March 2008
Volume 3, Issue 3

S.C.A.R.E.I.A.

Sandusky County Area Real Estate Investors Association – serving all of Sandusky County and surrounding areas

NEXT MEETING

Monday, April 21
7:00 p.m.

Fort Stephenson House
600 W. State St.
Fremont

Inside Stories

MARCH MEETING MONDAY, MARCH 17TH

Do you ever hire casual labor? Do you ever hire contractors? If the answer is yes to either of these questions, you need to attend our March meeting and be prepared to have your eyes opened. If anyone is hurt while performing work for you, no matter how small the job, you could have a workers' comp. claim filed against you. Not only that, if you have not handled things properly you could have penalties as severe as 10 times the premiums that the Bureau of Workers' Comp thinks you should have been paying.

Bobbi Mancillas of Mancillas & Clark, a Workers' Compensation Consulting Service, will be here to make sure you know how to stay out of trouble with the Bureau. There are some really inexpensive ways you can safeguard yourself, but first you need to be able to recognize when you are at risk.

Bobbi will cover the history of Workers compensation, applying for and maintaining coverage, types of coverage, the true difference between employees and subcontractors (it may not be what you think), and answer all your questions.

Bobbi Mancillas, a native of Toledo, worked for 17 years for the State of Ohio Bureau of Workers' Compensation. She started as a technical typist and moved thru several departments and promotions including Assistant Claims Director, Claims Service Office Manager, and Regional Risk Manager. In 1996 she was downsized right out of a job. She then co-founded Mancillas & Clark, a Workers Compensation Consulting Service, and now shares her expertise by helping Ohio Employers reduce their Workers' Compensation costs. Bobbi is also a past president of The Women's Entrepreneurial Network as well as the Oregon/ Northwood Rotary Club.

Keeping Insurance Premiums Affordable

As insurance costs continue to rise, it is essential to understand the ways to keep costs to a minimum without sacrificing quality or coverage. Keep the following list in mind next time you shop for insurance:

- Keep track of your current premium increases and shop around for a new policy if the increases are unreasonable.
- Look into taking multiple policies with the same insurance company. Often, insurers will provide lower premiums to customers who carry multiple policies. Also, this will reduce the likelihood of different insurers arguing over responsibility if you have duplicate coverage between policies.

- Negotiating with several companies and even within the insurer you have chosen will ensure you receive the best offer. Be sure to arm yourself with knowledge about the different coverage available to put yourself in the best position to bargain.
- Carrying out preventative maintenance and repairs rigorously will reduce your liability for negligence claims by your tenant and will help keep premiums as low as possible.
- Save on premium costs by keeping your insurance agent informed regarding all the steps you have taken to reduce your risk for insurance claims. Give the agent reports from any inspections you have had from the fire department, gas company etc. Tell the agent when you replace old pipes, electrical wiring or roofing.
- To reduce premiums, increase your deductible. Decide what amount you can handle out of pocket from money set aside for maintenance and repairs. Insurance agents advise making the deductible $1000 for homes valued at $100,000 or more.

Remember: Insurance companies don't look at total payouts – they look at how often they were called and a claim filed. It doesn't pay to call for small problems which you could easily pay for out of pocket. It will be worth it to keep your premiums down.

The Five Biggest Investing Mistakes That the Average Person Makes

(How Many of Them Are You Guilty of Making?)

Wealth Mistake #1: Following the *wrong* financial plan.

Did you know that *everyone* has a wealth plan that he or she is following? And your wealth plan will either lead you to financial riches or financial ruin?

Now here's the most shocking part of all: For over 96 percent of the country their wealth plan is designed for financial mediocrity at best and for financial failure at worst.

It's true. According to government statistics, 96 percent of all Americans who reach age 65 wind up dependent on the government, their family, or a job as one of the main sources to fund their "golden years".

Most of you have heard about the traditional wealth plan of: "get a good education so that you can land a good job (as determined by its security and salary). Then work for 40 to 50 years saving as you go. Invest your leftover money in conventional investments such as mutual funds and company's 401(k) so that you can retire at age 65 or 70. Then *hope* that your money doesn't run out while you're still alive."

