3 points • 30 January, 2020 08:55 AM

You likely dont understand options... neither do most of them.. regardless options are there for people who do understand them to make money off them.

Before you ask me, I have a heavy background in computational math, if you dont know what stochasticity is you shouldnt fuck with options tho

two-acorn • 4 points • 31 January, 2020 05:35 PM

Yes and how do you capture value in that knowing that there are thousands of other eggheads running light-speed algorithms knowing the same math, and often much more math, than you do?

It's still gambling.

If you consistently make huge returns on options, and I'm talking like a good sample of bets, then I'll buy that it's not gambling.

jeunpeun99 • 1 point • 19 February, 2020 09:32 PM

I like to know your reaction on what u/two-acorn said

awildbannanaphone • 1 point • 19 February, 2020 10:22 PM

Thousands of egg heads aren't running my strategy... There are infinite strategies you can run... A very small proportion of those are good. But that small proportion still represents infinite strategies to make profits.

Its not about being the smartest or the best, just being in the upper levels. u/two-acorn is correct in that if everyone used my exact strategy it wouldn't work. It wouldn't even activate ever because books wouldn't allow it to. But no one is using exactly what I am, while I am sure some are close.

jeunpeun99 • 1 point • 20 February, 2020 06:20 AM

Thanks! For how long have you runned your strategy? I read stories people where highly profitable for say a few years, with a strategy that has a negative expectation.

TheRedPillFinance[S] • 7 points • 23 January, 2020 06:10 PM*

> My advice, set aside a fixed amount of money every month to dollar cost average your way into ETF's that passively track the market index.

Agreed for those with long time horizons. For those who are way behind the curve or getting close to retirement, calling your shots may be in order, but only if you are willing to get the financial education and take the time to pour over hundreds of 10Qs, 10Ks, etc and crunch the numbers. And even then there's no guarantees.

My favorite approaches are:

1. Joel Greenblatt's **Magic Formula** method. You're basically rolling over the creme de le creme of S&P 500 companies who have proven track records, effectively making your own condensed 20-30 stock version of choice S&P 500 companies. Also, the Magic Formula method was backtested to show a 20-30% year over year annual return. In other words it takes 17 years to turn $10,000 into $1,000,000.
2. Watching Warren Buffett's moves and following him every quarter. I backtested this. You'd get 15-19% a year going way back. That's pretty much the easiest way to invest and still beat the market. ***Why try to outsmart the market, when the best investor of our time is doing the work for you?***

As always past performance does not guarantee future growth.

Jowemaha • 21 points • 24 January, 2020 12:43 AM

Such terrible advice across the board. You are promoting desperation mentality and panicky moves. Those who NEED the money should never be actively investing, they should be working harder at their jobs and making more money, and minimizing their risk by diversifying. Active investing is only a good use of time if you already HAVE enough money to make beating the market by 10% worth your time.

Warren Buffett, and value investing in general, were arbitraged out of the public markets 20 years ago. As has Greenblatts magic formula.

It is ABSOLUTELY possible to beat the markets but it requires a certain level of intelligence and mentality that very few people possess. You are not promoting anything useful, you are promoting a get rich quick scheme and false hope to the more gullible among us.

ProductivityMonster • 2 points • 24 January, 2020 02:20 AM*

Absolutely agree. Do not take extra risk unless you have extra money that you are okay losing (relevant concept is 'risk capital' if anyone wants to research more). If you do not have extra money and are desperate for more money, you probably want to just dump it into an index like most others and work on getting more money to put into the market by improving your job skills/marketability or getting a second income stream where you can earn money without the potential of losing it (ie by getting a second job, not by gambling/risky stock trading).

two-acorn • 1 point • 31 January, 2020 05:44 PM

Most people can't beat the market. Not Joe Six Pack. Not even "Smart Joe who read a few investment books."

Oh, you like Netflix and TSLA and Apple and Tech? So does every other schmuck. How about research Waste Management or Boron production? The real value is in the mind-numbingly unsexy stuff that no one else cares about.

But honestly, you won't beat the market. If you miraculously "do" come up with a system that beats it, it will be a massive effort, to do what ... gain 1-3% annual returns on the market? At what labor cost?

Guess what if you spent that time learning or finding a new job or running a business, you might get 100% more returns on your annual salary. That's probably far more effective for Joe Sixpack then "stocks!"

Passive investment won't make the Average Dude rich. It's good advice to save and invest, as a wealth multiplier -- you'll get a safe 5-8% returns annually.

To actually get rich, you're going to have to build a business. Or go the corporate route, but it depends on what you want.

Project_Zero_Betas • 1 point • 31 January, 2020 10:39 PM

> Warren Buffett, and value investing in general, were arbitraged out of the public markets 20 years ago. As has Greenblatts magic formula.

No they weren't. You can't completely arbitrage away a mispricing that's fundamentally rooted in human behavior. The returns are harder to find, but the low discount rate stocks are still out there.

Jowemaha • 1 point • 1 February, 2020 12:03 AM

That's the classic line but the value factor has underperformed the growth factor for 20 years. This is calculated both mathematically and by looking at returns of guys like Einhorn and Klarman and other value bros. These are smart guys, the best of the best value investors, but their picks have sucked. Why's that? You explain that one to me. Warren Buffett has underperformed momentum strategies (S&P 500) for a similar time frame.

There is a reason that Warren Buffett doesn't really consider himself a pure value investor anymore, and has not for some time. It just doesn't work like it used to. Every trade has a natural life cycle, and the value trade appears to be in the "death" phase of the life cycle. Could it re-emerge? Of course it could. But that's not something that you or I have any way to know.

Project_Zero_Betas • 1 point • 3 February, 2020 09:27 PM

> That's the classic line but the value factor has underperformed the growth factor for 20 years.

Source? I haven't looked at much QR over the past year or two, but a lot of the consensus seems to be now that combining momentum WITH value (i.e. rank sorting on price appreciation and then sorting on some value factor or combination of VFs) is the best risk-adjusted strategy.

Further, again, been a bit since I looked at equity data, but a LOT of the SP500 returns (what you called 'momentum') is mostly made up of only a few equities in the index (i.e. the FAANGS). Exclude the very tippy top of the SP500, and value returns are still comparably respectable.

SeasonedRP • 11 points • 23 January, 2020 08:38 PM

When you say you've backtested Buffett's moves, do you mean the stock selections made by Berkshire Hathaway, or instead the returns of Berkshire Hathaway stock itself? I don't think Berkshire's stock holdings overall have beaten the market for many years. Berkshire is mostly a holding company that owns operating businesses rather than an investment company. It's so large now that copying its stock purchases is unlikely to lead to market beating returns.

Almost nobody beats the market long term. Greenblatt hasn't. And Buffett didn't become a billionaire through investment returns on his own money; he got there by investing insurance float and other funds generated by operating companies owned by Berkshire.

SACRlion • 1 point • 24 January, 2020 09:27 AM

> I don't think Berkshire's stock holdings overall have beaten the market for many years.

This is correct. Berkshire is honestly too big for their own good. Any purchase they make will move the market, so it is difficult for them to find value.

This is also ignoring the fact that Buffett didn't make his money solely on value investing in stocks, he did it through multiple streams of finding value in companies, including activist investing.

Nicolas0631 • 1 point • 1 February, 2020 03:22 PM

2019 was a bad year. Over the last 10 year, it still has a +80% better performance vs the market that is not too bad. The strength of value investing is not to perform well when everything goes well (as it was basically in the last 10 years) but to perform better when the market is going down.

TheRedPillFinance[S] • -1 points • 23 January, 2020 08:51 PM

His actual buys and sells since 1995 (that I could find). I talked a little about how OCD I went with this stuff in my new video I'm editing right now. So, yeah, you'd get 15-19%. He was getting 20% and sometimes higher because of preferred shares and buying at better prices, so there was some lag having to wait for his moves to become public and not getting the preferred shares/dividend rates, hence the lower return.

SeasonedRP • 5 points • 23 January, 2020 09:51 PM

So you went through the Berkshire annual reports and looked at reported holdings each year and tallied the returns on each for the year? I'd be curious to see a breakdown like that. I've searched but never been able to find a breakdown of how Berkshire's stock holdings have performed on an annual basis. Everything I've found has been the performance of Berkshire stock. I've read all the annual reports and the Buffett partnership reports (in his partnership, he outperformed the market by quite a bit). I'm surprised at the results given the poor performance of some of the long-term holdings. It's tough to beat the market when the pool of funds invested is as large as Berkshire's, which is why his preference now is for large operating companies.

