

# True or False? – It Takes Money to Make Money

The short answer is YES; of course it takes money to make money. To make money in the stock market, you must have money to make the initial stock purchases. Starting a business requires money to buy inventory, marketing materials, office space and equipment. Even lottery winners have had to have the seed money.

## The ability to execute an idea

Great inventors and industrialists became great, not so much because of their ideas, but because of their ability to execute. This is the crucial aspect.

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## It Really Does Take Money to Make Money

Now before discouragement sets in, I want to stress that it doesn't necessarily have to be your money. As we all know, ideas have value. This *value* can be unleashed by using other people's money (OPM). OPM, has launched many a fortune based on nothing more than a fine idea.

*What these great men had in common was the ability to execute, which as we've already determined, requires money.*

Ideas, however, are like sphincters—everybody has one (or more). Taking an idea from wishful thinking to a viable business enterprise requires (you guessed it) MONEY! In the not too distant past, finding the money to turn ideas into realities was

an arduous task. Loans from friends and family, bootstrapping with your own assets and credit, angel investors and venture capitalists were the only available sources of capital.

The process of turning an idea into a commercially viable product or service is known in the entrepreneurial community as execution. Great inventors and industrialists became great, not so much because of their ideas, but because of their ability to execute. Samuel Morse wasn't the first to invent the telegraph; Thomas Edison was not the first to conceive the light bulb and the venerable Alexander Graham Bell wasn't the first to envision the telephone. What these great men had in common was the ability to execute, which as we've already determined, requires money.

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## **History of these inventions**

If we delve into the history of these three inventions, we learn that an Italian, Antonio Meucci, was the first to develop a working telephone. He filed a temporary patent 5 years before Bell but poverty and poor health prevented him from paying the patent office the \$10 fee required for the patent's renewal.

Heinrich Goebel was likely the first to invent the light bulb. In fact, he tried selling Edison on the idea but Edison wouldn't bite. Goebel died a couple of years later and Edison bought the patent from Goebel's impoverished widow for a song.

A French inventor by the name of LeSage invented the telegraph 60 years before Samuel Morse. The idea didn't take root in France but Morse brought it to fruition here in America.

These examples demonstrate the important roles money and

execution play.

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## **Uncommon Wealth Building Wisdom – The Benchmark**

There is a common trait that shows up on the road to building your wealth. This trait shows up as you continue to add to your investment portfolio. You do have an investment portfolio don't you? And don't even start the blame game when this trait is revealed in just a moment.

Here is what this is all about: in a word, Benchmarks. In and of itself, a benchmark would seem to be an important part of evaluating the performance of your investment portfolio. And, truth be told, if there were actually one accepted benchmark that could be universally applied, that might actually work. But the reality is that investment performance is not so simple.

### **Get a better benchmark**

Instead of always trying to play catchup with an industry benchmark, there is a better strategy. A strategy that will allow you to grow and expand your portfolio over time without freaking out every time you see your portfolio statement.

# Lessons From The Diet World

*You are barely into the entryway of the store before you notice the section with the largest selection of books. Yep, it's weight loss.*

Here's an analogy that illustrates the point being made here. Head into any neighborhood Barnes & Noble or similar bookstore. You are barely into the entryway of the store before you notice the section with the largest selection of books. Yep, it's weight loss. The point for you to see here is that if there were one diet that worked for everyone and every circumstance there would not be such a wide selection of diet books on those shelves.

The exact same concept applies to the world of investing. You can prove this for yourself with a quick Google search. Search for investment benchmarks and you get something like 26 Million Search Engine result pages. Obviously there are not that many ways to measure the performance of your investments, but still, the point should be glaringly obvious.

## What "They" Say

Now take a look at the world of investments. Suppose you have a diversified investment portfolio that you have been funding for a few years. What do "they" tell you to look at? Most often, investors are told to compare the performance of their portfolio to that of a major benchmark. You might even discover that your financial advisor is using this benchmark to demonstrate how well you are doing. Suppose your portfolio is being compared to the S&P 500.

Actually, the S&P 500 is a commonly used portfolio performance

comparison benchmark. How does this show up in the real world? Suppose you pay for the services of a personal financial advisor. Your advisor might send you a glowing report this quarter indicating that your investments outperformed the S&P 500. Wow! Your advisor is a genius. How about if you send in some more money?

Hold on a sec! What about the other side of this equation? Suppose, the next quarter you get a different letter. This time your advisor is lamenting the fact that for some inexplicable reason your portfolio lagged the S&P 500. Now what? Is your advisor an idiot? Or is there something else going on here?

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## Wrong Benchmarks

You see, the reality is that if the last scenario turned out to be true, you might not have reacted so well. In fact, you may have found your self dialing your advisor to find out what the\_\_\_\_\_ is going on here?

What's going on here is you are engaged in a comparison game that does not make sense over time. As you have probably noticed by now, the market goes up and the market goes down.

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# Top Budget Hacks for Planning and Accounting

Something most rags-to riches stories have in common is that a good budget is always needed to help anyone achieve financial security. If you want to significantly improve your credit, you have to learn how to pace your spending and increase your savings.

