The Bob Livingston Letter

SPECIAL FINANCIAL REPORT

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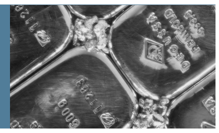


Retire Richer, Even If You Got a Late Start

In the past our economic system has given U.S. citizens a reasonable living and a social security retirement. Many people had good company pensions.

INSIDE THIS ISSUE:

But this system, as well as private companies, is shaky now. It's like Russia when everything fell apart. People lost their pensions and on top of the whole mess the government devalued the currency so that it was almost worthless. Old people went back to garbage cans for something to eat.

...you are going to need the Wisdom of Solomon to retire richer...

Yes, you are going to need the Wisdom of Solomon to retire richer, but it can still be done. If you want to retire richer than the average Joe, you must read and think for yourself. It won't fall out of the sky. This is, in itself, unique because almost nobody reads any more, and it seems even fewer people think. The system prescribes mediocrity. Most people live a lifetime and never have an original or creative thought. They are oblivious to how rigid their lives are.

If you want to retire richer, you've got to be different. And you must also realize that there are many people (I call them "parasites") who will do all they can to keep you as poor as a church mouse. I will name some:

1. The Federal Government takes as much as it can from citizens in income taxes, advaloren taxes, inheritance taxes, and you name it. The very philosophy of the Federal Government is to steal under the pretense of taxing.
2. There are local governments like cities and counties, whose lifeblood is your blood. Once they add a tax to the tax roles, they never remove it.
3. The company you work for may default on your pension. General Motors is doing it now. It will get worse. Also, you may work for a company for 30 years and just before retirement they may cut you off along with your pension.

It happens every day.

4. Scams. There are new ones every minute designed to trick you out of your hard earned money. They prey on the gullible and those who always want something for nothing.
5. Lawyers. This is a huge risk in the United States. They love to sue and they will sue under any pretense. If they don't have a case they will create one.

To retire richer, you need to become super private. Keep your business to yourself. Don't leave a paper trail for lawyers or the government.

Become people smart. This alone can make you rich because you'll learn to read people and avoid the crooks. Do you know that this is the downfall of many otherwise smart people? You can't be too people smart.

The MORE You Read, the Richer You Will Get!!

If you read enough, you won't have to wait until retirement age. You can be young and rich. Here's why:

The more you read, the more that goes into your mental computer. The mind will have many variables to draw on. This makes for creativity and originality – something a nonreader doesn't have. Now don't read comic books or novels. Read financial books and newsletters like *The Bob Livingston Letter* and the ones recommended below.

I am dead serious about this. "The more you read, the richer you will get," is such a simple thing, but few people know it and I mean very few.

In addition to *The Bob Livingston Letter*, the best market newsletters are:

- *The Dines Letter*, www.dinesletter.com;
- *The Aden Forecast* at www.adenforecast.com;
- *Free Gold Money Report*, by James Turk, www.fgmr.com

These people can advance your investment thinking and they frequently refer to (as I do) other financial newsletters and books. In a few pages they can share with you what you would never learn in a lifetime.

Now what are the ways to make money that can make you rich? Here are a few recommendations:

