

You Don't Need a Financial Advisor to Invest for Your Future

With New Introduction on Section 530A

by Jeff Bellamy

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Chapter 1 — Why I'm Writing This

My name is Jeff Bellamy. I'm 72 years old, I live in Fair Oaks, California, and I'm a retired Enrolled Agent.

I'm enjoying financial security in retirement. I manage my own investments. I don't have a financial advisor.

Whenever I meet someone, I talk about this. Not because I'm selling something — I'm not in business, I'm not trying to make money, and I have no political agenda. I talk about it because I have a passion for it, and because I believe most people are leaving money on the table for no good reason.

Here's the reason, as best as I can tell: they've been told investing is complicated. It isn't.

Wall Street makes its money doing fairly simple things, so it needs to make it sound more complicated than it really is. If investing looked easy, you wouldn't pay someone a percentage of your life savings every year to do it for you. The complexity is the business model.

I'm writing this book to show you the simple version. Not a simplified version — the actual thing, with nothing important left out. By the time you finish, you'll know enough to do this yourself, and you'll understand why you never needed to hire anyone.

A new introduction: Section 530A

Since I started writing this book, Congress created something new: the Section 530A account. Anyone under 18 with a Social Security number can have up to \$5,000 a year put away in a tax-advantaged account, and at 18 it becomes a traditional IRA in the young adult's name.

I've put the full chapter on these accounts right up front, as Chapter 2, because it's the most time-sensitive thing in these pages. The chapters on compound interest can wait; a child's eighteenth birthday can't.

If you're a parent or grandparent, start there. Then read the rest — the habit, the taxes, the Roth conversion — because the account only works if the person holding it understands what it can become.

What this book will do

It will teach you four things:

1. **What the new Section 530A accounts are.** Created in 2026 — a tax-advantaged account for anyone under 18. The opportunities are enormous. The pitfalls are too, and they come down to one thing: whether the young adult holding the account understands what it's worth.
2. **How compound interest works, and why starting early matters more than anything else.** Time is the one asset you can't buy more of, and young people have it in abundance.
3. **How taxes take a cut of your growth, and how to keep more of it.** The account you use matters as much as what you put in it.
4. **What a Roth account is, and why it's the best deal in the tax code.** Created in 1997, still underused, still the right answer for most young workers.

That's the whole book, really. Everything else is explanation, arithmetic, and encouragement.

What this book won't do

It won't tell you which stocks to buy. I hold individual stocks myself, but you don't need to — a low-cost S&P 500 index fund will do the job, and I'll show you why in Chapter 10.

It won't promise you riches. The examples in this book use an 8% annual return for illustration. Real returns move around and are never guaranteed. Anyone who promises you a number is selling you something. I'm not selling you anything.

It won't assume you have money. Some of the most important chapters are about the habit, not the amount. Ten dollars sent forward every payday beats a thousand dollars you meant to send someday.

One more thing

I believe there is often more to be learned from failure than from success. I've made my share of mistakes with money, and you'll read about them in Chapter 12. I include them because the mistakes taught me more than the wins did — and because I want you to know that you don't have to be perfect at this. You just have to start.

So here's the plan. First, I'll show you that it's possible to grow real money, and you'll understand the power of compound interest. Second, I'll give you the agency to do it yourself. Third, I'll give you the instruments — the accounts that make it work. Fourth, you'll understand what taxes do to growth, and why having a tax-free source of income in retirement is worth arranging decades in advance.

Let's begin.

Chapter 2 — The New Kid: Section 530A Accounts (2026)

This book is about a habit: sending money to your future self, starting early, and keeping taxes from eating your growth. This chapter is about a new instrument. A new account exists, and it was made for exactly the young people this book is written for.

What it is

Section 530A accounts were created by the One Big Beautiful Bill Act, signed on July 4, 2025. The accounts went into effect in July 2026.

Here are the basics:

- Anyone under 18 who has a Social Security number can have one.
- Contributions of up to \$5,000 a year can go in.
- The investments inside are basically limited to low-cost index funds — S&P 500 type ETFs. That's fine. That's what I'd have you buy anyway. Chapter 10 will explain why.
- At age 18, the account becomes a traditional IRA under the young adult's control.

A traditional IRA means the money sits there tax-deferred — meaning you don't pay tax on the growth each year as it grows — and you pay tax when you take it out, the way a retiree would. I explained the difference this makes in Chapter 8. It's a big difference. It is not the best possible outcome. Keep reading.

The math, illustrated

The examples in this book use an 8% annual return for illustration. Say it with me: real returns move around and are never guaranteed. Eight percent is a pencil sketch, not a promise.

Here's the sketch. Suppose \$5,000 a year goes into a 530A account from birth to age 18. That's \$90,000 of contributions. At 8% a year, illustrated, it would be worth about \$187,000 at age 18.

Now suppose the young adult leaves that money invested, adds nothing more, and it grows at 8% a year from 18 to 67. The illustrated result: about \$8.1 million.

I want you to read those two numbers again. \$90,000 in. \$187,000 at 18. \$8.1 million at 67.

That's the engine from Chapters 3 and 4 doing its work. Nobody added money after 18. Nobody worked for it. Time did the heavy lifting, and the tax-deferred account kept the IRS from taking a slice every year along the way.

Of course, the numbers will not come out exactly like that. Markets go up and down, sometimes for years. The point of the sketch isn't precision. It's direction and scale. A tax-advantaged account, funded early, left alone — that's a different outcome than the same money sitting in a savings account or a plain brokerage account where taxes nibble at it annually.

The better move: convert it

At 18 the account becomes a traditional IRA. That means withdrawals are taxed as ordinary income — the same way a paycheck is taxed. On \$8 million, that tax bill would be enormous.

There is a better move, and it's the one I talked about in Chapter 9: convert it to a Roth. A Roth conversion means you pay the tax now, once, and the account grows tax-free from there on. Never taxed again.

Why is 18 the perfect moment? Because an 18-year-old is usually in a low tax bracket. They haven't started earning real money yet. Paying the conversion tax at a low rate — that's the deal. You pay pennies on the dollar in tax at 18 so that millions of dollars of growth come out tax-free at 67.

This is exactly what Chapter 9's Roth advice was about, except better: the habit from the earlier chapters, the new 530A instrument, and the Roth conversion all snap together. Fund it early. Convert at 18. Leave it alone.

One reason to wait until 24: the kiddie tax

Now I have to tell you about a trap inside the advice I just gave you. It's called the kiddie tax (Form 8615), and it can turn the "convert at 18" moment into an expensive mistake.

Here's the rule. If you're 18 — or 19 to 23 and a full-time student — and you don't earn more than half of your own support, which describes just about every college student whose parents are helping out, then your unearned income above a threshold (about \$2,700, adjusted for inflation each year — check the current IRS figure) gets taxed at your parents' tax rate instead of yours. The kiddie tax stops applying at 24.

