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YAMAN Coach

EMPOWERING YOU

10 Reasons for Investing in Stocks (part 4)

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Investing in the stock makes you sharper mentally

Since news will make sense to you, you will become more aware of the events that are happening in the world. Your mental processes start to work. You will learn to tap into your brainpower more than the average human being. You start to pick up isolated facts that you picked up along the way as you progressed in your life. These are the stuff you learn in school, the book you read, the speeches you listened to and your experiences. As you read and apply what you learned, you start to put them into a certain form, a usable mental model that will guide you in every investment decision you make.

Charlie Munger, Vice President of Berkshire Hathaway, Warren Buffett’s partner and best friend describes this as a “Latticework of mental models.” He once said “. . . You’ve got to have models in your head. And you’ve got to array your experience – both vicarious and direct – on this latticework of models. You may have noticed students who just try to remember and pound back what is remembered. Well, they fail in school and in life.

You’ve got to hang to experience on a latticework of models in your head . . . And the models have to come from multiple disciplines . . .”

When you invest in the stock market the proper way, you spend more time learning more not only about stock market investing but also about business, management, economics finance, accounting, law and even philosophy and the sciences. This will help you build your mental models and sharpen your thinking.

Investing in the stock market forces you to set aside money to invest more

Some people complain that they cannot force themselves to save because once they get their salary, they are tempted to spend it. My advice is why not try investing your money in the stock market. It helps you set aside money to invest more.

When you approach stock market investing from a business perspective, you become excited when your stake in a great company grows. As you read more about the company you become excited about its

potentials. You want to buy more of this great company so you set aside more money from your income in order that you could buy more at the right price.

Investing in the Stock Market helps build the nation

Of all the reasons given, this is probably the noblest one. Take note that the main reason why companies want to get listed in the stock exchange is to infuse capital into their business. More capital translates to more business, which in turns translates to more jobs. More jobs and more business mean more taxes for the government. When you invest money in the stock market you are actually helping increase economic activity, eventually contributing to nation building.



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Nowadays, Wolf Blitzer, when he closes his CNN program, the Situation Room, after giving honor to those who had fallen during the CoVid-19 pandemic would always say, "May their memories be a blessing."

His wish, his prayer is so profound. Just imagine how powerful a person can be if even the mere memory of him becomes a blessing, if even after his passing he continues to give!

Yet that power to be a blessing to others can be had even when a person is still around. There is even no need to be a martyr or saint. In our own daily and, as some would call, boring life, we could be a blessing to others.

The same is true for financial planners. And the best way for a financial planner to be a blessing is to place his client's interest first. This means focusing on providing that financial plan based on meticulous analyses and recommendations that draw from the best available data at the time and his own experience or that of the firm he represents.

Clients trust a true financial planner for they know he is worth his salt. Therefore, a true financial planner is confident that if he does well, his commensurate advisory fee will follow. It is not the other way around where if he is paid well, he will do a good job. In fact, a true financial planner knows only one level of output and that is a job well done.

Part of doing a good job for a true financial planner is to do so devoid of any tugs from the financial products and services that would be needed to execute such plans and from which he may earn a commission. Should a true financial planner carry products and services for plan execution, his clients will be more than willing to execute through him because they trust him.

The True Financial Planner

by PFA

A financial planner's extensive work goes beyond mouthing motherhood statements and resorting to rules of thumb. A true financial planner considers the unique situation of each and every client as life goals will vary between individuals.

A true financial planner knows that all investments are good and that he just needs to find out which particular investments can be tailored to the needs of his client. And because risk minimization is always on his mind, a true financial planner will formulate a model investment portfolio for his client and go so far as to rate the providers like equity/fixed income brokers, professional managers, banks and even businesses that can fill in the securities and outlets for such a portfolio.

A true financial planner knows that while investing is key to wealth creation and growth, he will not overlook recommendations on how his client manages cash as the planner knows that prosperity begins with "S", which is savings. At the same time, he will help his client properly harness the power of debt.

Lastly, a true financial planner advises his client that with guaranteed with investing, protecting against the downside through life insurance before investing is equally important. Here, a financial planner can also help his client rate insurance providers.

If a financial planner does all of the things just mentioned, then he is truly a blessing to his clients and to other financial planners who will try to emulate him.

Editor's Note

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My PF App 2020

PFA's way of helping a person become a true financial planner is to provide paid for subscription to the **My PF App™ 2020**, the country's first and only comprehensive financial planning App that is capable of doing the following:

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- real estate investment calculators
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