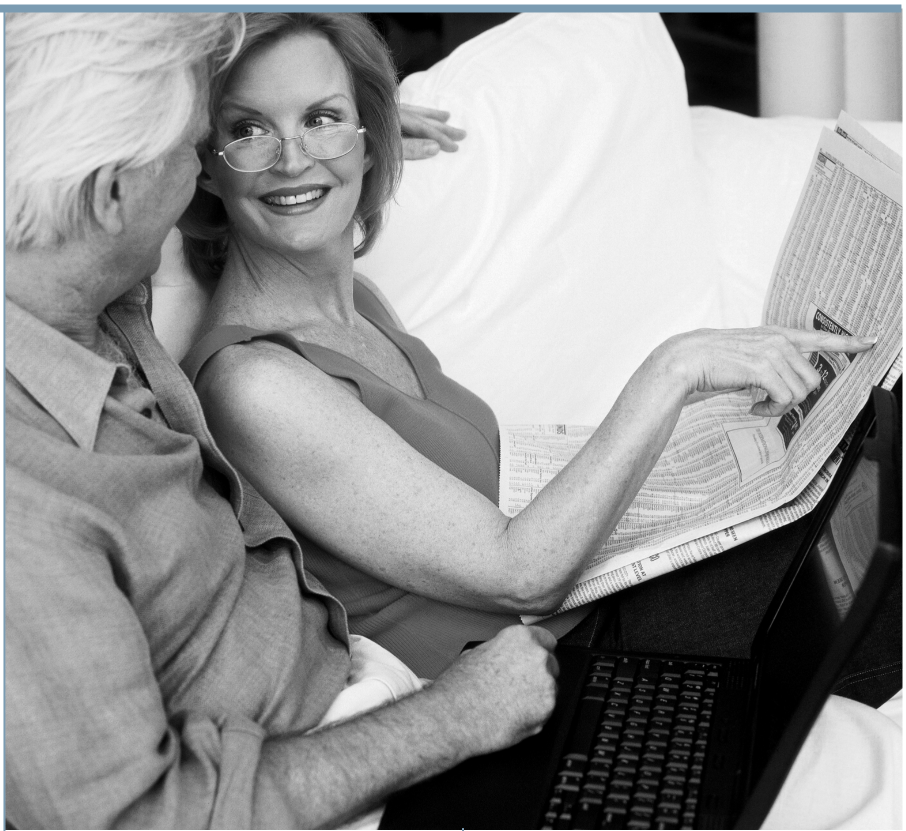
The Stock Market

Most people lose money in the stock market, but a few, like Warren Buffet get super rich. Why? Because they read.

They also always invest with the market trend. It has all to do with your success or failure. Market trends are like the seasons; they come and go. Most of the time trends last two to four years, some much longer. But you need to know if you are in an up or down market. This is a changing phenomenon so you have to read market letters like those listed above to become familiar with the current trend.

Another secret to successful investing is to go contrary to the crowd. Always go opposite to the crowd. If you start to invest in something that a lot of people are excited about, don't do it. Other people's excitement is an excellent indicator that it's too late. Typically, the public invests at the top when everyone is in a frenzy about a stock or investment. This is the time for you to get out. The profits are gone and the stock or the market is at its top and ready to go down. For the greatest profits, buy quality when they are out of favor. The yield should be high and the price low.

These are important concepts, but it will all come together fast if you read a lot.



The Hidden NEW Bull Market

Stocks that the public does not know or care about right now are gold, silver and uranium stocks. As of this writing, these stocks should be bought and held for two to five years for huge profit potentials.

Here are seven stocks that we bought up to five years ago that I believe still have considerable upside to them (buy on dips in the market):

Gold stocks:

1. Newmont Mining (NEM.NYSE)
2. Goldcorp (66:NYSE)
3. Novagold (NG.AMEX)

Silver stocks:

1. Pan American Silver (PAAS.Nasdaq)
2. Silver Wheaton (SLW. NYSE)

Important to Know:

Even though a stock sector may be in an up trend, stocks or market sectors never go straight up. In fact about 80% of the time, up trend stocks are just sitting or even correcting down against the trend. But if the trend is up they will always rise to new highs until the top when they reverse to a new down trend and prices start down. You should be out of this sector at this point. Know the trend because the trend is your friend.

Top Mining Stocks:

1. Freeport-McMoren Copper & Gold (FCX:NYSE)
2. BHP Billiton Ltd. (BHP:NYSE).

These are not stocks that the public knows about. When the public does want these stocks, the market will be at the top and we will sell. This is what savvy investors know as contrary opinion. All successful investors know about this and it is fundamental to their investing.

Commodities and Natural Resource Stocks

This sector is also now in a bull market and should be profitable for a few years.

What are commodities? Commodities can be gold, silver, oil, lead, zinc, tin, uranium, or all the farm products like corn, wheat, hogs and cattle.

My recommendation is the Rogers Raw Material Fund. This fund has a market basket of commodities in it. The minimum investment is $10,000. For information contact: Mr. James D. Baer, Uhlmann Price Securities, LLC., Chicago Board of Trade, 141 W. Jackson Blvd., Suite 1340A, Chicago, IL 60604; 1-800-444-7075.

Beyond the gold, silver, and top mining stocks mentioned above, some of these energy stocks are worth considering: Newfield Exploration (NFX), Peabody Energy (BTU), Devon Energy (DVN), Chevron (CVX) and Massey Energy (MEE).

That Job You Have

Now you may be thinking that a job is all I have. I don't have any investment dollars. Well, most of the time you have to save some money in order to have money to leverage into greater amounts than just your earnings. In fact some people don't want to invest. They just want to save. They want to be ultra conservative, which is not a bad idea unless you really feel comfortable with investing.

The concept of saving is powerful because of interest earnings and compounding. Some say that compounding is the royal road to riches. I agree: compounding is a safe and sure road to riches.

Here is an example of the magic of compounding. Time is important in the compounding process.

Let's assume that investor (B) opens an IRA at age 19. For seven consecutive years, he puts $2,000 into his IRA account at an average growth rate of 10% (7% interest plus growth). After seven years this fellow makes NO MORE deposits or contributions.