And here's the part that matters: a Roth conversion counts as unearned income. So if you convert that \$187,000 account at 18 while you're a full-time student living on your parents' dime, nearly all of it gets taxed at your parents' marginal rate. If they're in the 24% or 32% bracket, you just paid the high-bracket price for the conversion — the exact thing this whole strategy was trying to avoid.

So for the typical college student, the better move is: leave the account alone at 18, and do the Roth conversion at 24, when the income is taxed at your own rate.

Two honest caveats. First, this only matters if your parents are in a higher bracket than you'd face on your own. If they're not, the kiddie tax doesn't hurt you. Second, waiting has a cost: the account keeps growing tax-deferred, so at 24 you'll convert a bigger number and owe tax on more dollars — but at your own low rate, which is still the better deal. And if you're 18, not in school full-time, and earning more than half your own support, the kiddie tax doesn't apply to you at all.

Check the current IRS rules before you act. The thresholds change, and this chapter is education, not advice for your specific return.

Why I'm writing this chapter this way

Here's my honest worry, and it's the reason this chapter exists.

At 18, the account becomes a traditional IRA under the young adult's control. Read that again: *under the young adult's control*. Nobody is driving the car but them.

If they don't understand what the account could become — if nobody ever showed them the sketch — most of these accounts will be liquidated quickly and the money spent. I've seen this movie before. Give an 18-year-old a lump of money with no instruction and no context, and it turns into a car, a trip, and a story about the money they used to have.

That's not a judgment on 18-year-olds. An 18-year-old who knows what \$187,000 could become at 67 will make a different decision than one who just sees \$187,000 sitting there. Instruction is the difference. This whole book is the instruction.

So this is the point, as plainly as I can say it: these accounts are a genuine opportunity — maybe the best new savings vehicle young people have ever had — but the opportunity only works if the person holding the account understands two things. First, how much the account could grow if they leave it alone. Second, that converting it to a Roth at 18 is one of the smartest tax moves they'll ever make.

Fund it early. Convert at 18. Leave it alone. Three sentences. That's the whole strategy.

A note on how new this is

This program is brand new. The law is in place and the accounts exist, but guidance is still developing — the IRS is still filling in the details, and some of them may change how the accounts work in practice.

So treat this chapter as general educational information, not personal tax advice. Before you open an account, fund one, or convert anything, check the current IRS rules and, if the numbers are big enough to matter, talk to a tax professional about your own situation. The strategy above — fund early, convert at 18 — depends on the tax law that exists when you act, not the tax law that existed when I wrote this sentence.

The accounts are new. The arithmetic isn't. Time plus compound interest plus keeping taxes low is the oldest formula in this book, and 530A is just the newest place to use it.

Chapter 3 — The Simplest Truth Wall Street Won't Tell You

Investing isn't hard and you don't need to hire someone to do it for you.

I want to get that sentence out early, because everything in this chapter is just the evidence for it.

Here is the simplest truth in this book: investing is simple. Wall Street makes its money doing fairly simple things, so it needs to make it sound more complicated than it really is. If investing looked easy, you wouldn't pay someone a percentage of your life savings every year to do it for you. The complexity is the business model.

I know this because I've watched the business from both sides. I'm a retired Enrolled Agent. I prepared tax returns and represented taxpayers before the IRS. I was never in the investment business. I never hired a financial advisor, and I never needed one.

So what do these advisors actually do? It's less than you think.

What an advisor actually does

Strip away the office, the charts, and the vocabulary, and the job of a typical financial advisor comes down to three things.

First, they pick investments for you. Usually mutual funds. Picking means choosing a mix of stock funds and bond funds, with maybe an international fund in there for good measure.

Second, they rebalance. That's a fancy word for a simple chore. Say your plan is half stocks and half bonds, and a good year for stocks pushes you to sixty-forty. Rebalancing means selling a little of what went up and buying a little of what didn't, to get back to fifty-fifty. It takes about an hour, once a year.

Third, they talk you off the ledge. When the market drops, people panic and want to sell. The advisor's job is to say, "Stay the course." That's real value, in a way. Panic is expensive. But you're about to learn how the market works, and once you understand what's happening, you won't need a paid

phone call to keep you calm. Chapter 5 will show you why time is on your side.

That's the job. Pick funds, adjust the mix once a year, and talk nervous clients out of selling low.

This is all after they do their most important and time-absorbing work, which is getting new clients.

Now here's the bill. The standard charge is about one percent of your assets per year. One percent sounds like nothing. That's the trick of it. It sounds like nothing because they never show you the arithmetic.

The arithmetic of the fee

Let me show you the arithmetic.

Take \$100,000 invested for 30 years. To keep the math clean, I'll use 8% annual growth. This is illustration only — real returns move around and are never guaranteed. Nobody earns a steady 8% every year. The point is what the fee does to the growth, not the exact number.

At 8% for 30 years, \$100,000 becomes \$1,006,266.

Now subtract the advisor's one percent each year. Your growth drops to 7%. At 7% for 30 years, \$100,000 becomes \$761,226.

The difference: \$245,040.

Read that again. For picking funds, adjusting the mix once a year, and talking you off the ledge, the one-percent fee cost you nearly a quarter of a million dollars. That's almost a quarter of your ending wealth — 24 cents of every dollar — gone to the advisor.

And here's what makes it worse: the fee doesn't feel like it. One percent sounds small. You never write a check for \$245,040. You never even write a check for \$1,000. The fee is taken quietly, a little bit each quarter, year after year. It just never lets your money grow at the full rate. Compound interest works in both directions, and it works just as hard for the fee as it does for you.

Let me put it one more way. Of all the money your \$100,000 earned over those 30 years — about \$906,000 of growth — the advisor's one percent took \$245,040 of it. More than a quarter of everything you made. The advice was supposed to be one percent. It cost you over 25 percent of your gains.

Why this is allowed to continue

Here's why the one-percent fee survives. It's invisible. If your advisor sent you a bill every December for the real amount — this year, the fee took \$3,000 of your growth, next year \$4,000, later on \$7,000 — people would ask questions. Instead the fee is a percentage of a percentage, and percentages don't scare anyone.

There's a second reason. The industry has convinced people that investing is a specialist skill, like dentistry or electrical work. So when someone says, "I have an advisor," it sounds responsible. It sounds like taking care of business. Nobody wants to look careless with their family's future.

But there's a difference between dentistry and investing. Dentistry really is complicated. Investing really isn't. The advisor isn't performing surgery. He's picking funds off a menu and adjusting the mix once a year. You can do those two things yourself in an afternoon, and Chapter 10 will show you exactly how.

And about the panic — the third service, the reassurance. I won't pretend fear isn't real. The market will drop. Some year it will drop hard, and your statement will look awful, and you will want out. An advisor will tell you to hold on.