Not a very inspiring plan is it? Especially considering that this plan flat out fails 9 out of 10 people who end up finding their golden years full of economic uncertainty and anxiety.

Why then would anyone choose to follow a plan that at best leads to financial sufficiency but not real freedom *and* also has such an astronomically high failure rate?

Sadly, because the average person doesn't know any better. He simply accepts the barrage of financial programming he takes in passively from the world around him. She unconsciously gives up her dreams in order to be "*realistic*" about her expectations in life.

But it doesn't have to be that way for you. You can take charge of your own financial life and guarantee your own financial future. One of the key steps for you is to create your own action plan for how you will reach your financial goals.

If you're like many people, you find yourself torn. Part of you wants to run and hide under the covers. All this talk of financial matters intimidates you. Maybe you'd rather not know. Of course you know that this is a recipe for the worst kind of disaster.

Don't let yourself fall prey to this all too common way the average person plans out their financial life--by hiding.

You *can* have it be different. But it's up to you to *make it* different!

This leads us into the next wealth mistake...

Wealth Mistake #2: Blindly turning your investments over to a "professional" manager to do your investing for you.

The temptation is great, and the world is going to tell you to simply invest in a "diversified portfolio of professionally managed securities" and hope for the best.

But how comfortable are you letting others be in control of your financial destiny - as you passively allow those other people, most of who are still financially struggling employees themselves, to make all of your financial decisions?

To be frank, that scenario should scare the heck out of you!

<u>The Five Biggest Investing Mistakes That the Average Person Makes</u> (continued)

You need to **invest the time and energy to cultivate the skills that can consistently generate outsized returns relative to the market**, so that you can take control of *your* financial destiny.

You will be the one in control. *You* will be the one guaranteeing your financial results; *you* will be the one who can make sure you reach your financial dreams.

Not someone else... *you*!

Does this take more effort? Of course it does. But remember that the stakes are incredibly high and the price of not making the investment could be financially fatal for you and your family.

Plus the rewards dwarf the investment and are quite literally 1,000 times greater than the investment of time and money it will take you to master these skills.

Which leads me to the next wealth mistake...

Wealth Mistake #3: Focusing on the "investment" and forgetting about you the *investor*!

The mass media is going to tell you that the way to protect yourself and be "safe" is to focus on the specific, individual investments that you are making. But please listen closely because what you're about to read is essential for your success financially: **risk cannot be isolated from the investor.**

In fact, if you go one step further, the real root cause of investment risk has more to do with the *investor* than it does with the investment.

What's risky for one investor may be a bread and butter investment for another investor.

As Warren Buffet, arguably the greatest living investor of our time, says, "*Risk comes from not knowing what you are doing.*"

Wealth Mistake #4: Focusing on "saving" versus *investing* – and falling victim to the prevailing Investment Myths

Is there a difference when it comes to saving versus investing? You bet there is!

Let's look at it this way...

Level One people don't build wealth. Their focus is narrowed on getting through today. Unless they do something radically different they will end up financial dependent and struggling their entire lives.

Level Two people build wealth out of their income. What this means is that they see investing as a process of scrimping and saving each year to squirrel away a small amount of their after tax "left over" money to build their "nest egg" bit by bit over 40 plus years. Their focus is on the saving of the money, rarely if ever is it on becoming a savvy, intelligent investor who is able to generate higher rates of return.

Level Two people tend to just hand their money over to a "professional" manager to invest for them. Never mind that this professional manager is usually a w-2 employee or a 1099 sales person working on commission.

Doesn't it shock you to think of how many people blindly put their financial future into the hands of someone who is not financially free themselves?

Level Three people build their income out of their wealth. They use their wealth as a powerful tool to build more wealth. They don't limit their investments to using just their own limited "nest egg". Instead they realize that they can leverage their time, their talents, their assets, and their other advantages to magnify their returns.