A second investor (A) saves no money until age 26. (This is the age when investor (B) above was finished with his contributions.) Then (A) continues saving faithfully and deposits $2,000 every year until he's age 65 (at the same theoretical 10% rate).

Now study the incredible results. (B), who made his contributions earlier and who made only <u>seven</u> contributions ends up with MORE money than (A), who made 40 deposits but at a LATER TIME.

The big difference in the two is that (B) had seven more early years of compounding than (A). Those seven early years were worth more than all of (A)'s 33 additional savings deposits.

Here are the magic numbers in the chart on page 5. And the magic numbers come from compounding over time. It takes time, a concept most people don't understand.

Don't Lose Money

This may sound naive, but believe me it isn't. If you want to be wealthy, you must not lose money, or I should say must not lose BIG money. Is this an absurd, silly rule? Maybe, but MOST PEOPLE LOSE MONEY in disastrous investments, gambling, rotten

	INVESTOR A		INVESTOR B	
Age	Contri-bution	Year-End Value	Contri-bution	Year-End Value
8	-0-	-0-	-0-	-0-
9	-0-	-0-	-0-	-0-
10	-0-	-0-	-0-	-0-
11	-0-	-0-	-0-	-0-
12	-0-	-0-	-0-	-0-
13	-0-	-0-	-0-	-0-
14	-0-	-0-	-0-	-0-
15	-0-	-0-	-0-	-0-
16	-0-	-0-	-0-	-0-
17	-0-	-0-	-0-	-0-
18	-0-	-0-	-0-	-0-
19	-0-	-0-	2,000	2,200
20	-0-	-0-	2,000	4,620
21	-0-	-0-	2,000	7,282
22	-0-	-0-	2,000	10,210
23	-0-	-0-	2,000	13,431
24	-0-	-0-	2,000	16,974
25	-0-	-0-	2,000	20,872
26	2,000	2,200	-0-	22,959
27	2,000	4,620	-0-	25,255
28	2,000	7,282	-0-	27,780
29	2,000	10,210	-0-	30,558
30	2,000	13,431	-0-	35,614
31	2,000	16,974	-0-	36,976
32	2,000	20,872	-0-	40,673
33	2,000	25,159	-0-	44,741
34	2,000	29,875	-0-	49,215
35	2,000	35,062	-0-	54,136
36	2,000	40,769	-0-	59,550
37	2,000	47,045	-0-	65,505
38	2,000	53,950	-0-	72,055
39	2,000	61,545	-0-	79,261
40	2,000	69,899	-0-	87,187
41	2,000	79,089	-0-	95,905
42	2,000	89,198	-0-	105,496
43	2,000	100,318	-0-	116,045
44	2,000	112,550	-0-	127,650
45	2,000	126,550	-0-	140,415
46	2,000	140,805	-0-	154,456
47	2,000	157,086	-0-	169,902
48	2,000	174,995	-0-	186,892
49	2,000	194,694	-0-	205,581
50	2,000	216,364	-0-	226,140
51	2,000	240,200	-0-	248,754
52	2,000	266,420	-0-	273,629
53	2,000	295,262	-0-	300,992
54	2,000	326,988	-0-	331,091
55	2,000	361,887	-0-	364,200
56	2,000	400,276	-0-	400,620
57	2,000	442,503	-0-	440,682
58	2,000	488,953	-0-	484,750
59	2,000	540,049	-0-	533,225
60	2,000	596,254	-0-	586,548
61	2,000	658,079	-0-	645,203
62	2,000	726,087	-0-	709,723
63	2,000	800,896	-0-	780,695
64	2,000	883,185	-0-	858,765
65	2,000	973,704	-0-	944,641
Less Total Invested:		(80,000)		(14,000)
Equals Net Earnings:		893,704		930,641
Money Grew:		11-fold		66-fold

business deals, greed or poor timing. Yes, after almost five decades of investing and talking to investors, I can tell you that most people definitely DO lose money. And they lose big time – in the stock market, options and futures, real estate, bad loans, mindless gambling, and in their own business.

Rich Man, Poor Man

In the investment world the wealthy investor has one major advantage over the little guy, the stock market amateur and neophyte trader. The advantage that the wealthy investor enjoys is that HE DOESN'T NEED THE MARKETS. I can't begin to tell you what a difference that makes, both in one's mental attitude and in the way one actually handles one's money.

The wealthy investor doesn't need the markets, because he already has all the income he needs. He has money coming in via bonds, T-bills, money market funds, stocks and real estate. In other words, the wealthy investor *never feels pressured* to "make money" in the market.