But here's what I've learned in forty years of managing my own money: understanding replaces reassurance. Once you see the arithmetic — once you know that short drops are the price of long gains, and that time heals every market in history that mattered to a long-term investor — the fear loses its grip. You don't need someone on retainer to tell you what you already know.

What I'm really saying

This is not an attack on advisors as people. Some of them are honest and do decent work for people who truly won't do this themselves. If you read this whole book and decide you'd still rather pay someone, that's your call.

But I don't want you paying one percent a year for the rest of your life because someone convinced you this was too complicated to learn. It isn't. The simple version is the real version. There is no secret second half they keep behind the desk.

I am not selling anything or representing anyone who is. I have nothing to gain from telling you this except the satisfaction of it. I believe ordinary people — especially young people, with decades ahead of them — can do this themselves. I did it. Millions of people do it quietly every day. The only thing standing between you and them is a story someone told you about how hard this is.

What's next

The rest of this book is the simple version. Part II gives you the engine — how compounding works, why starting early beats everything, and how to think about every dollar with two price tags. Part III shows you the other half of the return — taxes, and the accounts that let you keep more of your growth, including the Roth and the new 530A. Part IV is the practice — what to buy, how to automate it, and what I learned from my mistakes.

Four things. That's the whole job. No one percent required.

Chapter 4 — Compound Interest: The Eighth Wonder

Somebody once called compound interest the eighth wonder of the world. I don't know if that's true. I do know it's the engine of everything in this book.

Here it is, in one paragraph: you put in money, and it grows. Then it keeps growing — and the growth itself starts growing too. This year you earn on last year's earnings, not just on what you originally put in. Next year you earn on this year's earnings, and the year after that, and the year after that. That's compounding. Growth earning its own growth.

Let me make it concrete. You put \$1,000 somewhere and it grows 8% a year. The first year, you earn \$80. Nothing special. But in year two, you don't earn 8% on \$1,000 — you earn it on \$1,080. That second year pays you \$86.40. Year three, you earn on \$1,166.40. The pile feeds itself. Every year's earnings join the pile and start earning too.

A quick note before we go further. I'll use 8% in the examples in this book. It is for illustration only. Real returns move around. They are never guaranteed. Anyone who tells you a number is certain is selling you something. I'm not selling you anything. This is general educational information, not advice about your situation — and nothing in this book is advice to buy or sell anything.

Now here's the only formula in this book. It's called the Rule of 72.

Take the number 72. Divide it by your annual rate of return. The answer is roughly how many years it takes your money to double.

That's it. One division. No calculator needed.

At 8% a year: 72 divided by 8 is 9. Your money doubles in about 9 years.

At 10% a year: 72 divided by 10 is 7.2. Your money doubles in about 7 years.

At 4% a year: 72 divided by 4 is 18. Your money doubles in about 18 years.

See what just happened? The same math works in every direction. A higher rate means fewer years to double. A lower rate means more years. Once you know the Rule of 72, you can look at any return and instantly know what it means in time.

Once the Rule of 72 is in your head, you'll start using it everywhere. Savings account paying half a percent? $72 \div 0.5 = 144$ — your money doubles in 144 years. That's not a savings plan, that's a cry for help. The rule turns a rate into a time, and time is the thing you actually feel.

And the doubling is where the magic lives. Doubling doesn't add up the way people expect. It multiplies.

Start with \$1,000. Double it once: \$2,000. Double it again: \$4,000. Keep going:

One doubling: \$2,000.

Two doublings: \$4,000.

Three doublings: \$8,000.

Four doublings: \$16,000.

Five doublings: \$32,000.

Six doublings: \$64,000.

Seven doublings: \$128,000.

Seven doublings turn \$1,000 into \$128,000. The first few doublings look small. The last few do the heavy lifting. That's the nature of compounding — it's quiet at first, then it roars.

Let me show you what "quiet at first, then it roars" actually looks like. Take \$1,000 at 8% a year.

After 9 years — one full doubling by the Rule of 72 — it's worth about \$2,000. The math says \$1,999. Close enough. You've made about \$1,000 in nine years. Not exciting.

After 36 years, it's worth about \$15,968. Nice. Thirty-six years of patience, and you've gained roughly \$15,000.

Now the next nine years. After 45 years, that same \$1,000 is worth about \$31,920.

Look at that again. The first 36 years added roughly \$15,000. The last 9 years — a quarter of the time — added about the same amount. The growth curve bends upward. Most of the money arrives late. That's why people give up early: compounding looks broken for a long time, right up until it doesn't.

Here's the other anchor number for this chapter, and I want you to sit with it. Take \$100. One hundred dollars. Grow it at 8% a year for 50 years. That comes to \$4,690. (I checked the math: $\$100 \times 1.08^{50} = \$4,690.16$.)

Fifty years sounds like a long time. But notice what happened. The money didn't just grow tenfold to \$1,000. It grew to \$4,690. Nearly forty-seven times the original. Because at 8%, \$100 doubles every 9 years (the Rule of 72 again), and 50 years holds more than five doublings. Five and a half doublings turn \$100 into \$4,690.

Now I know what you're thinking. Fifty years! Who has fifty years?

Young people do. That's the whole point, and it's the subject of the next chapter.

And I know what some of you are thinking next: I don't have much money. Here's the thing. Compounding doesn't care how much you start with. The math works exactly the same on \$100 as it does on \$100,000. The percentage is the percentage. A habit of sending a little forward every payday will quietly turn into something real. Ten dollars sent forward every payday beats a thousand dollars you meant to send someday.

So don't wait until you have "enough." There is no enough. Start with what's there.

Here's what I want you to take from this one: the math is simple. One paragraph, one rule, two numbers. That's all there is to understand. You don't need a finance degree. You don't need software. You need arithmetic a ten-year-old can do, and the patience to let it run. The power is in the time. Give the math years, and it does the work. Give it decades, and it does astonishing work.

Everything that follows in this book — the habit of sending money forward, the accounts that protect it, the taxes that take a bite — is built on what you just learned. You now know the engine. In the next chapter, I'll show you why starting the engine early is the single most valuable thing you can do.

Chapter 5 — Time Is the Asset

Here's something nobody tells a young worker at the job interview: the most valuable thing in your financial life isn't your paycheck. It's the years ahead of you.

A fifty-year-old can earn more, save more, and invest more than you can. He has decades of experience and probably a much bigger salary. But there is one thing he cannot do, no matter how rich he is. He cannot buy back his twenties.

That is why starting early beats everything else. Not because young people are smarter investors. Not because they have more money — they usually have less. It's because time does the heavy lifting, and time is the one asset that can't be bought, borrowed, or faked.

Let me show you with real arithmetic.

Ten years of work, then nothing

Imagine two people. We'll call them Early and Late. Both earn the same wages. Both invest in the same way. The only difference is when they start.

Early gets her first job at 18. She opens a Roth — a retirement account where you pay the tax up front, and then the growth is never taxed again. Every year for ten years, ages 18 through 27, she puts \$7,000 in at the end of the year. That's ten payments. \$70,000 total.

