

Personal Investment Plan

Investment Philosophy:

Use [broadly-diversified index-funds](#) at the [lowest possible cost](#). Then [stick to my plan](#).

Asset Allocation:

Maintain overall [stock/bond allocation](#) to encompass both short-term and long-term requirements, where the bond allocation is "my age" in percent of the total (e.g. 30%, since I am 30).

The overall stock market allocation will reduce by 1% each year and should be further allocated: 75% to the total US Stock Market + 25% to the total International Stock Market.

The bond market allocation will increase by 1% each year and should be and high quality conventional bonds of short to intermediate term, bank CDs, or money market funds.

Funds & Accounts:

Use low cost mutual funds (preferably [index funds](#)) which do not overlap and provide maximum diversification across asset classes. Try to shelter [tax-inefficient funds](#) (especially bonds) in [tax-advantaged accounts](#).

My emergency fund is a combination of a Money Market account and, for really big emergency, withdrawing the principal from the Roth account.

Target Allocation:

<u>Long-term Holdings</u>	<u>Account, and % Total</u>	<u>Fund Name or Symbol</u>
Total Stock Market Index Fund	Taxable account, 53%	Vanguard VTSMX
Total International Stock Market Index Fund	Roth IRA account, 17%	Vanguard VGTSX
Total Bond Market Fund	401k account, 20%	Vanguard VBMFX

<u>Short-term and Emergency Fund Holdings</u>	<u>Account, and % Total</u>	<u>Fund Name or Symbol</u>
High interest online bank savings account	Taxable account, 10%	Ally Bank

Other considerations:

Budget:

Invest 10% of gross income from every paycheck towards long-term goals.

Invest 5% of gross income from every paycheck towards short-term goals.

Automate future contributions wherever possible. Rebalance yearly. [No market timing](#). Exact sub-allocations are not as important as maintaining the overall stock/fixed allocation.

Promise to myself

I promise to myself that I will strive to stick to this plan and that I will [review the plan again](#) in one year, or earlier if there are any major changes.

Prudence
Signature

Jan 2013
Date