Value investing can work well, but it's important to assess business quality and competitive factors. The cigar butt approach Ben Graham took typically leads to value traps. Even including ROIC like Greenblatt still leads to companies going through permanent negative industry changes, which is why many stocks on the magic formula lists have been there for years. Graham's success was from Geico, not his net working capital approach. Charlie Munger disagreed with Graham and pushed Buffett to pay for quality.

Jowemaha • 3 points • 24 January, 2020 12:49 AM

There's an academic paper that explains Buffetts outperformance and finds that mostly it has been his stock picks in the public markets(the authors identify "safe", "high quality" and "not overpriced" as the most significant factors) combined with leverage through his insurance businesses that enabled Berkshire to become so large.

Buffett still does well compared to other actively managed funds which is sometimes underappreciated when you compare him to the tech heavy indices.

oldguy_1981 • 3 points • 23 January, 2020 11:13 PM

Ok so you're investing in FAANG + a couple others. But we're at the top of the cycle. You'll be overly concentrated in tech ... what happens when the recession hits? You'll get hosed.

TheRedPillFinance[S] • 1 point • 24 January, 2020 02:45 PM

I directly addressed this in my recent video I posted not even an hour ago. A recession affecting the entire market, well, affects the entire market. Nobody comes out unscathed. But... you can limit risk through uncorrelated diversification. h/t Ray Dalio

Nicolas0631 • 1 point • 1 February, 2020 03:32 PM

The short time I invested a few year back before focussing on my flat I got positive return of something like 20%/year while the market was going down.

No saying it is guarenteed or that I am good or didn't got lucky but actually this is exactly when the market is going down that value investment outperform the market and this is also when you buy.

Also typically in such occasions, different actions go very differently. It is true that most will follow but different sectors, region of the globe, or even individual company go their own way because of different fundamentals.

[deleted] • 1 point • 3 February, 2020 03:46 AM

Honestly if Greenblatt's "Magic Formula" had any value it would have been used by more and more pros in their own portfolios... and then you know it would stop being effective. Who did this backtesting and when, anyway?

512165381 • 1 point • 23 January, 2020 11:38 PM

If you look at Buffett's yearly reports from 20 years ago, there are many "special situations" with asymmetric knowledge, or off-market deals, or purchasing unlisted companies, or deals that are "sure bets". He is not doing nearly as as well now.

If you know what you are doing then starting or purchasing a small bsuiness can be a good idea. *If* and *can* are the operative words.

redpillbanana • 22 points • 23 January, 2020 05:53 PM

This is a comprehensive and well-formatted post with plenty of good info.

That said, one piece of advice I'd have regarding any financial advice is to always be skeptical especially when you don't know the source of the information and what the person's motives are. Advice from John Bogle, Peter Lynch, or Warren Buffett? You'd be smart to listen. Advice from random person on the internet (including me)? Definitely check all sources and facts.

This is a lot of material so I don't have time right now to go through it all, but here are a few items that concern me:

1. Robert Kiyosaki is known to have given bad/illegal advice and has lied about his past. His book does have some surprisingly good tips but I wouldn't recommend it as a must-read. He got his start because Amway pushed his Rich Dad Poor Dad book to their minions. A few internet searches will turn up all the dirt on him.
2. Joel Greenblatt's "Magic Formula" was achieved through backtesting against historical data. As many economists know, past performance is no guarantee of future results, and usually when you codify a method to generate profits in the market, that method becomes overused and no longer works. The performance of the Magic Formula similarly suffered in subsequent years. Look up "The Foolish Four"

for another example of this.
3. I'm a huge fan of Aaron Clarey. I haven't read his book on finance. I'm sure it is good but it's hard to believe that it's going to surpass a classic like The Four Pillars of Investing or The Little Book Of Common Sense Investing by John Bogle. I'm surprised that it has the #1 spot on the book list. Then again, I'll just have to read it to be sure.
4. Dave Ramsey is great for people who have money trouble. In fact, the worse off you are financially, the better his advice is. At the same time, I'd not recommend his investing advice as he advises investing in many mutual funds with no mention of bonds.

Again, I'm mostly in agreement with this post, but you all should research and choose your information sources carefully as it will influence your financial decisions.

TheRedPillFinance[S] • 4 points • 23 January, 2020 06:27 PM*

> Dave Ramsey is great for people who have money trouble. In fact, the worse off you are financially, the better his advice is. At the same time, I'd not recommend his investing advice as he advises investing in many mutual funds with no mention of bonds.

I wholeheartedly agree. Great advice for getting out of debt, but his investing tips are terrible. I attribute it to him being an old dude and his investing advice being stuck in the 90s back when it was relevant. This dude kills it with the research on why Dave is wrong: https://www.youtube.com/watch?v=E3D35ioEmCI

> Joel Greenblatt's "Magic Formula" was achieved through backtesting against historical data. As many economists know, past performance is no guarantee of future results, and usually when you codify a method to generate profits in the market, that method becomes overused and no longer works. The performance of the Magic Formula similarly suffered in subsequent years. Look up "The Foolish Four" for another example of this.

Magic Formula is well known to underperform the index funds in bull markets like the one we're in right now. I suspect once the market pulls back then it should be off to the races again. You cannot argue with Greenblatt's performance--he was getting 50% annual returns each year for a decade and had to actually close the fund because they grew too large, something Buffett once addressed in 1999 when asked about his guarantee he could do 50% a year if he has fewer assets under management.

SACRlion • 3 points • 24 January, 2020 09:30 AM

> Dave Ramsey is great for people who have money trouble.

He's great for people in debt, his investing advice is absolute trash. He recommends loaded mutual funds, it's idiotic.

friendandadvisor • 2 points • 27 January, 2020 09:26 PM

He sucks. He some seminars at a place I worked at years ago. His advice is standard "get out of debt" mantras. His seminar was $250. To a bunch of people making barely over minimum wage. (It WAS payroll deductible, to make it easier to pay for the money saving seminar.) I gave a free seminar on how to save $250 that day.

He also advised to not buy a new car, but buy a $2500 beater, in perfect condition, drive it a few years, then sell it for 2500. If he would tell me where to find a $2500 car in perfect condition, I'd give the $250!

pnxwzl • 1 point • 10 February, 2020 07:10 PM

Actually I mostly suck at investing and so forth but one thing I am quite good at is finding cars that

have bottomed out in terms of depreciation, running them for a year or two and eventually selling for what I paid, or in some cases a fair chunk more. The caveat(s) being that 1) you need to have a clue about cars in general, 2) you NEED some DIY mechanical skills but even if you do, 3) you will still have to fork over some money for servicing, maintaining, consumables and unexpected incidentals. But, at the end of a three year period you will be a lot better off than if you had bought something a few years newer, taken a sizable hit on depreciation but *still* had to pay for maintenance and consumables.
The trick to doing well at this is knowing which make and model cars retain value in this way and which to avoid. I certainly wouldn't recommend attempting this if you're *not* a car enthusiast of sorts, but if you are, give it a go. There is a certain great satisfaction to running a luxurious or sporty car that is considered 'cool' even though it is old, paying a relatively low price because the seller doesn't see or understand the value (or often is already rich enough not to care), treating it well, then when it's time to move on, recouping ones investment plus a dividend.

'Perfect condition' is stretching it a little, but there are plenty of cars out there in great cosmetic and working order, with full service history and a load of life left in them up for grabs. It's also very important not to overlook the value in buying end-of-life cars and parting them out, or buying donor vehicles and exchanging parts between them etc. Of course being able to do that again assumes you have expertise, space and time to do the work.

SeasonedRP • 2 points • 23 January, 2020 10:44 PM

Good point on "2." It's been a while since I read The Little Book That Beats the Market and had forgot that part. Greenblatt has a previous book on spin offs and special situations that is good. The flaw with the magic formula approach is it doesn't account for factors such as the company's industry and competitive advantage, or lack thereof. As a result, if you pull up the lists on his site, you'll find companies that have been there for years and that have under performed. Greenblatt himself has significantly under performed index funds using the magic formula approach, partially due to shorting stocks the magic formula considers over valued.

TheRedPillFinance[S] • 1 point • 29 January, 2020 01:33 PM

I mentioned that elsewhere in this thread, that magic formula tends to underperform in bull markets like the one we're in right now. That being said, Greenblatt is legit. He was getting 50% returns each year for a decade to the point they had to close the fund and start over. Got too big and that was that.

ex_addict_bro • 2 points • 24 January, 2020 06:20 AM

Also many articles over the net, doing proper calculations when you pay mortgage early - this is pretty good investment as it brings measurable “income”

[deleted] 23 January, 2020 05:18 PM

[deleted]

TheRedPillFinance[S] • 17 points • 23 January, 2020 05:55 PM

America is a very fat, very debt ridden culture. We keep up with the Joneses like never before and most people just don't have much money saved. Very little delayed gratification. Case in point, have you see the average duration of car loans now? Insane!