## Top notch advice

There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want. In this article we'll offer you some top notch advice on budgeting and accounting:

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### # 1 – Keep Detailed Records

Most people don't keep track of every little expense they make.

People usually rely on the online banking records to calculate their expenses. This is quite effective when it comes to having an overview, but it doesn't help you keep an eye on bad expenses and avoidable spending.

Make a folder on your computer, as not to waste paper and to be able to edit easily, and write down everything you spend in an 'expenses' file, while also keeping track of all incoming money on an 'income file'.

At the end of each month and each year you should check how much

of your money went to avoidable, 'bad' expenses. Cut down on frivolous spending and watch your savings grow.

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## **#2 – Predict Large Expenses**

*The number you'll get will probably shock you, which is a good thing. There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want.*

It might sound like an obvious tip, but you'd be surprised how few people actually plan ahead for the major expenses during their lifetime.

Buying a house or paying rent for life is one of those predictable, large expenses. Having a child (or many) is a predictable expense. If you include a few cars, a couple of large trips, furniture, college debts and similar big expenses, you can have a good look at what kind of money you'll need to achieve the lifestyle of your dreams.

The number you'll get will probably shock you, which is a good thing. There is no better medicine for bad spending than to see what you have to pay for in the future to live the life you want.

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## **#3 – Make a 'Get-Rich' Plan**

Expert financial planners, like Dominique Brown, would advise anyone who wants to become rich to make a solid plan to achieve

that goal.

Riches rarely come to those that simply wait for them. This does not mean that it takes extreme effort to become financially secure either.

What you really need is diligence. Make a plan on your own, or get the help of a professional, and learn to stick to it as if it were a religion.

Learning to live with a strict (if not tight) budget, will help you learn to keep frivolous spending in check.

Remember that no matter how much money you make, you can easily spend it all on some luxurious stuff you don't need and end up being poor again. Being truly rich for life means that you have to work for it and keep ahead of the financial game at all times!

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## **Tips for Avoiding an Out of Money Experience**

Do you run out of money before you run out of month? Many do, but it doesn't have to be that way! Wealth is the result of widening the gap between what you earn and what you spend. Most of us make the mistake of ramping up our spending as our disposable incomes rise. This is self-defeating. If you do not



develop a respect for money, it will always elude you.

## **You Need a Plan**

We call this a budget. That's a four letter word to some people but if you count the letters, it's really a six letter word ... like friend. If thinking about budgeting makes you throw up a little in your mouth, try thinking of a budget as your friend.

This friend will make sure that the month and your money expire at the same moment in time. This friend will rescue you from the endless cycle of debt that traps so many of us.

You know the routine. You are out of cash with almost a week until payday. You hit the ATM for a cash advance on your credit card so you can get by until the end of the month, or worse yet, you sign-up for a payday loan, plunging yourself even further into the vicious cycle. This is not a plan! This is a band-aid!

## **Establish Goals**

*Goals are nothing more than a performance benchmark. Without goals, you have no means of measuring your progress.*

Make whatever goals you set realistic. Nothing torpedoes ambition like missing a goal. For this reason, in the beginning, set modest goals. Just getting through the month with no borrowing is a real accomplishment. Remember—budgeting and planning are processes, not overnight cure-alls. When you master one goal, more aggressive goals can follow, like setting aside some savings.

# Performance Benchmark

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## Next Steps

Living within your means, which is nothing more than making the money you receive on payday last until the following payday, is only the first step. Accomplishing this critical first step, as stated previously, requires a budget and the establishment of short term goals. But laudable as this may be, you are still living paycheck to paycheck.

Oh, you've made progress—you are living paycheck to paycheck on your own money rather than borrowing money and increasing your debt. So what's next? Next steps hinge on how you define your medium and long term goals. No one can define these for you, certainly not me!

Maybe your end goal is a comfortable retirement, an early retirement, travel, a huge bank balance, a dream house, unfathomable wealth or all of the above. Regardless of your goal, you must have a plan, a roadmap to get you to the destination you have chosen, and this is much more complex than drawing up a budget. The following tips are critical ones, regardless of what your medium and short term goals may be, and will help you achieve success beyond your wildest dreams.

## **Holly Shields Honored by Acadia Council of REALTORS®**



Holly Shields, left,  
and Laura Pellerano.

Holly Shields, a personal insurance account manager at L.S. Robinson Co., the Southwest Harbor office of Allen Insurance and Financial, has been named 2016 Affiliate Member of the Year by the Acadia Council of REALTORS®. The award was presented by Laura Pellerano, a REALTOR® with Acadia Realty Group in Ellsworth and the council president.

The Affiliate of the Year award is voted by the council members. The award was announced at an annual luncheon, held Jan. 26 at the Hancock County Technical Center in Ellsworth.

The Acadia Council of REALTORS® has 187 members in Hancock and Washington counties and is part of the Mid-Coast Board of Realtors and the Maine Association of REALTORS®.

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# Supporting Waldo Community Action Partners 2017

Allen Insurance and Financial has helped Waldo Community Action Partners kick off a fundraising drive to replace the commercial kitchen stove used by the WCAP Head Start program.



