

Karl Bergerson - Managing Your Money for Retirement
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The objective is to learn how to manage money. From the survey, people are very concerned where to invest their money. But the first question is; where are you at right now?

You need to define yourself financially. Use a spreadsheet to determine your net worth and then subtract your yearly expenses. The result is how much money you have to work with. Then you need to decide how much of that can be used, or risked, for investment. The money you have free to invest and don't need for a few years is your working capital. Finally you can decide how to invest your money.

If you have a life partner, then this process needs to be a team effort. Both partners need to know their financial situation.

Karl created his own spreadsheet in Excel and updates it often. One objective of maintaining a spreadsheet is to help you meet your goals. Updating is necessary because our goals change as we get older. There probably are some sample spreadsheets available.

As for how to invest your money, the important question is "who do you trust?" Karl recommends two organizations. The American Association of Independent Investors (AAII) at <http://www.aaii.com> has some free information, and its membership fees are very reasonable. For years, Karl has been subscribing to Stanberry Research at <http://stansberryresearch.com/>, and finds it very useful. It costs money, but is very good. Even it's free information is good.

Some general points about investing. There are both high-risk and low-risk stocks and bonds. To find a good bond takes a lot of research, and they are very difficult to predict. You need to be aware of how much risk is in each stock. No stock you have should represent more than 4 percent of your portfolio. It is very important to keep track of your investments, and be ready to dump them quickly. Karl had a bad experience holding on too long to some stocks that were falling. Another time he had too much in one niche in technology. It went down and he lost a lot.

If you feel you need a financial advisor, the AAII website is a good start. Ordinary stock brokers only have a license to sell stocks. They make money off of each transaction, whether it's good for the client or not. Certified financial advisors are not motivated by profits on individual stock transactions.

There are virtual trading sites on the internet. What you do on a virtual trading site is different than what happens in real life. If your money isn't invested, you act differently.

Mutual funds and other funds have service fees. With Vanguard Funds, the U.S. largest mutual fund firm, you can see what they are charging.

When asked about investing in real estate, Karl replied that he would rather invest in stocks that manage real estate.

Karl was asked what he does, or has done, right. He has been good at saving and managing his expenses all his life. Several years ago when he was working at Boeing, he had a choice of what area of work to go into. He chose the one with the most potential to make money. After a few years, he could work for another company at a much higher salary.

Karl spends a couple of hours a week managing his assets. Currently, he deals with options and is heavily involved in gold stocks. He also trades through Interactive Brokers in the U.S., at <https://www.interactivebrokers.com>. Interactive Brokers also has offices in several other countries around the world including Japan.

At a future meeting, it would be good to have small group discussions about financial management. Also, we could look for a certified financial advisor in or around Sapporo to come and present.