> Those who don't understand interest, pay it, and those who do understand interest, earn it.
> - Albert Einstein

RedKingRising • 1 point • 30 January, 2020 11:46 PM

Nah, it's more like this.

https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/

TheRedPillFinance[S] • 3 points • 31 January, 2020 03:13 AM

Supply and Demand 101. Women entering the workforce effectively doubled the available pool of labor and it's suppressed wages since.

pnxwzl • 1 point • 10 February, 2020 07:42 PM

Well, I'm a UK worker not a US worker and I've been an active member of the workforce since the late 90s so there have always been plenty of women in the workforce but what I have noticed is that the average annual wage, and by that I mean the annual wage earned by the 'average' worker has remained stagnant since about 2000-2001, and in some cases actually decreased. The starting wage for university graduates in 1999 was about £19k, in 2019 it's about £23k. So already, £5k increase in 20 years doesn't look so great but that only tells half the story as the cost of living has increased exponentially also, twenty years ago the rule of thumb was never to spend more than ~30% of your salary on rent but the reality is nowadays if you want to live somewhere within an hour and a half commute of the opportunity to earn £23k as a recent graduate, you can expect to pay around 50%.
Meanwhile most blue collar jobs pay hourly wages on zero hour contracts, employees stay stuck at £8.50/hr with no raises or promotions indefinitely - grunt work really is grunt work. If you burn out, you get replaced.
At the top of the pyramid, Director's wages and bonuses get bigger every damn year.
And none of it trickles down worth a damn. Whoever came out with that trickledown theory was taking the piss.

NotExcited122 • 9 points • 23 January, 2020 05:51 PM

American culture of consumerism baby

512165381 • 5 points • 23 January, 2020 11:48 PM*

Australia has a compulsory retirement scheme. You get 9% taken out of your wages and put into stocks & bonds. For a person who starts work now, works their whole life at the average wage, the projected payout at age 60 is over $1 million.

Yes it socialism but explains our high standard of living.

ProductivityMonster • 1 point • 24 January, 2020 02:33 AM*

US has social security, which is 6.2% from your income and 6.2% paid by employer. You get a fixed sum each year after you retire. Annual payouts vary based on your income in your top 35 earning years and the age when you retire. You usually have to be at least in your 60's when you retire to get it though, but amount does increase for each year you stay in the workforce up until about 70.

https://www.fool.com/retirement/general/2014/08/02/how-are-social-security-benefits-calculated.aspx

The amount is not very much though. Max right now is about 33K/yr and there's definitely some debate as to whether it will still be around (or greatly diminished) in 20 years or more because there's not enough younger workers to support the large population of retiring baby boomers. My guess is it will be diminished, but not completely eliminated.

dontbethatguynow • 1 point • 27 January, 2020 04:17 PM

Lump sum payout? what if you die? does your family get it?

512165381 • 2 points • 27 January, 2020 05:17 PM

Yes.

https://www.ato.gov.au/Individuals/Super/In-detail/Withdrawing-and-using-your-super/Withdrawing-your-super-and-paying-tax/?page=6

You can nominate who gets the money; otherwise it passes to your estate.

pnxwzl • 2 points • 10 February, 2020 07:29 PM

This seems highly implausible. OK, an 'average' nest egg figure of 32k could be believable, purely because only a few really hugely fat cats need to have a billion in the bank for the mean of all savings accounts to be fairly high. But when the average annual wage is taken into account which I'm sure in Ireland isn't going to be more than around 20-25k, that would mean that one in five Irish adults has the equivalent of two year's salary saved up... I find that highly unlikely. Then of course factor in that Irish Life's survey sample may be skewed towards a readership that might be middle or upper class, more financially literate etc. I'd wager that if one approached the same number of people in the street and asked about their savings accounts, well over 50% would report not having one, or that if they do, their gran opened it for them when they were kids but they haven't paid into it since 1998 etc etc

SACRlion • 1 point • 24 January, 2020 09:33 AM

Ireland also convinced its citizen to nationalize the debt of banks when the mortgage crisis hit, and so instead of going bankrupt or consolidating like happened in America, Irish citizens are slowly paying the debts they had nothing to do with accumulating. I'm still not sure how they tolerated that lunacy.

EdmondDaunts • 1 point • 25 January, 2020 04:39 PM

Ireland is also the 4th or 5th largest holder of US Treasuries. It’s roughly 1 year’s worth of Irish GDP - just over 360 billion. Where they got the money for that?

max_peenor • 1 point • 24 January, 2020 04:46 PM

...and who does most of the spending?

Fylla • 10 points • 23 January, 2020 05:57 PM

I gotta point out that Hefner and Gianluca Vacchi are pretty different. Despite how he portrays it, Vacchi didn't build shit, much less an empire.

His father Marco ran/built the Italian conglomerate IMA. Gianluca was originally given a portion of it and put on the board. IMA is now run by his cousin Alberto, and he (Alberto) has transformed the company into a multi-billion dollar business.

In contrast, the board pays Gianluca to have no say over the management of the company, and have put out press releases assuring investors that he's not involved. This is probably because the highlight of his "business career" was being sentenced to 3.5 years for financial fraud. He has a few million in yearly passive income from his remaining shares in IMA (thanks Alberto!). Despite that, he managed to be in debt to the tune of between $10-$30 million as recently as 2017, and had his yacht + some properties seized by creditors. He's like an older version of one of those "rich kids of Instagram", which I find hard to respect.

On the other hand, Hugh Hefner was a truly self-made businessman who took a stand on social issues before it was cool. We can't all be handed generational wealth like Gianluca, but we can all build something like Hugh.

> thisisnotme__-- • 6 points • 23 January, 2020 11:02 PM
>
> Hefner lived in dog shit. By the time he died, the mansion was a wreck.
>
> Best (worst) of all, his "girlfriends" had no respect for him. I don't know about any of you, but I want women to genuinely want me and all the fucked up shit that I want to do to them.
>
> I'd rather follow the example of guys like Bob Guccione or Larry Flynt. Both of them had more balls than Hefner ever had. Hefner was all surface. Penthouse may have gone bankrupt (keep in mind, Playboy is barely hanging on) but they pushed the boundaries of legal pornography *and* tried to do real journalism both in Penthouse and in their other magazines. Flynt has been trolling shitbag politicians both before and after getting shot in the spine for his trouble. That's balls.
>
> Hefner's lifestyle is the equivalent of a girdle.
>
>> SACRlion • 2 points • 24 January, 2020 09:36 AM
>>
>> You forgot to mention the fact that the Playmates were really just poorly paid whores. In exchange for being in the magazine, they'd live in the mansion and he'd pay them $5k a month to have sex with them. Hefner described a lifestyle he didn't actually live.
>>
>>> pnxwzl • 1 point • 10 February, 2020 07:55 PM
>>>
>>> idk, if 1250 a week plus room and board in a mansion is 'poorly paid' then what the fuck is 9 bucks an hour order picking in Amazon warehouse and still having to pay rent?
>
> TheRedPillFinance[S] • 2 points • 23 January, 2020 06:13 PM
>
> Fair point. Something else to consider is his Instragram account does make good money, so there's that. It boggles the mind how much money a handful of people are making nowadays from social media as "influencers".

SirKolbath • 42 points • 23 January, 2020 03:49 PM

This is fucking *brilliant!*

u/RPNorvell, can we add this to the sidebar?

> TheRedPillFinance[S] • 23 points • 23 January, 2020 03:54 PM*
>
> Thanks! It's good to know the info is appreciated.
>
> FYI I'm doing a livestream on Youtube this Saturday at noon EST so folks can get to know me and do a bit of Q&A.
>
> https://www.youtube.com/channel/UCQ9t6kguLLbq8CqjEKaB7Ew
>
> Shameless plug...if you haven't subscribed please do! I'm still in the process of rebranding to The Red Pill of Finance, but the information is still the same. *It's gold, Jerry! Gold I tell ya!*
>
>> PhaedrusHunt • 4 points • 23 January, 2020 04:27 PM
>>
>>> It"s gold, Jerry! Gold I tell ya
>>
>> I was skeptical until the Banyon reference.
>>
>> Not to get personal but do you mind sharing a little bit about your history and where you currently stand or cam You link to somewhere where you have that information out there?

I'm in kind of a weird position myself financially...

I'm not sure if going about building my wealth in this traditional way is going to be best for my situation.

flipdoggers • 3 points • 23 January, 2020 04:30 PM

Why the rebrand? What were you before

TheRedPillFinance[S] • 6 points • 23 January, 2020 04:57 PM

Savings made simple. Why is a long story.

mywifeson • 2 points • 24 January, 2020 08:50 PM

Have subscribed to you and will proceed to watch your videos and take notes.