The stove, which has been repaired numerous times until it could be repaired no more, is used daily to prepare nutritious meals for almost 50 children and parents. Dan Bookham of Allen Insurance and Financial's business insurance division recently presented a check to WCAP Head Start Director Jessie Francis.

WCAP Head Start serves children ages three to five, four days a week, for 128 days per year. WCAP Head Start offers part-time (four hours a day) and full-times (six hours a day) options depending on the needs of the family. Placement is based on a number of criteria; the primary one is family income. There is no fee for WCAP Head Start programs. More information is online at [waldocap.org](http://waldocap.org).

Head Start was created in 1964 to give preschool children a "head start" in formal education. Throughout the decades, Head Start has expanded their services to involve the whole family. Head Start supports families in give different component areas: health, nutrition, education, social services, and parent involvement.

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# Holly Hill-Coombs Earns ACSR Designation



Holly Hill-Coombs

Holly Hill-Coombs, an account manager assistant at Allen Insurance and Financial recently achieved the designation of Accredited Customer Service Representative in Commercial Lines from the Independent Insurance Agents & Brokers of America.

Hill-Coombs also holds an ACSR designation in Personal Lines. She works in Allen Insurance and Financial's Special Business Unit in Camden, serving a variety of business customers from around Maine.

The ACSR designation program was developed to recognize the contribution made to each customer by the service they are provided through independent insurance agencies such as Allen Insurance and Financial.

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# Sarah Ruef-Lindquist Joins Allen Insurance and Financial



Sarah Ruef-Lindquist, JD,

## CTFA

Sarah Ruef-Lindquist of Camden has joined the financial services division of Allen Insurance and Financial.

Her focus on endowment building through planned giving, wealth management and estate planning with special attention to women's planning needs results from her extensive background in non-profit management and fiduciary, legal and financial advisory roles. She will be based at the company's office at 31 Chestnut Street in Camden.

Before joining Allen Insurance and Financial, Ruef-Lindquist spent more than four years as the CEO of the Maine Women's Fund where she expanded grant-making and statewide engagement, and strengthened the Fund's financial future, doubling the fund's assets during her tenure.

A lawyer and former bank trust officer who holds the Certified Trust and Financial Advisor designation, Ruef-Lindquist has also worked with the Maine Community Foundation, Union Trust, Colby College, Pen Bay Healthcare Foundation and Planning for Good, a consulting firm she founded. She is a member of the Board of Trustees at Unity College and a member of the Board of Directors of the Maine Planned Giving Council. She serves as acting chairman of Maine's Permanent Commission on the Status of Women and Girls, to which she was appointed by the former Speaker of the House, Mark Eves.

"The addition of Sarah is a huge plus for Allen Insurance and Financial and for our clients. We're fortunate to have such a seasoned professional join our team," said Mike Pierce, agency president and head of the financial planning division.

Ruef-Lindquist lives in Camden with her husband. Outside of work, you can find her serving as a member of the National Ski Patrol at the Camden Snow Bowl, or tending to her backyard chickens. She is a member of West Bay Rotary.

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# Dan Bookham Named Company Vice President



Dan Bookham

Allen Insurance and Financial, a financial services, insurance and employee benefits company, has announced that Dan Bookham of Rockland has been appointed a vice president of the corporation by the board of directors.

Bookham joined the company's business insurance division in September 2012 after four years as executive director of the Penobscot Bay Regional Chamber of Commerce. He was named Business Development Director in 2013. As vice president, Bookham will join the corporation's board of directors.

Bookham holds the Accredited Adviser in Insurance designation and is a member of the International Association of Maritime & Port Executives.

In the community, Bookham serves as chairman of the Board of Trustees of the LifeFlight of Maine Foundation, on the boards of the Penobscot Bay YMCA and the New England Ocean Cluster technology incubator, and as a member of America's Edge (a nationwide organization advocating for investment in early childhood development and education).

"This new position is a testament to Dan's ability to get things done with energy and focus. We're pleased to have him in this leadership role at our company and we look forward to the contributions he'll make," said Mike Pierce, president of Allen Insurance and Financial.

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# Joanne Billington Serves Up Safety Workshop for Cafe Miranda

Safety in the workplace starts with good information, translated into good practice. Recently the management staff at Rockland's Cafe Miranda joined Joanne Billington of Allen Insurance and Financial for a safety workshop designed specially for their workplace.

"This workshop is an example of the kind of attentive service we have come to expect from Joanne," said Kerry Altiero, chef/owner of Cafe Miranda.

Also that day, Joanne delivered Cafe Miranda's dividend check from MEMIC, the cafe's worker's compensation insurer. MEMIC dividend checks are possible because employers have helped prevent workplace injuries and have committed themselves to helping injured employees return to work.



Pictured, from right, are: Kerry Altiero, chef/owner of Cafe Miranda; Joanne Billington, commercial insurance specialist at Allen Insurance and Financial; Tim Schau, operations facilitator; Andrew Hansen, chef manager; and Casey Cale, front of the house manager.