Then she stops. Life happens — a mortgage, kids, a car. She never adds another dime. Her account just sits there, growing, from age 28 to age 67. Thirty-nine years of not touching it.

What does she have at 67? Let's do the math.

I'll use an 8% annual return for this example, because I need a number to illustrate the idea, and 8% is the one I use throughout this book. Say it with me: real returns move around and are never guaranteed. Any year can be up or down. Over very long stretches of stock market history, returns have averaged somewhere near this neighborhood, but nobody can promise you a number. I'm showing you the shape of the math, not a prediction.

So. \$7,000 a year, ten years, 8% growth. At age 28, the balance is about \$101,406.

Now the hard part — doing nothing for 39 years. That \$101,406, growing at 8% a year, doubling roughly every nine years, comes to about \$2,039,811 by age 67.

Read that again. Seventy thousand dollars of contributions. Ten years of effort. Nearly \$2.04 million at retirement age. And thirty-nine of those forty-nine years, Early added nothing at all.

The late starter who works harder

Now meet Late. He doesn't get started until 28. Maybe he waited for a better salary. Maybe nobody told him about the Roth. Either way, he starts at 28 and he is serious about it. He puts in \$7,000 every year — for thirty-nine years straight, ages 28 through 66. He never misses. He contributes \$273,000 of his own money, nearly four times what Early put in.

Same 8% return for illustration. Same account type. What does Late have at 67?

About \$1,672,589.

Let that sink in. The person who contributed \$273,000 ends up with less than the person who contributed \$70,000. The difference is roughly \$367,000 — and it all comes down to when the money went in.

Early's money got a ten-year head start. Those extra ten years at the beginning were worth more than twenty-nine extra years of contributions at the end. That's not my opinion. That's arithmetic.

Why the beginning beats the end

This feels wrong to most people, so let me make it concrete. Take the Rule of 72 from Chapter 4: at 8% growth, money doubles about every nine years.

Early's last contribution goes in at age 27. By age 67, it has doubled roughly four and a half times. Late's last contribution goes in at age 66. It doubles zero times.

Every dollar Early invested got nine extra years of doubling that Late's dollars never saw. And in compounding, early doublings matter more than late ones, because each doubling multiplies a bigger number. The first decade of growth is the most powerful decade of your entire investing life, and it happens when you have the least money to invest.

That is the cruel and wonderful joke of compound interest: the money that matters most is the money you put in when you can afford it least.

What this means for you

If you're young, you probably don't have \$7,000 a year. Maybe you have \$70 a month. Maybe you have ten dollars. The numbers in this example scale down perfectly, because the math doesn't care about the size of the payments — it cares about when they start.

Twenty-five dollars a month from age 18 is worth more than a hundred dollars a month started at 40. Not approximately — measurably. About \$159,000 versus about \$105,000 — and the early starter put in less than half the money to get there. Run the numbers yourself and you'll see.

You may not have much money yet. You have something a 50-year-old cannot buy: decades.

And if you're older and starting late — don't despair. The same math that favors the early starter still favors you over waiting another year. The best day to start was ten years ago. The second-best day is today. Late in this chapter still retired with \$1.67 million. That's not a consolation prize. That's a fortune built by an ordinary worker who never stopped.

The habit is the point

Notice something else about Early: she only invested for ten years. She didn't have to be disciplined for forty years. She didn't have to watch the market, rebalance, or stay motivated for decades. She built the habit early, front-loaded it, and then lived her life while the math did the rest.

That's the real lesson. This isn't about being a genius investor. It's about being an early one. Open the account. Automate a payment you won't miss — even a small one. Let the decades do what they do.

Nobody can promise you 8%. The market will have bad years, and so will you. But the one thing you control completely, and can never get more of, is the starting date. Every year you wait is a year of doubling you don't get back.

Time is the asset. Spend it well.

This chapter is general educational information, not personalized financial advice. Everyone's tax situation is different, and real investment returns vary. Run your own numbers — or sit down with the actual tax rules for the year you're in — before making decisions with your own money.

Chapter 6 — The Time Machine

Here's a trick I want you to try. Take a twenty-dollar bill out of your wallet and hold it up.

That bill has two price tags. The first one you know: it buys one thing today. A sandwich. A phone charger. A movie ticket. That's the price on the menu.

The second price tag is invisible. And it's the one I want you to learn to see.

Because that same twenty dollars, sent forward instead of spent — put in a low-cost S&P 500 index fund and left alone — could be worth about \$938 in fifty years. Let me show you the math, because the math is the whole point.

$$20 \times 1.08^{50} = 938.$$

The 8% is just for illustration. Real returns move around. They're never guaranteed, and anyone who promises you a number is selling you something. I use 8% because it lets me do the arithmetic on the page and show you what compounding does. The math itself is what matters, not the exact rate.

So: one twenty-dollar bill. Two price tags. Twenty dollars today, or \$938 at some future date.

Once you see the second price tag, you can't unsee it. And that's the time machine. Money doesn't just buy things now. It buys things later. Every dollar you spend is a dollar you also chose not to send forward. Every dollar you send forward is a dollar that starts working double shifts for you.

The way I think about it is this: you can spend money, or you can send it to your future self. Your future self is a real person — older, maybe slower, with the same tastes and the same worries. Send them something. They'll thank you.

Pricing a purchase in future dollars

Let me give you a tool. It's simple enough to use at a store counter.

Before you buy something you don't need — a want, not a need — ask two questions. What's the price today? And what's the price in future dollars?

Here's how to get the second number. Take the price. Multiply it by the growth you'd expect over the years you'd leave it alone. At 8% a year, a dollar doubles roughly every nine years — that's the Rule of 72 from Chapter 4. Over fifty years, a dollar multiplies by about 47.

So a \$20 impulse buy today has a future-dollar price of about \$938 in fifty years. A \$50 dinner-out-on-a-whim? Fifty times 47 is about \$2,350. A \$200 jacket you kind of liked? About \$9,380.

Write the numbers out if it helps. Future dollars make small prices look different.

Now, let me be crystal clear about something: **this is not a "never buy anything" chapter**. Joy matters. Some purchases are worth it, and I'll prove it in a minute. The goal is not to spend zero dollars. The goal is to *choose* — to make every purchase with both price tags visible.

A dinner with an old friend you haven't seen in five years? Buy it. The future-dollar price is high, and the memory is higher. A concert ticket to see your favorite band? Buy it. You'll remember it at eighty.

But the third delivery-app order this week? The fifth t-shirt from a brand you barely wear? Those aren't joy. Those are habits. And once you see their future-dollar price, the habit starts to look expensive.

The five-dollar-a-day habit

Let me show you what a habit is actually worth, because this one surprised me when I ran the numbers.

Five dollars a day. A coffee. A snack. Nothing dramatic. Five dollars a day is \$1,825 a year — 5×365 .