Thanks for this, you are a Saint.

RPNorvell • 11 points • 23 January, 2020 05:21 PM

I'm not a mod over here, just on askTRP. But I agree, a solid post for getting your toes wet. It's always been a peeve of mine that kids are never taught financial responsibility.

Paging /u/TheRedPike.

TheRedPike • 7 points • 23 January, 2020 05:36 PM

I'm not in position to do it at the moment, so it will be a little bit.

SirKolbath • 2 points • 23 January, 2020 10:08 PM

Thanks, Pike.

TheRedPike • 5 points • 24 January, 2020 04:24 AM

Alright. I did it. It's a pain because you have to drop into the new design and post it there too. I really don't understand how anyone can think it's better way of doing things....

SirKolbath • 3 points • 23 January, 2020 05:22 PM

Ah, thanks for the correction and the bounce to Pike.

Spidinabus • 2 points • 23 January, 2020 07:36 PM

They really should mod you over here, you've been doingdamn impressive work on asktrp. Thanks, You've gotmy vote.

pnxwzl • 1 point • 10 February, 2020 07:16 PM

I almost feel that it's deliberate that kids are kept fiscally illiterate in mainstream education, otherwise there'd be too many CEOs and not enough labour. That is the sad fact of life. Unfortunately the capitalist system requires there to be a critical mass of hungry people ready to give up >45 hours a week busting their humps doing strenuous physical or mindnumbing busy work in order for a few to get exponentially richer.

erosmiseo23 • 17 points • 23 January, 2020 07:20 PM

Don’t buy anything till you can afford 3 of it.

It’s easy to save up and cash out on your goal then end up broke with more bills.

That’s how you stay broke, as well as making it harder to save.

Obviously this isn’t always possible but a very good and helpful rule to stick by.

urbanfoh • 14 points • 23 January, 2020 07:59 PM

> Don’t buy anything till you can afford 3 of it.

This is more valuable than several books of "financial advice". Earn more than you spend and learn to spend less. Do not become too dependent on the system.

a1b1no • 1 point • 24 January, 2020 03:02 AM

What my SO and I do is save up as much as possible for major purchases (right from home to vehicles); then look at the market for the model counted down from the top that has all the features we want for the LEAST price (house, car); take the least loan with a long duration (and then pay the heck out of it, right from day 1 - you want your advance payments to cut down principal, and thus interest).

We don't exceed a certain (low) budget for cars - those are things that depreciate right from the moment you roll them out of the dealer's). Oftentimes, we halve our budgeted amount and buy a decent model that comes within that for consumer electronics.

TheConditionedMale • 7 points • 24 January, 2020 02:34 AM

You guys will probably hate me for saying it, but building credit is also important. Get a credit card that had no annual fees and just buy gas with it and pay it off on time.

TheRedPillFinance[S] • 3 points • 24 January, 2020 02:30 PM

I touched on this in one of my early craptastic car videos around Christmas about how you can build up credit for your kids and get them moving in the right direction. I really do need to get a better camera for the car at some point so I can keep filming while on the road. Anyway, building credit and how to RESPONSIBLY use credit cards is a key personal finance topic I'll be covering on the channel.

[deleted] 23 January, 2020 10:33 PM

[deleted]

SeasonedRP • 4 points • 23 January, 2020 10:35 PM

You are correct. Kiyosaki should not be listed with the other resources above. He never made a dime from owning a business or real estate prior to getting rich selling books on how to get rich. He's a total fraud. He also provides terrible investing advice.

dopexile • 12 points • 23 January, 2020 11:43 PM*

Let me spare you the outcome. I am a self-made millionaire, it won't help you get women. If you just want to get laid then just lift weights rather than spending a decade busting your ass like I did to build up wealth.

If you are doing it right then you have stealth wealth and women won't even know that about your finances. Most people won't even know you are successful.

The people blowing money to buy status symbols that impress others are usually broke and living paycheck to paycheck. The people responsible with their money don't buy status items, so you wouldn't know they are rich. If you saw me driving my car with 210,000 miles on it you would think I am a broke chump.

Women don't care about money unless it is used to buy them stuff RIGHT NOW. They also don't care what you did for them last year or will do in the future. All they care about is what money can you do for them right now.

If you are willing to work your ass off and blow money on women, then sure, money will help you. Of course, to me that is total AFC provider behavior that will get you treated like a walking ATM machine by gold diggers.

> geo_gan • 5 points • 24 January, 2020 08:57 PM
>
> You say you are a millionaire but it didn't help you get women - well obviously if you have it hidden it won't. They just see your 210,000 mile car and presume you are broke. And if you are not attractive to them sexually then obviously you have nothing to offer them.
>
> I haven't a penny to my name but most girls/women seem to be interested in me (it is my own insecurities that stops me getting with all the women throwing themselves at me)
>
> I would much rather the money to buy things I am interested in hobby wise.
>
>> dopexile • 2 points • 24 January, 2020 10:03 PM
>>
>> Yep, that is basically the point of my post.
>>
>> OP mentioned strategies to build wealth but in reality, a woman would be more attracted to a guy that runs up their credit cards and is up to their eyeballs in debt. That kind of guy that has more resources for her to extract.
>>
>> A woman does not care where the resources come from or even if it is sustainable or financially wise. Women only care that the money is being spent to their benefit.
>>
>> Thus building up wealth for yourself will not get respect from women. They would be interested in a guy that blows money on them, buys fancy cars to ride them around in, buys expensive dinners, etc.
>>
>> If you want to attract women then it is much better to be broke and muscular than rich and scrawny.
>>
>>> geo_gan • 1 point • 25 January, 2020 01:27 AM
>>>
>>> Sure is but I am definitely not muscular, that is basically an alternative that ugly or short guys need to use.
>>>
>>> okiedokie321 • 1 point • 5 February, 2020 07:54 AM
>>>
>>> We should aim for rich and muscular.
>
> mywifeson • 3 points • 24 January, 2020 09:17 PM
>
> At what point of wealth can you buy a BMW or a Mercedes just because you unironically like the car?
>
> Whenever I see one I can't help but think that it's on a lease, or the person driving is not as rich as they appear, but I certainly would like to have one because it does feel nice to drive one when everyone else has Honda, Kia, Toyota, etc.
>
> I certainly wouldn't get it brand new though, and definitely have factored in the maintenance costs.
>
>> dopexile • 5 points • 24 January, 2020 09:57 PM
>>
>> I've thought about buying a used BMW\Mercedes, but I don't for a lot of reasons
>>
>> Lots of electronics that can have issues and wiring that can fail. A typical BMW\Mercedes has 80-100 computers inside of it.
>> Those cars are over-engineered. Lots of stuff that can break
>> They are designed with a lot of plastic. A hot engine bay is disastrous for plastic parts. Over time they become so brittle that they'll break easily
>> Bad gas mileage
>> Expensive parts. Things like electronic air suspensions can cost thousands of dollars to replace

Engines are designed for performance rather than reliability
Higher insurance cost
Few mechanics can work on them. The ones that can know they are rare and charge a fortune.
Engine designs are a lot more complicated so they are harder to work on
New BMW\Mercedes depreciate like crazy because the car market knows all of this

If I was going to buy a car like that I would probably lease it. I would definitely not buy new and buying used is a huge gamble.

If I really wanted a luxury car I would probably get a Lexus since it is just a glorified Toyota so the reliability and quality will be high while the repairs\parts will be reasonable.

Also, you mention that you think that they give the impression that the "person driving is not as rich as they appear". I agree, but why would I want to portray that image?

mywifeson • 3 points • 24 January, 2020 10:06 PM

True, but this is just my perspective take on it. To the average person, you probably look like you wipe your ass with money! LOL

Lexus is a great alternative, thanks for mentioning that because it completely slipped my mind.

dopexile • 2 points • 24 January, 2020 10:29 PM*

To the average person, I look poorer than the average person. My house is modest, my car is only worth a few grand, and I very rarely eat out.

I guess that will change somewhat when I retire in my late 30's and can afford to not work a day job. Perhaps there will be women trying to come into my life and figure out how they can hitch a ticket to not work also.

