Studies have shown that investing for the long-term is safer and provides consistently better returns than day-trading or other short-term trading. Long-term investing means buying stocks in good companies, and holding them for years, unless something happens to the company's fundamentals, management, product mix, etc.

For those of us who grew up with CD's as our main investments, long-term investing requires a different way of thinking. With CD's, we knew what the return would be each year based on the interest rate given by the bank. We got a certain amount back for a certain period of time.

With stocks, we have to revise the way we think. We don't get a guaranteed certain amount of return each year. We can't judge our stock returns on a year by year basis. In a down year, we may not a get a return, and in an up year we will get a much larger return. There will be some years where CD's will "do better," but we need to look at the big picture to get the better returns.

We have to average our returns over a larger period of time such as 5-15 years. We don't need to look at our statement after 6 months to a year and worry because it is not at what a CD would be paying during that same period of time. People say that they could have done better in a CD during a certain year, like 2001. While that is certainly true for one year, over a longer period of time they would have done better in stocks.

Studies have shown that $10,000 invested, even before the Great Depression, in large company stocks would now be worth $22,850,000. That's 22 million, 850 thousand dollars! The same amount in CD's would be worth only $180,000.

Obviously to get those kinds of returns, we have to patent during the downturns and have a long time to invest. But even if we only have 30 years to invest, the same $10,000 would have turned into $194,568 in stocks and only $29,741 in CD's.

So the moral of the story is that we should do some investing in stocks.

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