Now take \$1,825 and send it forward every year at 8% for fifty years. The formula for a payment repeated every year is:

$$1,825 \times [(1.08^{50} - 1) \div 0.08] = 1,047,131$$

That's over a million dollars. A million dollars, from five dollars a day.

Let me shorten the runway so you can see how time does the work. Same five dollars a day, same 8%, but for forty years instead of fifty: \$472,778. For thirty years: \$206,742.

Notice what happened. Adding ten years at the end — going from forty years to fifty — added about \$574,000. The last ten years are worth more than the first forty. That's compounding. The growth grows the growth, and the longer you give it, the harder it works.

I want to be careful here, the way I was careful in Chapter 1. These are illustrations, not promises. Real returns bounce around. Some years you'll lose money on paper. The market doesn't owe you 8%. But the shape of the math holds at any positive return: time multiplies what you send forward.

The 24-hour rule

Here's the practical habit, and it's the only new rule this chapter asks of you.

Before any nonessential purchase, wait 24 hours. That's it. One day.

Not to talk yourself out of it. To price it. During that day, compute the future-dollar price. Take the price, multiply by roughly 47 if you're young and the horizon is fifty years — or just look at how the numbers scale and use your best judgment.

Then buy it if you still want it.

You'll find that a lot of things don't survive the 24 hours. The urge passes. That was never really a purchase you wanted — it was a moment you were in. The waiting separates the two.

And the things that do survive? Buy them with a clear conscience. You saw both price tags and you chose. That's not failure. That's the whole exercise. The time machine doesn't take away your spending money. It makes you spend it on purpose.

One more thing about the 24-hour rule: it works best if you make the math easy. You don't need a calculator for everything. Round the price. Multiply by 50 instead of 47. A \$30 thing is "about fifteen hundred in future dollars." Close enough to see both price tags. Precision isn't the point. Seeing is the point.

When pay goes up, send some forward

Last habit in this chapter, and it's about raises.

When your pay goes up, lifestyle wants to absorb all of it. That's how a person earning twice as much has twice the expenses and no more savings than before. The raise arrives, the apartment gets nicer, the car gets newer, and the future self gets nothing.

Here's the move: before lifestyle notices, send part of the raise forward. Half the raise is a fine default. You get a \$200-a-month raise, you send \$100 forward and you spend \$100. Your life gets a little better today, and your future self gets paid too.

Automate it if you can. The dollar that never sits in your checking account never feels like a sacrifice. I'll have more to say about automating in Chapter 11. For now, just know this: the raise is the easiest money you'll ever send forward, because you were already living fine without it.

The two price tags, every day

That's the chapter. Every dollar has two price tags: what it buys today, and what it could become. You can't see the second one on the shelf. Nothing in a store shows it. No advertisement mentions it. That's why most people never factor it in — not because they're foolish, but because nobody taught them to look.

Now you know how to look. A twenty-dollar bill is twenty dollars today, or \$938 in fifty years. Five dollars a day is a million dollars in a lifetime. A raise is a chance to pay your future self before your lifestyle spends it for you.

See both price tags. Then choose. The choosing is the time machine.

This book is general educational information, not personalized financial or tax advice. Illustrative examples use an 8% annual return; real returns vary and are never guaranteed.

Chapter 7 — Debt: The Same Math Working Against You

You've seen what compound interest does for you. It grows money while you sleep. It turns \$100 into \$4,690 if you give it fifty years.

Now I need to tell you the other half: the same math works against you. Compound interest doesn't care whose side it's on. It multiplies whatever it's pointed at. Point it at your savings and it's a friend. Point it at a credit-card balance and it's a fire.

The Rule of 72 works in reverse

Remember the Rule of 72 — divide 72 by your interest rate and you get the years it takes money to double. It doesn't just work on investments. It works on debt too.

A typical credit card charges around 24% a year. Divide 72 by 24 and you get 3.

So at 24%, what you owe roughly doubles about every three years. Not exactly — the Rule of 72 is an approximation, and if you run it out precisely, 1.24 to the third power is about 1.91, not quite 2.0, and the true doubling time is closer to three years and two or three months. But "roughly every three years" is close enough to tell the story, and the story is worth hearing.

What an unpaid balance does when you leave it alone

Take \$2,000 on a 24% credit card. Suppose you stop using the card — no new charges — but you also make no payments. Watch what happens, year by year:

- Year 0: \$2,000
- Year 1: \$2,480
- Year 2: \$3,075
- Year 3: \$3,813
- Year 4: \$4,728
- Year 5: \$5,863
- Year 6: \$7,270

Nothing was purchased. Nobody got anything. The balance more than tripled in six years because the interest kept getting added to what you owed, and then the next year's interest was charged on all of it. That's compounding — the exact same engine that builds wealth in a Roth account, running backward.

This is why Chapter 6 matters twice. Every dollar on that card has two price tags, too. The first is what you bought. The second is what it becomes if you don't pay it off.

The minimum-payment trap

Now here's the part that used to sit on my desk every tax season, when clients brought me their statements and asked why their balance never seemed to go down.

At 24% a year, the monthly interest rate is 2%. That's 24 divided by 12.

Many credit cards set their minimum payment at about 2% of the balance. On a \$2,000 balance, that's \$40.

Do the arithmetic: 2% interest on \$2,000 is \$40. Your minimum payment is \$40. So the payment covers the interest — all of it, and nothing more. The balance stays at \$2,000. Next month, same thing. The month after, same thing. You can pay faithfully, every month, and owe exactly the same amount a year later that you owe today.

I want you to feel how brutal that is. You are doing what the card company asks. You are never late. And you are getting nowhere.

Compare that with paying a little more than the minimum. If you pay a flat \$50 a month instead of the \$40 minimum on that same \$2,000 balance, it's gone in about 82 months — under seven years — and you pay about \$2,064 in interest over that time. Pay \$100 a month and it's gone in about 26 months, with about \$580 in interest. Twice the minimum, from \$40 to \$100, and the interest cost drops from a lifetime treadmill to a couple of months' payments.

The minimum payment isn't a plan. It's the price of staying in debt.

What to do about it

The hierarchy is simple, and there's only one right order:

First: avoid high-rate debt, and get out of it if you're in it.

High-rate consumer debt — credit cards, store cards, payday loans, anything charging 20% or more — is a financial emergency. It's not a bill. It's a hole that gets deeper on its own. Every dollar you use to pay down a 24% balance is a dollar earning a guaranteed, tax-free 24% return, because the interest you don't get charged is money you keep. There is no investment on Earth that offers you that.

Then: send money forward.

Once the high-rate debt is gone, the same dollars that were feeding the fire start compounding for you instead. That's when Chapters 3, 4, and 5 take over.

I'll be blunt about something else. No investment return will outrun a credit-card balance. If you have \$2,000 at 24% and you're deciding between paying it down or putting \$2,000 in an investment that might earn 8%, that's not a close call. The math isn't close. Pay the card.