I only have a few friends and family that I have told my financial situation to.

pnxwzl • 2 points • 10 February, 2020 08:09 PM*

What you have just said about BMW/Merc is true of almost ALL marques nowadays. Cars are built to be leased or 'sold' on hire purchase/finance over time rather than bought outright for cash. All cars are designed to perform flawlessly for 'life' i.e. the time it takes to be paid off in full, or the extended warranty period. Anyone keeping a new car after the warranty period has lapsed is going to be inm for big bills at some point. Once out of warranty it will be a money pit as everything starts to fail simultaneously.
Plastics are ubiquitous in engine bays, they have been since the 1990s. But, brittle parts can all be replaced and the new OEM equivalent parts are not expensive. Electronic stuff is also everywhere, but stuff like air suspension is usually an optional extra. Buy one that didn't have that option specced - or if you do have it and it breaks, replace with some aftermarket sports coilovers, set 'em and forget 'em.
Personally I pretty much only drive BMWs but as touched on above, I pick older models that have residual desirability, proven reliability and modern classic potential. Yes, some engines favour performance over reliability - but other engines they make are close to bombproof. BMW absolutely excel at inline six cylinder engines; their I6, V12 and most of their I4 engines are nothing short of fantastic. However if reliability is a genuine concern then avoid the V10 and be careful of the V8s in the line up.Just as an aside, I realise that BMW ownership is easier and cheaper here in the UK than in the USA. It would actually cost more to own a Lexus long term!

okiedokie321 • 1 point • 5 February, 2020 07:53 AM

question: do you find yourself eating alot healthier and better with more money? I can imagine you can afford high quality steaks, high quality protein powder, top of the line skin care products, things like that, so I'm wondering if it makes a big difference.

SalchichaBoba • 20 points • 23 January, 2020 05:56 PM

Rich Dad Poor Dad is absolute garbage, if that's the best book recommendation the others must be truly awful. "Buy property cheap, sell it for 3 times as much the next year", Oh and he endorses MLMs for good measure.

urbanfoh • 13 points • 23 January, 2020 07:57 PM

Agree. It was an interesting read but offered no practical advice.

"Everything that costs you money is a liability". Well except that your own house can be cheaper than rent in the long run.

Or "build passive income, bruh", also a non advice.

TheRedPillFinance[S] • 2 points • 23 January, 2020 06:16 PM

You're entitled to your opinion. For me the introduction to the 4 quadrants and the explanation of how they are taxed differently (and why) makes it a "must read". Also, assets vs liabilities. It's a good primer on the subject.

SalchichaBoba • 6 points • 23 January, 2020 06:45 PM

The start of the book was decent, in terms of general assets Vs liabilities, but it descended into not very believable nonsense shortly afterwards. Research into the author suggests he hasn't successfully done any of the strategies he promotes and mostly got wealthy by selling courses and books about how to get wealthy.

TheRedPillFinance[S] • 3 points • 23 January, 2020 07:02 PM

He's done well enough. Another real estate guy who pretty much did what he talked about in the book is Graham Stephan. He's late 20s and has a couple million in real estate holdings providing positive cash flow and then some.

Xornor • 13 points • 23 January, 2020 06:01 PM

As a man, do not plan to live when you are retired. It is too late then.

512165381 • 5 points • 23 January, 2020 11:44 PM

I'm 57yo with diabetes. You get to the stage that you can't do most things because the risk it too high,

Dick-Wraith • 1 point • 24 January, 2020 03:30 AM

How do you do it with a 9-5?

Xornor • 2 points • 24 January, 2020 04:18 AM

I do not know, but I am old enough to know that retirement is not an answer.

Dick-Wraith • 2 points • 24 January, 2020 09:25 PM

I guess the trick is to have a decent work-personal life balance pnxwzl • 1 point • 10 February, 2020 08:14 PM

...which of course flies in the face of the usual 'work double hours at your minimum wage job so you can afford to invest' type advice. Assuming your employer even has the work available let alone desire to pay you anything above what you already get.

Meloxian • 5 points • 23 January, 2020 04:56 PM

Also Always put your own money in an Ira over a 401k; also houses aren't good investments, and I'd actually pick the S&P500 over repaying debt if you've got a low enough interest rate

TheRedPillFinance[S] • 5 points • 23 January, 2020 06:05 PM

Homes you live in are NOT assets, they're liabilities. Real estate should only be considered an asset when it provides positive cash flow. This is true of anything you own or side hustles you participate in. This is where pretty much all multi-level marketing falls apart and you see it for what it really is, a ponzi scheme and a scam.

Meloxian • 1 point • 24 January, 2020 04:13 AM

I agree with you, but I was responding to where you said get a home instead of paying off student loan debt (if you have a low interest rate) and I agree houses are generally liabilities, I think it's better to invest the money in say the S&P over getting a house due to returns (generally)

24_7_AMOGGER • 1 point • 23 January, 2020 08:11 PM

> Always put your own money in an Ira over a 401k

Why? Are you suggesting that an IRA always yields better returns than a 401k with employer matching?

two-acorn • 3 points • 31 January, 2020 06:02 PM

Guy who responded to you is incorrect.

A 401k functions exactly as a "traditional" IRA. Taxes are deferred until retirement.

A Roth IRA is the one where you pay taxes immediately, and can also pull out the principal (only principal) at any time, and up to $10k of anything for first time home buy. Personally, I think a Roth IRA is better, because you will likely be contributing a hefty amount to the 401k anyway, and I think having a combo gives you maximum flexibility.

But to keep it simple--

Always get the free company match. That might require a 4-8% savings into a 401k.

After the match, it's usually better to use your OWN IRA (I prefer Roth).

Why? Simple. YOU get to pick the custodian. Also there's less BS.

That means:

1. Less fees. 401ks can have MASSIVE fees because of the increased paperwork. By which I mean, they silently charge you 1% of your holdings annually, billed monthly. So if you have $40,000 in there, that's $400 a year. And you may be forced to use it because of your employer.
2. Your own custodian -- Vanguard, Fidelity, Schwab, whoever -- will probably have MUCH better fund selection, non-existent fees, and super low index fund expense ratios.
3. When you leave the job, I think there are different by-laws in whether you have to rollover the 401k or not. (I usually do regardless). I mean, are you going to keep track of a bunch of different

401ks over the years? Doubtful. I roll them all over into Vanguard. But it's extra BS to deal with.

Meloxian • 2 points • 24 January, 2020 04:04 AM

Nah, I’m saying with personal money; it’s due to taxes, if you put money in an Ira you pay taxes now when you’re in a lower income bracket/based on current tax rates which are low; if you do 401k you pay them when you take out the money which will theoretically be a higher tax bracket/when the government is unstable/with a higher tax bracket

I don’t know if any company offers an Ira match, if they did I’d give my left testicle for it though

Edit:

Tldr; I’m saying with your own personal money choose Ira, but always do 401k match as much as they offer

geo_gan • 1 point • 24 January, 2020 09:07 PM

IRA always yielded better when they robbed English banks □

WarriorCOW47 • 4 points • 23 January, 2020 05:32 PM

For a complete noob who hasn’t looked into it yet, how does this advice transfer over for Canadians?

TheRedPillFinance[S] • -1 points • 23 January, 2020 05:53 PM

There's going to be a lot of overlap, especially the order of operations and valuing companies.

PimentoBeans • 13 points • 23 January, 2020 04:28 PM

A couple of tips:

Don't """invest in crypto"""

Crypto is extremely volatile and has no intrinsic value.

Learn and adopt an analysis method

Either technical(graphs) or fundamental(financial analysis).

TheRedPillFinance[S] • 6 points • 23 January, 2020 04:59 PM

+1 to steer clear of crypto. It has its uses, but not as a store of value.

BitcoinFan7 • 4 points • 24 January, 2020 05:25 PM

It's sad that this is being upvoted here. I would expect this sub to open to being redpilled on finance as well. The Bitcoin Standard does an amazing job going into the origins and history of money, how it evolved, what is hard vs soft money, what the stock to flow ratio is, what time preference is, and what were the ideal properties of money that allowed people from across the planet with no communication channels to come to universally accept gold as money.

A true wealth of knowledge that any redpilled man should learn. The current system is designed to silently steal your wealth. You are my brothers and I want to save you before any others.

The bullish case for Bitcoin

The stories we tell about money

okiedokie321 • 2 points • 5 February, 2020 07:58 AM

Isn't crypto overpriced right now?

BitcoinFan7 • 1 point • 5 February, 2020 03:10 PM

Not at all. This man manages a multi-billion dollar hedge fund and has some amazing analysis on the future valuation using whats known as the stock-to-flow model.

https://medium.com/@100trillionUSD/modeling-bitcoins-value-with-scarcity-91fa0fc03e25

This data is all publicly available and his model is charted here

https://digitalik.net/btc/sf_model#

Future valuation has no upside limit because bitcoin is hard capped at a finite supply while fiat money keeps being printed endlessly so the ratio of bitcoin to fiat can increase indefinitely. There are still many orders of magnitude of purchasing power growth remaining before bitcoin obsoletes all fiat money.

https://nakamotoinstitute.org/mempool/speculative-attack/

okiedokie321 • 1 point • 5 February, 2020 05:54 PM

I'm not talking Bitcoin though but other cryptocurrencies.