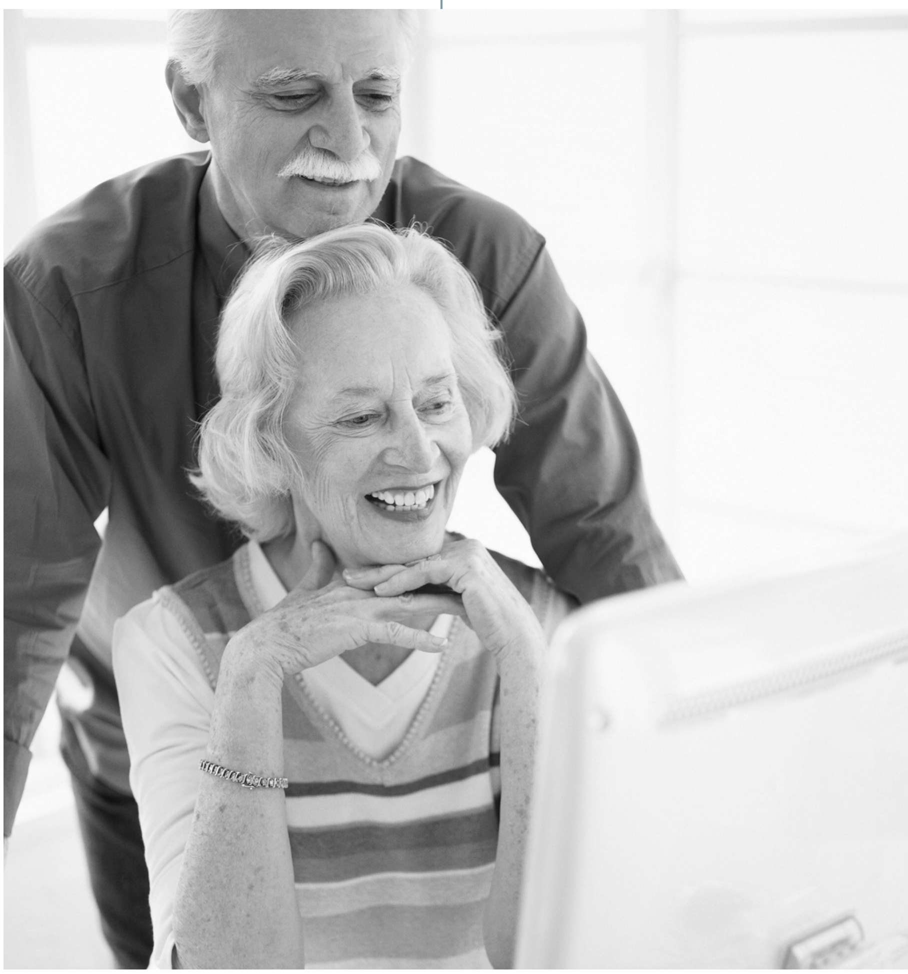
The wealthy investor tends to be an expert on values. When bonds are cheap and bond yields are irresistibly high, he buys bonds. When stocks are on the bargain table and stock yields are attractive, he buys stocks. When real estate is a great value, he buys real estate. When great art or fine jewelry or gold is on the "give away" table, he buys art or diamonds or gold. In other words, the wealthy investor puts his money where the greatest values are.

And if no outstanding values are available, the wealthy investor waits. He can afford to wait. He has money coming in daily, weekly, and monthly. The wealthy investor knows what he is looking for, and he doesn't mind waiting months or even years for his next investment *(they call that patience)*.

But what about the little guy? This fellow always feels pressured to "make money." And in return he's always pressuring the market to "do something" for him. But sadly, the market isn't interested. When the little guy isn't buying stocks offering 1% or 2% yields, he's off to Las Vegas or Atlantic City trying to beat the house at roulette. Or he's spending $20 a week on lottery tickets, or he's "investing" in some crackpot scheme that his neighbor told him about *(in strictest confidence, of course).*

Because the little guy is trying to force the market to do something for him, he's a guaranteed loser. The little guy doesn't understand values so he constantly overpays. He doesn't comprehend the power of compounding, and he doesn't understand money. He's never heard the adage, *"He who understands interest – earns it. He who doesn't understand interest – pays it."* The little guy is the typical American, and he's deeply in debt.

In fact, the little guy is in hock up to his ears. As a result, he's always sweating – sweating to make payments on his house, his refrigerator, his car or his lawn mower. He's impatient, and he feels perpetually put upon. He tells himself that he has to make money – fast. And he dreams of those "big, juicy mega-bucks." In the end, the little guy wastes his money in the market, or he loses his money gambling, or he dribbles it away on senseless schemes. In short, this "money-nerd" spends his life dashing up the financial down-escalator.