One honest distinction

Not all debt is the same, and I won't pretend it is. A 24% credit card and a 6% or 7% mortgage are not the same animal. A mortgage is usually the lowest-rate debt a person ever carries, it's spread over a home that tends to hold its value, and the interest has historically been deductible for many taxpayers. Carrying a reasonable mortgage while investing is a decision a lot of careful people make, and it's defensible.

A credit card charging 24% is not that. High-rate consumer debt is almost always spending from the past, still charging you interest today. It is compounding working against you at a rate no investment strategy can beat. Treat it as the emergency it is.

The math is neutral

I want to be careful with my tone here, because this isn't a lecture. Debt isn't a moral failing. People end up carrying balances for all kinds of reasons — medical bills, job losses, plain bad luck, plain bad decisions, sometimes both in the same month. I've prepared tax returns for people in all of those situations. I never judged them, and I'm not judging you.

But math doesn't judge either. It just multiplies. At 24%, it multiplies what you owe about every three years, whether you meant to borrow it or not. The only move that works is to respect the arithmetic: get out from under it first, then start sending money forward. In that order, and with no exceptions for "but my investment is doing great" — it isn't doing 24%.

Chapter 8 — Capital Gains and the Importance of Taxes on Growth

Two investors start on the same day. Each puts \$10,000 into the same fund. Each earns 8% a year for 30 years. Each ends up with \$100,627.

Then they sell. And one of them keeps \$100,627, and the other keeps \$87,033.

Same money in. Same investment. Same 30 years. A \$13,594 difference at the end — about \$13,600 — and the only thing that was different was the account.

This chapter is about that \$13,600. It's about what the government takes, why, and how to keep more of it legally. If there's one chapter in this book where a retired tax man earns his keep, it's this one.

What a capital gain actually is

You buy something for \$10,000. Years later you sell it for \$100,627. The difference — \$90,627 — is called a capital gain. That's the whole term. It's the profit when you sell something for more than you paid for it.

And here's the part that surprises people: the tax is on the profit, not on the whole amount. You don't pay tax on \$100,627. You pay tax on \$90,627. The \$10,000 you put in was already your money. The government only taxes the gain.

This is fair enough. But it means that the longer you hold and the more something grows, the bigger the tax bill at the end — unless the account changes the rules. Which brings us to the two investors.

Short-term vs. long-term: one paragraph

Gains get split into two buckets. If you sell something you've held for a year or less, it's a short-term gain, and it's taxed like ordinary income — the same as wages. If you hold it for more than a year, it's a long-term gain, and the tax rate is generally lower. That's the whole reason to know the difference: patience gets a discount. Rates and rules change over time, so

check the current IRS rules before you act — but the principle that long-term holdings get taxed more gently has been around a long time.

My two investors held for 30 years. So their gains are long-term gains.

The two investors, side by side

Let's put real numbers on it.

Investor A puts \$10,000 into a regular taxable brokerage account. Thirty years at 8% a year. The account grows to \$100,627. The gain is \$90,627.

At the end, she sells. The long-term capital gains tax applies to the \$90,627 gain. The rate I'll use here is 15%, which is a typical rate for many people — but treat it as illustrative, because your rate depends on your income and the rules in effect when you sell. Fifteen percent of \$90,627 is about \$13,594. She keeps \$87,033.

Investor B puts \$10,000 into a Roth IRA. Same fund, same 8%, same 30 years. The account grows to \$100,627. The gain is the same \$90,627.

She sells. She keeps all \$100,627. The tax is zero.

Read that again. Same investment. Same return. Same time. One keeps \$87,033, the other keeps \$100,627 — because of the account.

That's \$13,594 that one investor handed to the IRS and the other one didn't. And nobody worked any harder, picked any better stock, or timed anything. The only decision was made on day one: which account to open.

Why this matters more than it looks

Thirteen thousand dollars on a \$100,000 account might not sound like it changes your life. But scale it up, and it does.

If the starting amount had been \$50,000 instead of \$10,000, the difference would be five times bigger — about \$68,000. If the return had been a little higher, or the holding period a little longer, the gain would be a bigger share of the ending balance, and the tax would take a bigger bite. And this is one sale. Over a lifetime of saving and selling, the tax you avoid by using the right accounts can run into six figures.

There's a second thing most people miss. In a taxable account, you can owe tax along the way, not just at the end. Some funds pay out distributions every year, and you owe tax on those in the year you get them — even if you reinvest them and never touch the cash. It's called a tax drag, and it quietly lowers your real return year after year. In a Roth, there's no tax drag. The money compounds untouched for the whole 30 years, and then it comes out untouched.

This is why I say the account matters as much as the investment. People obsess over picking the right fund — and then put it in the wrong account, or never think about the account at all. The account is half the decision. Sometimes more than half.

The rule of thumb

Here's how I think about it, and it's how I'd suggest you think about it:

- If you can get the money into a Roth, put it in a Roth.
- If the money has to sit in a taxable account — because you've maxed out the tax-advantaged accounts, or you need access to it sooner — that's fine. Just hold for more than a year before you sell, so you get the long-term rate instead of the short-term rate.

That's it. That's the whole tax strategy for most of this book.

Notice what I'm not saying. I'm not saying to dodge taxes. You owe what you owe, and you pay it. I'm saying the tax code rewards certain accounts with certain treatment, and you get to choose the account. The Roth is the code's way of saying: pay tax on the seed, and the harvest is yours. For a young worker in a low tax bracket, that's the best deal in the tax code.

And notice what the two investors prove: you don't need a better investment to end up with more money. You need a better container.

About that 8%

One more time, because I want this said plainly every time I use it: the 8% in my example is for illustration only. Real returns move around and are never guaranteed. Some decades are generous. Some are not. Nobody

knows what the next 30 years will bring, and anyone who tells you they do is selling you something.

But here's the thing that doesn't change with the return: whatever the gain turns out to be, the tax treatment still applies the same way. The account still decides how much of it you keep. At 6% the numbers are smaller and the gap is smaller, but the gap is still there, and the Roth still wins by the same principle.

What comes next

In the next chapter, I'll go deep on the Roth — what it is, how it works, and why a young worker paying taxes at a low rate today gets the best version of the deal.

The engine was compound interest. This chapter was the other half of the return — the half the IRS takes, and the half you can keep.

General educational information only, not personalized tax advice. Tax rates and rules change — check the current IRS rules before you make decisions with real money.

Chapter 9 — Roth: The Best Deal in the Tax Code (1997)

In 1997, Congress created the best deal in the tax code. It's called a Roth account, named for Senator William Roth. I've been an Enrolled Agent for decades, and I don't say things like "best deal" lightly. This is the best deal.

Here's how it works. You put money into a Roth after you've already paid tax on it. That's the key phrase — *after-tax dollars*. The paycheck already came to you, taxes were already taken out, and now you contribute what's left.

