The College Savings Crisis Part l

"Just put $250/month in this stock mutual fund account for each of your kids.

And by the time they're ready to head off to college they'll be enough to pay for each of your kids."
Ten to fifteen years ago, that's about the only college savings advice (or something similar) you would've ever received from a financial advisor. Whether it was recommending a UTMA, UGMA, or a 529 plan – stock mutual fund-based savings plans were all the rage.

The last 10 years of flat returns and downright losses has put a serious crack in market based college savings plans. And for good reason. They were built on faulty thinking to begin with.

The premise was that if you consistently save into a stock mutual fund based plan, it would grow at a certain percentage year after year. And by the time junior graduates from high school there will be enough to pay for college. The growth from the mutual funds would stay way ahead of the rising cost of college.

Sounds simple and easy…right?

But as so many families have found out the hard way, the stock market gains they were promised never happened. In fact their stock mutual funds either went down or showed zero gain.

But the devastation doesn't end there. Because most families not only had their kids college fund in stock mutual funds but also their retirement accounts. Double the devastation.

So now parents are being faced with the task of figuring out how to pay for college without raiding the retirement nest egg or depleting what little equity is left in the home.

But the worst part of this scenario is that it's not over.

In fact, parents who don't adjust and learn to grow and protect their college savings and retirement accounts without relying on Wall Street are in big trouble. Because some major warning signs are declaring it's time to get out of the stock market.

While Washington continues to treat money like a monopoly board game, and Wall Street enjoys yet another fling of fantasy, three major warning signs are flashing right in front of our eyes.

Each one foretells of a coming market crash – the likes of which we have never been seen before. Starting with…

Warning #1**: Corporate Insider Selling**
An overwhelming majority of corporate insiders are selling their companies stock.

And who better to know what's coming than the big-wig executives running these industry-leading companies.

Profits are down. Price to earnings shares are up (a bad thing).

The smart money (another name for corporate insiders) is getting out while stock prices are still relatively high.

As reported on cnbc.com…

"The largest companies in three of the most important leading sectors of the market have seen their executives classified as insiders sell more than 120 million shares of stock over the last six months. Top executives at these very same companies bought just 38,000 shares over that same time period, making for an eye-popping sell to buy ratio of 3,177 to one.
Clearly, insiders are seeing great value only in cash. Their actions speak volumes for the veracity for the current rally."
Consider yourself warned.