They focus on their skill as an investor because they realize that the better they get--the more informed, the more educated, the more savvy--the greater their investment returns will be and the lower their investment risk will be.

The Five Biggest Investing Mistakes That the Average Person Makes (continued)

Remember what Warren Buffet said? "Risk is not knowing what you are doing."

Shouldn't your first wealth priority be to learn what you are doing?

Many good, deserving people under perform financially simply because they follow flawed financial advice and investment myths.

For example, take the investing myth: "*Diversification is an important investment principle to keep you safe*."

This statement is pure bunk! Just about every successful investor from Warren Buffet, to Lou Simpson, to Phil Fisher realizes that you need to focus your investing on a fewer number of moves that you've more carefully thought through and understand, and that you must make those moves meaningful when you do invest. Concentration and compression of capital is the mark of the best investors, not diversification.

Diversification as a strategy is only good for the uninformed who are looking to get close to the market average. And as it's commonly practiced, most investors actually work twice as hard for half the return because they follow a poor diversification strategy. The real point is that diversification isn't the best way to lower risk - cultivating the skills and advantages you need to make better, smarter investing moves is.

If you don't learn to clear out the pervasive investing myths, you'll run the grave risk of making poor or costly financial mistakes that could literally haunt you for the rest of your life.

And this leads us to the final wealth mistake...

Wealth Mistake #5: Having no clear, *written* investing criteria to use to evaluate investment opportunities.

An "investment criteria" is the specific guideline you have for what makes a good investment for *you*. This is what lets you sort through various investment opportunities fast to choose the ones that you want to pursue further.

It also sharpens your focus when you are looking for deals and dramatically increases your odds of finding winning deals. Plus, having the right written investment criteria lets you get other people finding you great deals.

Relax; no one is born knowing how to create his or her own investment criteria. It is a learned skill, and one you can master by modeling other successful investors.

Take Warren Buffet. He has a 12-point investment criterion for the companies he buys. **By having this precise criterion, he is able to literally buy a $5 billion company from start to finish in less than 30 days!** (Considering the average deal that size might take months or *years,* that is remarkable.)

His criteria include things like:

> *Criteria Five: Must include the business management with the sale* [he isn't interested in running the business, he just wants to own it]. *Management must be candid with shareholders and run the business for the shareholder's best interest.*

The lesson here is not that there is any one perfect "criteria" for you to copy for yourself. There isn't. Each person has different financial goals, different financial starting points, and different advantages and areas of focus. The real lesson here is to use some other successful deal criteria as a model to create your own personal investment criteria.

Everything you ever wanted to hear about small claims and how to be better prepared to present your case was the topic of our February meeting, with guest speaker Judge John Dewey. Dewey has been serving Sandusky County as the judge of County Court No. 1 in Clyde for the past 32 years. John also has a private practice along with his brother Tom - Dewey and Dewey, located at 107 N. Main St. in downtown Clyde. And - CONGRATS are in order, as Judge Dewey won the Republican ticket primary in last week's election. He is running for Sandusky County Common Pleas Court Judge Harry Sargeant Jr.'s seat. Please be sure to VOTE in the November election!

2007 S.C.A.R.E.I.A.
Board Members

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Vice President: Harry Aspacher
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Newsletter: Mary Methner

Programs: Harry Aspacher

For further information, you may contact any of the Board Members at any time

About Our Organization...

SCAREIA was organized in October 2005. Our primary focus is to share information, to help educate and to motivate our members in their successful real estate endeavors.

Anyone interested in Real Estate Investing, whether you are just beginning or a seasoned investor, are welcome to join.

SCAREIA meets the 3rd Monday of every month at 7pm. Meetings are located in the basement of the Fort Stephenson House, 600 W. State St., Fremont, Ohio.

WE NEED YOUR HELP - PLEASE

Let's keep our membership growing by contacting any prospective members and invite them to attend our monthly meeting as your guest for FREE.

It's up to ALL of us to keep this group going!!

SANDUSKY COUNTY AREA
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