If you follow the rules, that money grows tax-free, and it comes out tax-free. You pay tax once — on the money going in — and never again.

To understand why that matters, you have to compare it with the alternative: a traditional IRA. With a traditional IRA, you get a tax deduction for your contribution. You put in \$10,000 of pre-tax money, you don't pay tax on that \$10,000 this year, and the money grows tax-deferred. But when you take it out in retirement, every dollar — the original contribution and all the growth — gets taxed as income.

The Roth is the mirror image. No deduction going in. No tax coming out.

Why young workers get the best of it

Now for the arithmetic. Suppose you're 25, in the 12% tax bracket, and you have \$10,000 of pre-tax money to invest. Two paths.

The Roth path: You pay the 12% tax now — that's \$1,200. The remaining \$8,800 goes into your Roth. It grows at 8% a year for 40 years. A dollar at 8% for 40 years becomes about \$21.72. So your \$8,800 becomes about \$191,000. And when you take it out at 65, you owe zero tax on it. Not on the contribution. Not on the \$182,000 of growth.

The traditional path: You put the full \$10,000 in pre-tax. It grows to about \$217,000. Then you withdraw it in retirement and pay tax on all of it.

Here's the thing most people miss: if your tax rate is the same when you take the money out as when you put it in, the two paths end in exactly the same place. Pay 12% on \$8,800 going in and let it grow, or grow \$10,000

and pay 12% on \$217,000 coming out — both leave you with about \$191,000. The math is identical.

So when does the Roth win? When your tax rate is lower now than it will be later.

And who has the lowest tax rates? Young workers just starting out. You might be in the 12% bracket now. In retirement, drawing Social Security plus pension plus investment income, you could easily be in the 22% or 24% bracket.

Run the numbers again with a 24% rate at withdrawal. That \$217,000 in the traditional account costs you about \$52,000 in tax, leaving \$165,000. The Roth, already taxed at 12%, still gives you the full \$191,000. The Roth just saved you about \$26,000 on a single \$10,000 decision.

That's why the Roth is a young worker's best friend. You're not just investing money. You're buying tax-free growth at the cheapest tax rate you'll ever see.

What a Roth conversion is

Sooner or later you'll hear the phrase "Roth conversion." It's not complicated. A Roth conversion means moving money from a traditional IRA to a Roth IRA.

The catch: you pay income tax in the year you convert. The entire amount you move counts as income that year. After that, it's a Roth — it grows tax-free and comes out tax-free.

Say you convert \$50,000 while you're in the 22% bracket. You owe about \$11,000 in tax that year. That's real money. It's a real tax bill, on a real tax return, the April after the conversion.

So why would anyone do it? Same reason the young worker opens a Roth: because paying 22% now beats paying more later. Once it's converted, decades of growth happen in a tax-free account instead of a tax-deferred one. The conversion doesn't change how much you invest. It changes *where*

the tax gets paid — at today's rate, on today's balance, instead of at some future rate on a much bigger balance.

I want to be straight with you: the conversion has to fit your situation. The tax bill lands in one year, all at once. If converting pushes you into a higher bracket, or it wipes out cash you need, or it triggers other problems — like higher Medicare premiums for older taxpayers — then it's the wrong move, or the wrong year. This is the one place in this chapter where I'd tell you to run the numbers for your actual life, or sit down with the IRS instructions for the year in question and work it through line by line. I did this for a living, and I'd still do the arithmetic before converting.

Why Chapter 2 pointed you here

Back in Chapter 2, you met the Section 530A accounts — the new account created in 2026 for anyone under 18. At 18, that account becomes a traditional IRA under the young adult's control.

Which means the holder of that account faces exactly the decision this chapter describes. Convert it to a Roth, pay the tax in that year, and let it grow tax-free for the next fifty years. Or leave it, and let the tax bill grow right alongside the balance.

That's why this chapter exists. The conversion is the key move, and the 530A holder can't make it without understanding it first.

The rules, briefly

I'll keep this short, because the rules are the least important part of this chapter. The big idea is what matters: pay tax once, at the lowest rate you'll ever see, and never again.

Still, you should know the framework. Roth contributions have limits — there's a maximum you can put in each year, and there are income limits that phase out who can contribute directly. Qualified withdrawals are tax-free once you're 59 and a half and the account has been open at least five years. Those limits and rules change over time. Congress rewrites them, the IRS updates the numbers, and what was true in 1997 isn't all true today.

So check the current IRS rules before you act. The IRS publishes them plainly at [irs.gov](https://www.irs.gov), and the numbers are updated every year.

Nothing in this chapter is personalized tax advice. It's general education — how the instrument works and why the timing favors the young. Your situation has its own details, and the details are yours to work through.

But the big idea is worth memorizing, because it fits on an index card:

Pay tax on the seed, not the harvest.

Chapter 10 — What to Actually Buy

So far this book has covered the engine, the instruments, and the taxes. Now comes the one practical question everyone wants answered: what do I actually buy?

I will give you my answer. But first, a rule about this chapter: everything here is general educational information. It is not advice about your personal situation. I don't know your finances, and I'm not pretending to. I'm telling you what the simple, low-cost approach looks like so you can recognize it — and recognize when someone is selling you something else.

My answer is a low-cost S&P 500 index fund.

Let me translate that, word by word, because none of it is complicated.

An **index fund** is a fund that simply buys a fixed list of stocks and holds them. It doesn't try to pick winners. It doesn't trade. A computer could run it, and mostly one does. That's the point.

S&P 500 is the list: about 500 large American companies. The names you already know — the stores you shop in, the phone in your pocket, the software on your laptop, the car in your driveway. When you buy one share of the fund, you own a tiny slice of all 500 of them at once. One purchase. Five hundred companies. You are now a part-owner of a large cross-section of the American economy.

Low-cost is the part that matters most, and it's the part most people skip. An index fund charges a small annual fee called an expense ratio. Many S&P 500 index funds charge around 0.03% a year. I'll show you in a minute why that number is everything.

Diversification, in one paragraph

When you own stock in one company, your future rides on one management team making good decisions for decades. When you own 500 companies, you're not betting on any one of them — you're betting that the American economy, taken as a whole, keeps growing over the next several decades. Some of those companies will stumble. Some will embarrass

themselves. That's fine, because the other 490-something are still working for you, and the strong ones carry the weak ones. That is diversification: instead of trying to pick the winner, you buy the whole field. You don't need to be right about any company. You just need the field to keep moving forward.

Why low cost matters: the arithmetic

Here is the fee math. This is the one place in the chapter where I ask you to follow the numbers, because the numbers do the persuading.

An expense ratio of 0.03% a year means the fund keeps about three pennies out of every hundred dollars you invest, per year. An expense ratio of 1% a year — which is roughly what typical managed help charges — means the fund keeps a full dollar out of every hundred, per year.

A dollar a year doesn't sound like much. Watch what it does over time.