BitcoinFan7 • 1 point • 5 February, 2020 07:48 PM

All other crypto's are scams. They go through pumps and dumps so if you are incredibly lucky and time it well you can make money, but you can also lose a lot of money which is much more likely. It's a much safer bet to just purchase and hold bitcoin long term.

BitcoinFan7 • 1 point • 6 February, 2020 11:52 AM

Fyi, you don't have to buy a full Bitcoin, you can buy as little as $5 worth.

okiedokie321 • 1 point • 7 February, 2020 01:18 AM

Why just Bitcoin? What's wrong about the other cryptocurrencies?

BitcoinFan7 • 1 point • 7 February, 2020 05:35 PM

All the innovation was from bitcoin, the rest are just centralized copycats which can be inflated, shut down, etc. and have only a fraction of the hashpower/security of the bitcoin network. Protocols like this operate via network effect which is a winner take all scenario. Any worthwhile innovation from altcoins can be absorbed into bitcoin because it is open source. Bitcoin has the most users, merchant adoption, developers, funding, companies, ATMs, exchanges, etc...

chomponthebit • 4 points • 23 January, 2020 05:06 PM

This isn’t wsb

MarbleWheels • 7 points • 23 January, 2020 04:46 PM

Depends. Buy random coin and "hope for moon"? No. Learning the underlying system of the blockchain and picking 1 or 2 coins that have a real usecase and adoption as a high risk investment? This is another story!

PimentoBeans • 1 point • 24 January, 2020 12:21 AM

It's not an investment. It's pure speculation. As I said, there's no instrinsic value, so you can't apply fundamental analysis techniques, only technical analysis, which in my opinion as someone who works with equity research, it's too high risk and there are better things to put your money into.

AlexDr0ps • 4 points • 24 January, 2020 03:00 AM

Crypto has more value than a dollar. In case you weren't aware, there is not a stockpile of gold backing our money anymore. It literally only has value because we agree it does and it is difficult enough to replicate.

Crypto on the other hand has value because some work in the form of solving a problem has to be done for it to exist. It is impossible to manipulate the blockchain because it is backed by math.

I'm not arguing that it is a good or bad investment. But to say it has no intrinsic value shows you know nothing about it

MarbleWheels • 1 point • 24 January, 2020 01:54 PM

This. I have (sadly I'm not an early investor) quite a decent understanding of the field and it's "thin air" no more than any other "reserve of value" we have today (except for well-working, non hyperevaluated company).

geo_gan • 1 point • 24 January, 2020 09:03 PM

Not exactly. Read what I said in my previous reply. Can't be pulled out of thin air.

geo_gan • 1 point • 24 January, 2020 09:00 PM*

It's not "difficult enough to replicate" if you are a government (or those above government running the entire puppet show) it is literally printing money out of thin air (and calling it quantative easing) and devaluing everyone else's currency in doing so.

This is why crypto is better - no shady fuckers can produce more of it out of nothing and devalue the lot of existing stuff unknown to everyone else.

This is another main reason governments and banks don't like it or want to use it.

And exactly why all of *us* should be using it.

BitcoinFan7 • 1 point • 24 January, 2020 05:27 PM

Read this at a minimum. The bullish case for Bitcoin

urbanfoh • 3 points • 23 January, 2020 08:06 PM

> Either technical(graphs)

There are tons of sophisticated statistical models (ARIMA) that take all time series data into account. They are very basic and every hedge fund will use them at the very least.

Trying to get new information from looking at graphs is like reading tea leafs.

OPWills • 5 points • 23 January, 2020 05:11 PM*

Is everyone in this forum a fucking boomer? Not investing in crypto is probably the dumbest investment advice I've read here or anywhere.

Volatile? Yes. But it's not that difficult to manage risk.

There are tech and biotech companies valued in the billions that have "no intrinsic value" (ie no working product). Doesn't mean they're bad investments. Amazon wasn't profitable until very recently and was valued in the 100s of billions all the while. And 20 years ago, it was merely a website (no intrinsic value) for selling books. There are projects that will be the Amazon equivalent in the crypto sphere.

But by all means, settle for a 3% return (in a good year) from your Macy's stock if you want to play it safe.

urbanfoh • 2 points • 24 January, 2020 06:52 AM

> Amazon wasn't profitable until very recently and was valued in the 100s of billions all the while.

Because investors anticipate later profits and try to give them a price.

Crypto is a set of currencies and not an investment. Investment applies that somewhere real value has to be created. Per se you cannot anticipate any profits from a currency without insider info.

No hate for crypto tho. Its a good means to be more independent from the system. It is just not an investment at all

OPWills • 2 points • 24 January, 2020 07:25 AM

Not all crypto projects propose to be currency solutions, per se. Need to read up more on blockchain, smart contracts and token economics.

Essexal • 3 points • 23 January, 2020 09:39 PM

Lol.

I'm saving this comment and giving it back to you in two years time.

Bitcoin current value = $8383

PimentoBeans • 1 point • 24 January, 2020 12:22 AM

Tell me how much you put into it, and we can compare portfolios with returns and risk in mind. Just tag me when.

Essexal • 2 points • 24 January, 2020 02:04 AM

I put $1 in today.

In 2 years it will have outperformed anything you wish to put against it.

chomponthebit • 6 points • 23 January, 2020 05:02 PM*

1. Emergency Fund: keep 3-6 months of living expenses in a high-interest savings account. This amount fluctuates over time to match your living expenses, and you only use it when you lose your job, need to repair your car, hospital bills, etc;

2. Pay off your debts via 1. Avalanche Method (pay your highest interest accruing debts first, then medium, then lowest, in order) or 2. Snowball Method (pay off your smallest debts to your largest, ignoring interest - more psychologically fulfilling, but less smart than avalanche). Continue making all your minimum payments regardless of which method you choose;

3. Start investing: start an account at a discount brokerage through your bank/Robinhood/etc, and set up automatic investments in index, bond, and money market funds (ETFs or mutual funds) every month - this is called "cost averaging", and will average out your investments as markets fluctuate through booms and busts;

Generally, time in the market beats timing the market (edit: said it backwards)

Edit: unless you're an active investor (you buy and sell stocks daily), only check up on your accounts every quarter. Leave your shit alone to grow or you'll be tempted to sell when the market is down. Leave it alone

ThatOneDrunkUncle • 5 points • 23 January, 2020 11:57 PM

You said it backwards. Time in the market beats timing the market

TheRedPillFinance[S] • 3 points • 23 January, 2020 06:03 PM

> Generally, timing the market beats time in the market

Like I said in the original post, this is only true IF you have 10+ years until you plan to draw the money. I'll also add you need to know what the hell you're doing with regard to valuing companies and buying in at a good price to ensure that margin of safety.

If you're not sure what to do and have decades until retirement, then dollar cost average in an index fund. It's the "safe" way to invest.

[deleted] 23 January, 2020 05:08 PM

[deleted]

TheRedPillFinance[S] • 3 points • 23 January, 2020 05:59 PM

Only 2% of retail investors beat the market. And of the markets they do beat, it's largely Japanese securities. I'll see if I can find the source, but it's pretty bad. And the reason why is because people just don't learn how to value companies properly. They FOMO, get emotional, and wind up getting burned.

I'm a HUGE fan of Warren Buffett's and Phil Town's advice to only buy companies if you plan on keeping them for 10+ years. You're not buying stock, you're buying a piece of the company and they have to be good companies you want to be associated with for years to come who you can rely on and trust that they won't screw you over, fuck up the company's profits, and will continue to give you a piece of their profits over the long-term. If the companies you're looking at make you hesitate with this in mind, then don't buy.

redpillbanana • 3 points • 23 January, 2020 06:06 PM

Gianluca Vacchi is my hero.

TheTrenTrannyTrain • 3 points • 23 January, 2020 08:43 PM

People should start subscribing to investing, stocks, and personalfinance subs

And for shits and giggles, wallstreetbets.

TheRedPillFinance[S] • 1 point • 24 January, 2020 07:59 PM*

IMO many of the bigger finance subs are crap. They don't like people threatening their fiefdoms and ban anyone who threatens them, which has created a bit of blind leading the blind. People who actually know their shit get banned in short order under the guise of "advertising" or "self-promotion".

FrankieGGG • 3 points • 23 January, 2020 09:56 PM

If it drives, flys, floats, or fucks.. You’re better off leasing than buying.