But here's the ironic part of it. If, from the beginning, the little guy had adopted a strict policy of never spending more than he made, if he had taken his extra savings and compounded it in intelligent, income-producing securities, then in due time he'd have money coming in daily, weekly, and monthly, just like the rich man. The little guy would have become a financial winner, instead of a pathetic loser.

Values

The only time the average investor should stray outside the basic compounding system is when a given market offers outstanding value. I judge an investment to be a great value when it offers: (a) safety; (b) an attractive return; and (c) a good chance of appreciating in price. At all other times, the compounding route is safer and probably a lot more profitable, at least in the long run.

Time

Here's something they won't tell you at your local brokerage office or in the "How to Beat the Market" books. All investing and speculation is basically an exercise in attempting to beat time.

<u>Reference</u>: Rich Man Poor Man Compounding Chart on page 5 and the subsequent text to this point is from Richard Russell of *Dow Theory Letters*, PO Box 1759, La Jolla, CA 92038 (www.dowtheoryletters.com) Subscriptions $300 per year.

Why Not Just a Passbook Savings Account At Your Local Bank?

Regular commercial bank savings accounts are not very popular because interest rates are lower and interest received is taxed as ordinary income. There is not much of a way to defer taxes as in stocks and U.S. government bonds.

Unless you can compound, taxes and inflation will eat you alive. Any wealth planning should always factor in taxes and inflation. Otherwise you may accumulate dollars with greatly reduced purchasing power. After all, if you get rich in mini dollars you have lived an illusion.

Millions are doing this because over time U.S. dollars have not been constant in purchasing power.

Commercial bank CDs also don't pay much interest and taxes take most of the interest. But there are bank CDs that are profitable. These are CDs in foreign currencies. These CDs can be bought in three, six and one year increments. And the six-month CDs pay about as much as the one year CDs do. The bank is EverBank at 1-800-926-4922 or www.everbank.com.

Currency Gains in Foreign CDs

Currencies go up and down in cycles or trends just like stocks. Foreign currencies most of the time go opposite the U.S. dollar.

When the U.S. dollar is in a bear market, it will trend down with some rallies against the trend. At the same time, most foreign currencies will trend up just opposite the U.S. dollar. This means that gains can be made as the currencies go up, plus the interest. This double income potential can be considerable, up to 30% or more. This is usually far better than investing within the U.S. as most Americans do.

Currency Risk

Money can be made in foreign currencies but there are risks.

Governments manage their currencies through their central banks. Central banks use printing press money to fund their spending. In other words they create money for whatever they want. If they need an army to fight a war, they just print the money. Of course they don't publicly say this.

National currencies can be stable when backed by gold. Sir Isaac Newton created a gold standard with the British pound in the early 1700s and it ended in 1914. All that time the British pound had essentially the same purchasing power.

Wealth building requires a close watch on national currencies. Inflating paper money can undermine everything you do in your personal finance.

The Retiree's Golden Egg

We have talked about the risk of government, lawyers and inflation. There is one concept that you can use to defeat them all. That is gold coins for privacy, asset protection, and retirement.

As the purchase value of paper money goes down, the dollar price of gold goes up.

People who understand the system accumulate gold coins and have them available for emergencies and retirement, and they keep them in their possession, not in banks.

The golden idea is to preserve your savings from inflation and taxes and sell your coins off during retirement as you need cash income. You can always sell your coins for cash. This is a low profile way to be private.

You can buy all sized gold and silver coins and they will last thousands of years when all the paper money is gone.

Unreported Retirement Leverage

One of the very best ways to build retirement income besides gold coins is to start a small business of your own. There are millions of small businesses and many huge companies that grew from these small ventures.

There are literally thousands of ideas for starting a small business. Remember I told you earlier that the more you read, the faster you will lead your mental computer and the faster your mind will trigger money making ideas. I guarantee it.

Taxes are a huge factor in a lifetime. And a small business affords plenty of tax breaks. The most important small business page in a tax return is schedule C. This is where small business people take their many deductions.

The taxing authorities don't like small businesses because they know that they can't keep up with them. No matter what they do, they can't collect near as much as they can from people who just work jobs and automatically have taxes taken from their pay checks.

I suggest that you go to the IRS or your accountant and ask for a schedule C and study it. It's a gold mine. As you read more about the benefits of small business, you'll learn that a small business does not have to show a profit. They have to only display an <u>intention</u> to make a profit. This can go on for years. Imagine what an opportunity this is to create income through tax savings.

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