



TRUEWEALTH

July 2021

INTRODUCING...

You may have noticed our new logo at the top of this newsletter. We decided to spruce things up a bit and have adopted a fresh, new identity. The folks visiting our Ames office recently have already been treated to this logo on the updated signage to accompany our brighter, larger space. Look for our new logo to continue to pop up in the coming months.

A WORD FROM YOUR COACH...

I'D BE PROUD!!

Some things we do should make us proud. Some things we do should make us embarrassed of ourselves. I remember kicking a field goal to win the game at the last minute in a football game at Lake City. The team mobbed me and piled on top of me so that I could barely breathe. It was worth it, though. It is human nature to be proud of our successes and look for affirmation from those in our circle.

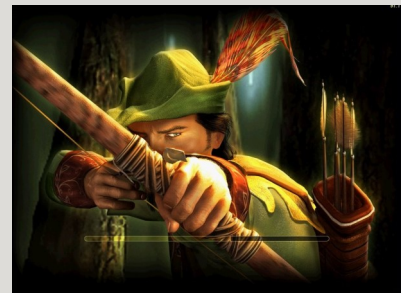
I also remember in the game we played against Carroll, we were behind by five points and had a chance to win the game. I lined up to kick an on-side kick, which I had never done, nor ever practiced. I just knew I had to kick it at least 10 yards so that we could recover it and win the game. So, I cautiously approached the ball and kicked it...two yards. I was so disgusted with myself that I gave the ball a healthy second kick, which was illegal and received a 15 yard penalty for my stupidity. If that wasn't enough, we had a chance still to win, and the quarterback threw me a perfect pass, with open field to the end zone. I bobbled the pass and dropped it. I quickly went from hero to zero in two weeks.

As the years roll by, I am reminded of my winning field goal whenever I see it happen in games on tv, and the kicker gets mobbed by his teammates. But, I have been able to block out of my mind single-handedly losing the Carroll game. That is human nature, too.

Ayanna Williams, of Houston, Texas, did something pride-worthy. She made it into the *Ripley's Believe It or Not! Museum*, by growing her fingernails to a world record just short of 19 feet (total for all fingers). Not satisfied with the record, she then grew them out to 24 feet and set a new record. So as to make our joy complete, the fingernails will be on display at the museum in Orlando.

Fun Facts:

- It took her 2 bottles of nail polish and 20 hours to paint them, on average.
- She had to rest them on cushions when asleep to ensure they didn't snap off.
- At the very end, it took 4 bottles of polish and several days to paint them.
- She didn't cut her nails for 28 years.
- The difficult tasks were washing dishes and putting sheets on the beds.
- The nails were removed with an electric rotary tool.



One of my top five movies is Robinhood. I love the old Errol Flynn version and the newer Kevin Costner version. Both movies favor the poor and show the rich and politicians as greedy scumbags. Nothing has changed over the last 80 years. Now, there is a new way to invest your money. An on-line web-site that calls itself "Robinhood Trader." I am afraid this company is giving Robinhood a bad name, however.

A recent story claims that in the first 3 quarters of 2020, over 8 million brokerage accounts were opened at Robinhood Trader. Must be a good place to trade??? Not so much. Pay attention, folks. In just one case, a Robinhood newbie is facing a tax bill of \$800,000 despite only making \$45,000 in net trading profits!! That can ruin your day. Must be a mistake. No. This "trader" had no clue of the trading rules or the tax law. Both are complex. These do-it-yourself websites apparently don't CONTINUED

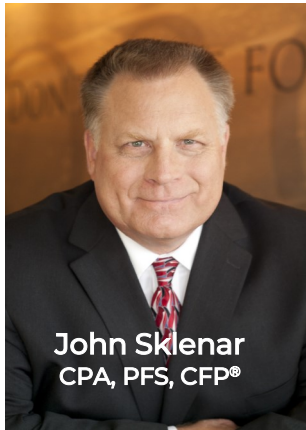


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FROM PAGE 1 adequately train their customers on everything they need to know.

This newbie began trading between 10 and 50 trades...per day! I have never traded that many times in one day. It is a fact that it is very difficult to make money day trading, and dangerous. He transacted \$45,000,000 in total trades for a net profit of \$45,000. So, what is the big deal? He made a net profit. What Robinhood failed to teach him, among other things, is the "wash sale" rule. It says that if you have a loss on a sale, you must wait 30 days before you buy the same stock back. Otherwise, the loss is not deductible on your tax return.

Mister Newbie had \$45M in trades that generated \$1.4M in capital gain income, and a similar amount of losses. But, the losses were not deductible because he didn't know what he was doing. Thus, the \$800k tax bill.

I wish that were the end of it. Robinhood makes money by "payment for order flow," as well as using other means. This one is disgusting, though. What is it? Robinhood makes nearly half its revenue from high-frequency trading and payment for order flow, a controversial practice used by many online brokerage firms. Robinhood sends "your orders to market makers that allow you to receive better execution quality and better prices. Additionally, the revenue we receive from these rebates helps us cover the costs of operating our business and allows us to offer you commission-free trading."

What this means is Robinhood can make money off of processing (or directing) trades through behind-the-scenes parties that provide the other end of the trade. Robinhood made about \$700,000,000 from this strategy last year. This is like the referee officiating a football game by telling your opponent what your next play is going to be.

Getting a giant income tax bill is bad enough. But, Robinhood's approach has led to tragic outcomes. Alexander E Kearns, a 20 year-old student at the University of Nebraska died by suicide after misinterpreting his account and seeing a \$730,000 negative balance. Robinhood should not be proud of itself.

~ John Sklenar

READY TO FLY...

I ran into an article about a man from Slovakia who is developing a hybrid car-aircraft. Professor Stefan Klein said his flying car can fly about 600 miles at an altitude of 8,200ft. He has clocked 40 hours in the air so far in the plane that can fly at 125mph.

The story is of interest to me because my grandfather came from the same area, and we have relatives that live nearby today.

For you motor-heads, the car is powered by a 1.6 liter BMW engine and runs on regular gas. It can carry two people, with a combined weight limit of 440lbs. I started my diet this morning.



The airplane requires a runway length of 1,082 feet, and only takes 2 minutes and 15 seconds to transform from car to airplane by the push of a button. Klein has spent \$2.4M to build the hybrid car-aircraft over the last two years.

Get in line and save your pennies. It won't be long now.

~ John Sklenar