TheRedPillFinance[S] • 3 points • 24 January, 2020 02:46 PM

Flies, floats, fucks.

If it *drives*... buy it 1 - 3 years used with about 10K miles seems to be the sweet spot. Leasing a car is TERRIBLE for your finances long-term.

pnxwzl • 2 points • 10 February, 2020 08:23 PM

> > This is where the Korean manufacturers seem to be smashing it out of the park at the moment - long warranties. Buy a three year old and they'll fix anything that breaks for at least another three. And objectively speaking the cars are genuinely a lot more engaging and less generally hateful than they used to be. I'd be happy with the new Hyndai i30N or Kia Stinger GT as a daily.
> >
> > > TheRedPillFinance[S] • 1 point • 11 February, 2020 05:35 AM
> > >
> > > Agreed. I rented a Kia last year and it made the shortlist of cars I'll buy once I'm in the market again.

SeasonedRP • 2 points • 23 January, 2020 06:20 PM

Note that in addition to the Magic Formula book, Joel Greenblatt has a website, magicformulainvesting.com, where you can find the top 30 or top 50 companies under the approach used at particular market caps. All you have to do is enter the market cap and hit the button and a list of potential investments will pop up.

Margin of Safety by Seth Klarman is a good book, though note what he says in it about index funds. He predicted they would fall by the wayside and go extinct. This was in the late 1980s. He was a bit off on that prediction.

> TheRedPillFinance[S] • 1 point • 23 January, 2020 06:30 PM
>
> Now Burry is saying the same thing, so we'll have to wait and see. The problem with index funds is your money is lumped in with good companies *and bad*. In a way it's similar to what happened with the mortgage crisis with good debts being bundled with bad debts that.
>
> If you haven't seen The Big Short, good lord stop what you're doing and go watch that film!

Unitobject • 2 points • 23 January, 2020 09:45 PM

Great post, thanks!

M1 Finance looks nice and easy to use.

Unfortunately, it's not available outside US. Does anyone know a similar company in Europe?

> TheRedPillFinance[S] • 2 points • 24 January, 2020 02:48 PM
>
> They are outside the US, or will be soon. Keep a close watch. They and Robinhood are looking at Australia and the UK. I could have sworn they started accepting account applications for one of them not that long ago. Maybe it was just an announcement I'm remembering saying they would soon?

Thekantona • 2 points • 24 January, 2020 12:36 AM

Thank you very much. I've wanted to get into this personal finance stuff but didnt know where to start. Now I know, great post.

centaursg • 2 points • 24 January, 2020 12:45 AM

This is great educational stuff.

The way to wealth is by 1. acquiring money 2. investing money 3. multiplying money. You need to do focus on all these things.

Reading how to get rich will not make you rich if you dont take the steps necessary and these steps are something that needs to be taken by you and are going to be different for everyone.

I would say go out there and hustle like no one ever did before. Be willing to change your mindset and adapt to changing requirements in the industry.

Iamthespiderbro • 2 points • 24 January, 2020 01:16 AM

I’ve been on multiple dates where I’ve discussed fiscal responsibility. Women absolutely love it, especially if you know what you are talking about and can give them advice. Amongst the debt-ridden, man children with no plans, it will really make you stand out.

> TheRedPillFinance[S] • 2 points • 24 January, 2020 02:42 PM
>
> Good point. I hadn't even considered that, but you're right. Being an expert on a subject separates the men from the boys in a sense, and with the subject being FINANCE (ergo MONEY, ergo POWER) it can be a lightning rod for their attention.

Alqpzmyv • 2 points • 24 January, 2020 01:36 PM

Gianluca Vacchi got his millions from his family, not by saving though. I guess he is a role model about how to spend that money to get laid the most even after your prime, but not really one for sound financial decisions.

> TheRedPillFinance[S] • 1 point • 24 January, 2020 02:27 PM
>
> Right, the lifestyle and influence he creates by having said lifestyle. It's a bit of a feedback loop, much like the male Italian equivalent to Kim Kardashian.

OSaraiva • 2 points • 24 January, 2020 08:14 PM

Great post! I'd like to expose a situation, mine actually, just to get some perspective:

For someone who isn't into much expenses but is also not making much, but has a new career path developing fast, would it be reasonable to invest heavily into education? As it is necessary to develop that path, even though it is quite expensive. The downside is i would be counting the change in my pocket for a few months.

> TheRedPillFinance[S] • 4 points • 24 January, 2020 08:58 PM
>
> Depends on the potential ROI of the education you seek. Becoming a cloud architect? Good. An underwater basket weaving degree like one of the hyphen-studies programs? Bad.
>
> A few months of suck having to pay for a class that has a potential upside of decently higher income for years or decades to come? That is a no-brainer.
>
> > OSaraiva • 3 points • 24 January, 2020 10:36 PM
> >
> > Yep, it's an internationally recognized program that opens the doors to the upper branch of the industry i work in.

Zech4riah • 2 points • 25 January, 2020 12:49 PM

Good summary and tips how to get your financials sorted out. Not sure tho how this is related to redpill. This post applies to everyone redpilled or not.

dontbethatguynow • 2 points • 27 January, 2020 04:03 PM

Nice post, there are some small half truths in there. But overall pretty good and well organized.

but... making money in the market in 2019 was easy. You could make 30% just sitting in a whole market etf or 40% in QQQ with little to no effort or research, this is in no way a typical result but has been a amazing year. Also % gains in market portfolios don't mean much without a value when trying to qualify on giving advice, did you got from $1.00 to $1.60 or 10M to 16M. Makes a difference.

Not really fan of debt repayment unless the rates are ultra high, time value of money plays a big part as well, Why pay off my house or car @ 3% when i can easily make 15-30% elsewhere (not necessarily the market either). Also, no mention of leverage, which is really a huge part of how people build wealth . Buffet didn't became a Billionaire by just investing a part of paycheck every month.

I don't really visit this sub much any more, but saw the thread pop up and thought i'd give it a read. In my opinion its been the only post worth reading on here I've seen in the past year.

Bravo

AutoModerator[M] • 2 points • 28 January, 2020 10:38 AM

## Why are we quarantined? The admin don't want you to know.

**Register on our backup site: https://www.trp.red and reserve your reddit name today.**

*I am a bot, and this action was performed automatically. Please contact the moderators of this subreddit if you have any questions or concerns.*

Slydermv • 3 points • 23 January, 2020 04:44 PM

My thoughts are picking stocks are akin to gambling. I don't think this is a long term viable strategy. There have been studies. Actively managed funds lose to the market 85% of the time, and those that beat it have to beat it plus the fees they charge. Solid post otherwise.

For long terms saving and wealth accumulation, the way to go is invest in ETF's that represent the entire market.

This is a smarter way to go:

https://canadiancouchpotato.com/model-portfolios/

For Canadians. A US investor would just have Canadian stocks in his international portioned portfolio, but you get the idea.

> TheRedPillFinance[S] • 3 points • 23 January, 2020 04:55 PM
>
> Actively managed funds lose money because fund management is limited by corporate and SEC rules, and the mangers themselves get paid regardless of how their funds perform.
>
> When the 08 crash occurred I remember a story about a fund manager who sold assets to protect investors because he saw what was coming. He was promptly fired for breaking the rules and wound up getting invested by the SEC.
>
> nukenbach • 1 point • 23 January, 2020 05:23 PM
>
> Except that ETFs are an average of the market.
>
> urbanfoh • 1 point • 23 January, 2020 07:53 PM
>
> Seriously, why should some stocks have higher risk adjusted returns than others. Makes no sense to me.
>
> My past prof/ boss once told me: "Stupidity is better than mediocricity" Either you go all in and spend your time finding a new algorithm or insider information or you just put all you have into ETFs and be done with it. Everything else is a costly waste of time and any mediocre information you find is likely already processed by the market.

mitchopatamus • 2 points • 23 January, 2020 07:43 PM

As someone in the industry, this post is fucking fantastic. I would argue the numbers presented about the percentages of Americans with savings, as often times those studies include checking/savings and don't include investment accounts, but that point remains valid.

With that being said, I don't think I could have written a better post, so thank you for this.

AmazingJt • 2 points • 23 January, 2020 07:58 PM

This post is excellent if you are new to investing. Investing is one of the most enjoyable and rewarding games you will ever play in. Truly investing requires you to never stop learning. When new people come into the investing scene nowadays they are recommended index funds and are told that is all they have to do. Once you increase your financial literacy you will come to find a lot more options that require little money or little risk and will allow you to achieve far higher returns and take you a lot farther in such a short time.

