



Be a Savvy Investor — Start By Not Being a Sucker

By Ric Cochran

In this Issue:

- *Be a Savvy Investor*
- *Matson Money
Investor Symposium*
- *A.I.M. Meetings
for Caregivers*

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Why do smart people make sucker mistakes? It happens a lot. Do we just so want to trust the nice representative; a firm's carefully crafted image, someone on TV, or "a feeling" we have about something? Nobel Prize recipient and pioneer in behavioral economics, Daniel Kahneman, teaches that human brains have trouble crunching numbers, interpreting statistics, and are really bad at evaluating risk. Do casinos and financial firms know this? Of course! Would they use that to maximize their profits at our expense? Would they stroke our egos so we feel savvy about making sucker mistakes? Are you kidding?

According to the SEC, top names on Wall Street have recently negotiated staggering settlements, hundreds of millions each, for misleading investors. Many paid hundreds of millions of dollars each about decade ago after the internet stock debacle. Failing to understand inherent conflicts of interest dealing with financial professionals can set you up to be a sucker — not savvy.

Costs count! Too many don't look close enough, or don't know where to look, to find all the costs in their investment statements. There are explicit costs (reported because the government requires it) and implicit costs (undisclosed or hard to find). I've found it's not unusual for hidden costs to greatly exceed stated costs. I frequently point out these costs to investors who tell me they had no idea they were paying so much. If you don't know all the costs in your portfolio, especially the hidden ones, that's not savvy either.

Technology makes it easy to lose with a few keystrokes. Men often think it's manly to play the market. They should take up hunting or fishing. Losing money speculating is a sucker enterprise. Sorry. It's too often a pride issue clouding judgment; leading to sucker mistakes which is, again, not savvy.

Surprisingly, a huge cost over time can be failing to invest at all. Consider how much the price of milk and eggs have gone up in your lifetime. Are milk and eggs any better now than when you were a child? Did they somehow gain value? Or has money steadily lost a lot of value? Hoarding any asset, including cash that consistently loses value over the long-term is far from savvy.

March 9, 2014 marks the five-year anniversary of the market low in the S&P in the worst drop since the Great Depression. Many "experts" predicted the market would keep sliding; but markets frequently ignore "should be experts". Markets have not only recovered but continue hitting new highs. Following predictions of prognosticators is clearly not savvy!

Too many invest money without investing time to understand markets. I call it "drive-through" investing. Investing time, learning to prudently invest, without speculating and gambling, helps you avoid being a sucker; that's truly savvy!

Ric Cochran writes and speaks about prudent investing. He analyses portfolios and coaches investors at Rainey Asset Management. He can be reached at 318-869-3133.

Important:
Workshop coming up! See Louisiana News for details!



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Louisiana News

**COMPLIMENTARY
PUBLIC WORKSHOP**
10 am

TUESDAY, MAY 6

**SHREVE MEMORIAL LIBRARY
BROADMOOR BRANCH**
1212 CAPTAIN SHREVE DRIVE
(ONE BLOCK NORTH OF EAST PRESTON)

**S.A.F.E. Planning : Don't Lose
Your Home & Savings To Pay For
A Nursing Home**

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Ask about our RAM Workshop

Invite friends, family members, and anyone you care about to attend our workshops. This is important to everyone who wants to protect an estate from devastating nursing home costs and / or costly investing mistakes.

* Rainey Asset Management, Inc. is a Registered Investment Advisory Firm registered in Florida and Louisiana.

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Matson Money Investor Symposium 2014

This symposium will be held July 31 and August 1-2, at Horseshoe Casino and Convention Center in Cincinnati, Ohio. Blake, Steve and Ric will be attending. Attendance is by invitation only, but if any RAM clients wish to attend, call Ashley at 318-869-3133.

Speakers for the Investor Symposium 2014 include Matson Money Academic Advisory Board members Arthur B. Laffer, Ph.D, R. Lyman Ott, Ph.D and Daniel M. Wheeler. A powerhouse of speakers is lined up for this event as each of the speakers will be at the 2014 Investor Symposium to share their experience and expertise in their field. Attendees will have opportunities to hear first-hand their views on investing, wealth creation, and investor behavior.

Individuals who support and exemplify the core values of Matson Money and who are exceptional in their field will bring a new dimension of expertise to the organization. Their areas of study and skill address many different aspects of what it means to be an investor and how to leverage the power of free markets.

Members of the Academic Advisory Board provide an internal structure for researching and validating academic theories as they apply to investing. They make frequent appearances at both Matson Money Coaching and Investor events. This gives our clients a direct connection to some of the most well-respected and published experts in the fields of economics, investing and statistics. IF YOU ARE A SERIOUS INVESTOR WHO IS INTERESTED IN ATTENDING THE SYMPOSIUM, CONTACT US.

Alzheimer's Information Meetings (A.I.M.) for Caregivers

Hosted by the Alzheimer's Association and Bossier Parish Community College.

<p>MAY 6 THE SCIENCE OF HOPE</p> <p>Video and discussion about Alzheimer's research and effects on the brain. Hosted by Debbie Hayes, Alzheimer's Association.</p>	<p>MAY 13 CARING FOR A LOVED ONE WITH ALZHEIMER'S, AN EMOTIONAL JOURNEY</p> <p>Video from actual caregivers followed by discussion, questions and suggestions. Hosted by Debbie Hayes, Alzheimer's Association.</p>	<p>MAY 20 PLANNING FOR LONG TERM CARE COSTS</p> <p>S.A.F.E. Planning Inc. will present information and discuss options for covering long term care costs.</p>	<p>MAY 27 EFFECTIVE DEMENTIA SCREENING</p> <p>Presented by David Henry, M.D. specializing in geriatric medicine.</p>
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All seminars take place in Room 226 Building D, Bossier Parish Community College, 6220 E. Texas Avenue, Bossier City, from 10:00 a.m. until noon. All seminars are FREE to the public but pre-registration is required.

Call the Alzheimer's Association at 318.861.8680 to register. Seating is limited to 35 for each class.