



iQuestions Faculty, Ron Blue

Question:

What is the best investment there is?

Answer:

You know, I am very cautious when I give investment advice, but I'm going to give you some investment advice right now that will guarantee you a return of someplace between 18-30% per year, guaranteed, compounded, and no risk associated with it.

Well, what is that? What it is, is paying off your credit cards. Paying off your credit cards and eliminating your interest that goes with those credit cards is the same thing as making an investment that gives you that rate of return.

As a matter of fact, it's even better than that, because if I have a \$1,000 investment that earns 18%, I earn \$180, and then I have to pay my taxes on that, so I don't have \$180 left over. But if I pay off a credit card that charges me 18%, then what I have in the way of a return is now not only the \$1000 that's gone, but the \$180 that I would have had to spend for interest, which is non-deductible. If I pay off my credit cards, I am doing the same thing as making an investment that would return or yield or have an interest rate that is equal to the interest rate on my credit cards.

You know, it's amazing, people put investment and debt into two different categories. But if you start your financial planning for the future by paying off all your credit cards, you've made absolutely the best investment that you could ever make—and I want to encourage you to start it right now!