> TheRedPillFinance[S] • 1 point • 23 January, 2020 09:02 PM
>
> > When new people come into the investing scene nowadays they are recommended index funds and are told that is all they have to do.
>
> I hate it, but for many people it probably is for the best. The Magic Formula folks will tell you you can get 20% or more a year, and they're probably right, and value investing is a great way to buck the market too. The reason most people fail is, frankly a case of: *"A person is smart. People are dumb, panicky dangerous animals..."*
>
> FOMO, emotions, and lack of education is what gets them. And that's why for most people that boilerplate "dollar cost average in an index fund" advice works--it just keeps their hands off the money and out of their account so they can let Mr Market so his thing over the long-term.
>
> > AmazingJt • 1 point • 23 January, 2020 09:22 PM
> >
> > There isn't anything wrong with index funds(except the possibility of a bubble). Good for the average person. I just recommend people to educate themselves and look for the better investments.

thisisnotme__-- • 2 points • 23 January, 2020 10:35 PM

You know Kiyosaki (Rich Dad, Poor Dad) is a con artist, right? He's not a financial genius. He made his money by selling books that supposedly teach you how to make money, which is the age-old scheme of a snake oil salesman.

alleyteris • 1 point • 23 January, 2020 05:37 PM

Any tips for the European stock/real estate market?

> TheRedPillFinance[S] • 1 point • 23 January, 2020 05:52 PM
>
> Not at this time. I'm steering clear of the international market for the time being. Helps keep it simple as they're largely outside my circle of competence. However, the above info does have a lot of overlap, especially the order of operations.

PIQAS • 1 point • 23 January, 2020 06:24 PM

http://archive.is/wUtcV

made backup for this post.

daniellederek • 1 point • 23 January, 2020 06:45 PM

Only caveat with a copay pension is making sure its defined benefit and understanding who holds the money pool. If its company held be very very careful.

TheRedPillFinance[S] • 1 point • 23 January, 2020 07:01 PM

Could you talk about this a bit more? I like where you're going.

daniellederek • 2 points • 23 January, 2020 07:23 PM

One bad example, Sears canada. Went bankrupt. Pension fund was raised. Board got their wind up pay, millions. Pension holders got zip.

Good example IATSE theater workers union. They hold a diversified market portfolio to pay out pensions.

A better plan of attack is find a company willing to do stock options. Fasenal in early 00s, allowed up to 8 0r 10% deferred wages for monthly stock, stock was sold at 5% below monthly average on exchange and could be tax sheltered. Only caveat was a 90 day hold on the stock. Which was going up month over month anyway. So if you could forgo that 10% of paycheck it was basically a 5% per month guarentee gain on it.

TheRedPillFinance[S] • 1 point • 23 January, 2020 09:04 PM

> One bad example, Sears canada. Went bankrupt. Pension fund was raised. Board got their wind up pay, millions. Pension holders got zip.

I can relate. My mom worked for a GM subsidiary. Her 401K went to $0 and lost her pension when that subsidiary went under back in ~08. When the govt bailed out GM they made them foot the bill for the pension as strings attached for the bailout, so she at least got something out of it. It's only something like 70 cents on the dollar of what it should have been, but it's better than nothing.

Had I'd known at the time her entire 401K was in company stock, naturally I would have told her to diversify. Hate that I couldn't help her. Hindsight 20/20 and all that.

24_7_AMOGGER • 1 point • 23 January, 2020 08:07 PM

Explain why someone should max out their 401k employer match before having an emergency cash savings fund of 3-6 months.

TheRedPillFinance[S] • 1 point • 23 January, 2020 08:56 PM

That's a good question. As i stated up above this was taken from The Money Guy Show, so it's probably a good question to ask them to be honest.

Personally I do agree with them since I HATE leaving money on the table, especially thousands of dollars a year that will compounded to a princely sum later. You can still build up the e-fund, but it's simply lower priority than what would otherwise be the opportunity cost of missing out on the company match.

24_7_AMOGGER • 2 points • 23 January, 2020 09:02 PM

But that company match isn't going to do you any good if you suddenly find yourself not working anymore. Only one month's worth of expenses in the bank and you're screwed if that happens. I really think it makes sense to have 3-6 month's e fund first before maxing out the 401k.

TheRedPillFinance[S] • 1 point • 23 January, 2020 09:06 PM

You do you. All comes down to personal taste on this one.

inbredostrptw • 1 point • 23 January, 2020 08:32 PM

This is great stuff and just what I've been looking for as someone in college wanting to prepare for what comes after. I was wondering what are your credentials. Is this from personal experience or are you a professional of some sort?

> TheRedPillFinance[S] • 1 point • 23 January, 2020 08:52 PM
>
> That's a good question for the livestream :)

Lightweight_rower • 1 point • 23 January, 2020 09:28 PM

Don't forget Joseph Carlson

> TheRedPillFinance[S] • 1 point • 24 January, 2020 02:50 PM*
>
> For dividend investing, yes. Another is /u/genxdividendinvestor But... if you're more than 10 years out from retirement, then frankly IMO it's silly hamstringing your growth potential by focusing solely on dividends like that. If you're at that phase of life though, then by all means he's got some good primer videos on the subject. I suppose you could think of my channel as his value investing counterpart.

FineBet0 • 1 point • 23 January, 2020 11:21 PM

What's wrong with the side bar on the personal finance subreddit?

[deleted] • 1 point • 24 January, 2020 01:26 AM

if you're an hourly employee in something like construction, at least 6 months expenses should be saved

PlatinumHands • 1 point • 24 January, 2020 02:11 AM

For a Canadian teen like me (16yo), assuming I already have money saved and I am ready to start investing, where and how can I do that? Because I have been looking into it for quite some time now, but all the opportunies I saw were either USA only.

> TheRedPillFinance[S] • 1 point • 24 January, 2020 02:40 PM
>
> I'll leave it to others in this thread to address your unique issue because I'm unfortunately not spun up on Canadian investing. I'm playing solely in the US stock market. I used to have some Canadian companies, but sold out of them not that long ago due to the harsh tax hit my dividends suffered.
>
> > PlatinumHands • 1 point • 24 January, 2020 03:08 PM
> >
> > The more I grow, the more the incentive to move to the US increases lmao.

Skuggasveinn • 1 point • 24 January, 2020 10:54 AM

I thought it was the fiance thread.

[deleted] 24 January, 2020 01:46 PM

[deleted]

> TheRedPillFinance[S] • 1 point • 24 January, 2020 02:27 PM
>
> I think so. Hell, just knowing the difference between assets and liabilities is a key thing everyone should know.
>
> Also, for investing I believe the same principles applies for knowing how debt, revenue, return on capital,

> earnings per share, etc all mixes together to form a company's intrinsic value.
>
> SrRocoso91 • 1 point • 28 January, 2020 10:10 AM
>
> I invest in american index funds and I am from Spain. You can easily do it from any european country. Just keep in kind that our taxes are higher and when we sell we will have to give up a % of our benefits to our beloved government.

AutoModerator[M] • 1 point • 24 January, 2020 04:28 PM

## Why are we quarantined? The admin don't want you to know.

**Register on our backup site: https://www.trp.red and reserve your reddit name today.**

*I am a bot, and this action was performed automatically. Please contact the moderators of this subreddit if you have any questions or concerns.*

lala_xyyz • 1 point • 27 January, 2020 08:15 PM

> last year I absolutely crushed the market getting over 60% growth (as well as 50% growth in my dividend portfolio)

Last year most major tech stocks have seen obscene growths. When the next crisis hits that will all retrace massively. Those growth figures are completely unsastainable and they *will* get crushed down. Over the long term, you will _not- be beating indexes.

brasilgringo • 1 point • 29 January, 2020 02:18 AM

Thanks for posting. Short version is just go to the Financial Independence (FIRE) sub-reddit and start implementing what they suggest. Also people may want to look into an asset-protection trust if they start being successful at retirement saving/planning, and continue to run Redpill with the ladies (in case of baby mama, divorce, etc.).

ZealousFeet • 1 point • 6 February, 2020 04:14 AM

Man, reading all of this is like looking at hieroglyphics. With all of this business and financial vocab, I gotta read more to strengthen my comprehension on these subjects. Saved for sure though!

> TheRedPillFinance[S] • 2 points • 6 February, 2020 07:15 AM
>
> Tune in to the livestream and feel free to ask questions.

RedPillMindset • 1 point • 7 February, 2020 09:10 PM

Bachelor Pad Economics is a MUST read for every young man imo.

mashiss • 1 point • 23 January, 2020 05:31 PM

Yes! Good content, thank you OP.

RPthrowaway123 • 0 points • 23 January, 2020 05:23 PM

Fantastic post, thank you for this. Especially the reading recommendations - I'm on Amazon now!