Think like a Banker rather than an Investor

When it comes to investing, most of us are taught to think like an investor, not a banker. There is a difference.

Most of us invest by trading dollars we worked hard for to purchase assets such as stocks, bonds, mutual funds, annuities, real estate, businesses, etc. We do this because we anticipate the asset will increase in value in the future. The problem is that you do not know what the value of the asset will be in the future.

For example, when you buy a stock, real estate, or a business, *do you know what it will be worth in a year or five years?* You can look at trends and many other factors to make and an educated estimate, but it is impossible to know what the asset will be worth at a future date. Therefore, the actual return has a **high degree of uncertainty.**

Bankers operate from a totally different perspective. If you have ever had a mortgage or an auto loan, ask yourself this question. When you signed all the papers for the home or car loan, what was the *degree of certainty* that you were going to make the payments? High or low? I am confident the answer is very high. In other words, you intended to make the payments unless something catastrophic happened.

The banker understands this fact also. The banker knows you have every intention to make the payments. Therefore, the **banker has a high degree of certainty** that the loan will be paid back.

In addition, if you fail to make the payments what happens? The bank takes the house or car back. Then sells it to get their money back. The bank has protected the downside by collateralizing the loan. Is the banker risking their money? Not really. Banks rarely lose money on collateralized loans.

Too often people invest in the stock market, real estate, or a business without any downside protection. If the market cooperates or the business succeeds, all is well. But when the next economic cycle turns against them, or something bad happens like a disability, they take a loss. Sometimes, the asset is lost completely.

Most investors are subject to the roller coaster of economic cycles with no idea of how to get off the ride.

In summary, thinking like a banker instead of thinking like an investor requires you to have a strategy to recoup loses if something goes wrong with your investment. **Protecting your downside is the key.**

Numerous strategies are available to protect your downside. Lenders collateralize loans to protect from failed payments. Stock traders use options known as puts and calls to protect the downside. Insurance is often used as tool to protect from losses. Homeowners and auto insurance are common examples.

Diversification is often described as a strategy to limit loses. The problem is that when things get bad, it often does not work. Investing in multiple sectors of the stock market did not prevent most people from taking significant losses in 2008-9. The different sectors are part of the overall stock market. A rising tide raises all ships. A declining tide lowers all ships. The downside protection must be unrelated to the investment and not affected by the same factors.

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The **Your Personal Bank** concept is virtually unknown by most people. The financial industry has focused almost exclusively on the ultra-wealthy for this powerful financial concept. Only a tiny percentage of advisors have ever been introduced to it. Yet, many wealthy families, professionals, and business owners routinely use it regularly. The Rothschild family is one of the first families to employ this concept and have consistently used it to grow and preserve their family wealth for over 200 years.

Ben Bernanke, former Federal Reserve Chairman, has nearly 100% of his liquid net worth invested in this concept. John McCain borrowed against his Personal Bank to start his initial campaign financing for his presidential campaign. JC Penny did the same thing to keep Penny's open thru the Great Depression. FDIC reports that 15-40% of the average bank's assets are invested in the Personal Bank concept. If it is good enough for banks, JC Penny, John McCain, Ben Bernanke, the Rothschild's, and many others, why not you?

The banking concept is known by many names. The key is that the owner can borrow against the account to use the funds for any purpose. Because the funds remain in the account and are borrowed against it as collateral, they continue to grow while your money is working for you elsewhere.

Instead of borrowing from a lender, you become the bank. You earn interest on the funds in your account and profits from your real estate project. There are no fees or points to pay to a lender. There are no required monthly payments to make. If your real estate project is delayed, there are no interest charges from a lender to worry about. If you used your own money, there would be no lost opportunity cost.

The funds are guaranteed and not subject to any market risk. Current rates of return are guaranteed up to 4% annually. Average rates currently are 5-7% annually, with historical rates averaging 6-9% annually.

There are no age limits, contribution limits, or distribution requirements. The funds are available tax-free. Up to 60% of the funds are available day one. (Up to 90% of the funds can be available with limited tax benefits). You can easily access your funds in 2-3 days.

The Personal Bank is extremely effective for investors. It provides liquidity, use of the money for any reason, and tax-free benefits without government restrictions or tax or market risk.

To obtain additional information and to properly establish and maintain a Personal Bank you need an experienced advisor. Most individuals and over 99% of financial advisors have little or no knowledge of this concept.

Only 5-6 financial institutions in the US offer the products that generate the best results. This is a very specialized and advanced area of the financial industry. Therefore, an experienced advisor with the correct product structured the right way is the key to obtaining the best results with **Your Personal Bank**.

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