Say you invest \$100,000 once, it earns 8% a year on average, and you leave it alone for 30 years. (These are round numbers for illustration — real returns move around and are never guaranteed.)

With the low-cost fund charging 0.03%, your effective growth is 7.97% a year. After 30 years you have about **\$998,000**.

With the 1% fund charging thirty-three times more, your effective growth is 7% a year. After 30 years you have about **\$761,000**.

The difference: about **\$237,000**. Same market. Same 30 years. Same starting amount. The only difference is the fee.

And here is the part that should make you angry: the 1% fund holds the same 500 companies. Identical ingredients. It isn't doing anything cleverer — an S&P 500 index fund, by definition, just holds the list. The expensive one is simply charging you thirty-three times more to hold the same basket. It's a dollar loaf of bread sitting next to a thirty-three-dollar loaf of bread, and the loaves are the same bread.

I ran the arithmetic myself. One afternoon of shopping for the cheap fund buys you back a quarter of a million dollars over thirty years. That is the cheapest money you will ever make.

Boring is beautiful

Wall Street sells excitement. New funds. Hot sectors. Trading apps that throw confetti when you buy something. The excitement is not for your benefit — excitement is how the fees get collected. Every trade, every "strategy," every upgrade from boring to exciting is a chance to take a cut.

A fund that holds 500 companies and charges almost nothing will never be exciting. It doesn't make a good commercial. It doesn't give your brother-in-law anything to brag about at dinner. That's exactly why it's the right answer.

The most reliable investment engine ever built for an ordinary person is the least exciting one ever sold. Boring is beautiful. Say it until you believe it.

What not to buy

Anything you don't understand. This is the simplest rule in investing and the least followed. If you cannot explain what an investment is in two sentences — what it holds, how it makes money — your money doesn't belong there. Complexity is where fees hide. If the person explaining it needs a whiteboard, you need to walk away.

Anything charging around 1% a year. You just saw the arithmetic. A 1% annual fee on a fund that holds the same companies as the 0.03% fund is not a service. It's a tax on not knowing better. Now you know better.

Hot tips from anyone. Your brother-in-law's sure thing. Your coworker's can't-miss stock. The internet stranger with the screenshots. A tip is someone else's guess wearing your money's clothes. You have no way to know whether they did any homework, whether they already bought and are hoping you'll push the price up, or whether they're just repeating something they heard. Every tip that ever separated a person from their money sounded convincing at the time. That's the job of the tip.

Individual stocks — with one honest exception. I hold individual stocks myself. I'm telling you that plainly because I'd rather you hear it from me than discover it later and feel misled. But here's the full truth: I genuinely enjoy the work. (I mostly play Solitaire while I watch the market go up and down.) You don't need to do it, and for most people picking stocks is just gambling with extra steps. The index fund does the job with an afternoon's effort. If someday you find you enjoy this stuff the way I do, fine — but the fund comes first, and for most people the fund is the whole story.

How this actually happens

You open the account — a Roth IRA at any major brokerage, or your employer's 401(k) if you have one. You look for the S&P 500 index option. You check the expense ratio — you want it near zero, the 0.03% neighborhood. You buy. Then you set up automatic contributions, which is the subject of the next chapter.

That's it. That afternoon is the entire investment decision.

The habit does the rest

I want you to notice what we just did. Ten chapters into a book about investing, and the chapter about what to buy is one of the shortest. That's deliberate.

The investment industry needs you to believe the buying decision is the hard part, because that's the part they charge for. It isn't the hard part. The hard part — the part nobody can do for you — is sending money forward every payday for forty years, through good markets and bad, through layoffs and weddings and roof replacements. That's the habit. The fund is just where the habit lives.

Buy the boring fund. Pay the tiny fee. Then get on with the real work: the habit does the rest.

Jim Cramer and Mad Money

Mad Money is important to me, and I'd recommend it to anyone who wants to invest in individual stocks. Virtually every stock I hold, I first heard about on that show.

But it took me a while to figure out how to handle his disciplines. A lot of Cramer's strategies are designed to keep people in the market — to keep them from getting scared out. I've learned to ignore those, because I'm not going to get scared out. And once you take fear off the table, you don't need the full diversification he preaches either.

Most people treat retirement savings as a pile that has to last as long as they do. The assumption is that you'll steadily sell your equities to live on. I see it differently. My goal is to grow the portfolio and pass on generational wealth. I run a barbell: growth stocks on one side, dividend stocks on the other. We live off the dividends plus Social Security, so we never have to sell a share to pay the bills.

Cramer also says to peel off some of any winner to lock in gains, and to hold cash so you can buy back cheaper. I don't do that anymore. I hold my winners. First, because winners produce the greatest gains over time — selling them cuts the compounding short. Second, because every sale is a capital gain, and capital gains cost me real money through IRMAA. Third, because it's more work, and I run a simple system.

I feel backed up on this by the record of index funds beating managed funds. Index funds win by being fully invested and hardly trading at all. That's my system too.

Cramer will also tell you to avoid whole sectors based on what's happening in the market right now, or to cut positions back. I listened to him on NVDA, and my position is much smaller for it. On AVGO I actually took his advice — sold off a small slice and bought it back at a lower price — and my position there is roughly ten times the size of his Charitable Trust's. My NVDA is up more than sixtyfold; the bulk of my AVGO is up more than twelvefold across three lots. That's what holding your winners looks like. And his rule that you only need one stock per sector — or two; he holds NVDA and AVGO — is what kept him out of ARM, while his other rules kept him out of MRVL.

I'm not big on rebalancing either. The S&P 500 doesn't rebalance. Rebalancing is just a mechanical way to sell high and buy low, and I'd rather let the winners run.

I learned all of this from a free TV show. No advisor. No 1% fee. That's the point of this book.

Chapter 11 — The System: Earn, Open, Automate, Raise

Everything in this book so far was the WHY. This chapter is the HOW.

Four moves. That's the whole system. Earn, open, automate, raise. Each one is simple. Together they do what brilliance and stock tips never could.

Habit beats brilliance. I'll say it again: habit beats brilliance. Nobody ever got comfortable in retirement because they were clever. Plenty of ordinary people got there because they did a small thing every month for forty years and never stopped.

Zero cannot compound. A small amount can. That's the entire secret.

1. Earn

You need a job. Not a career, not a calling — a job. A paycheck.

Here's why: the IRS generally requires you to have earned income to put money in a Roth IRA. Earned income means wages from work — a paycheck from an employer, tips, money from a side gig. Check the current IRS rules when you get there. Rules change, and this is education, not advice. But the general idea has been the same since 1997: no earned income, no Roth contribution.

This matters more than it sounds. That first job — bagging groceries, bussing tables, mowing lawns for pay — isn't just money today. It's the key that unlocks the Roth door.

And the door opens wider than you think. You can generally contribute up to the amount of your earned income for the year, within the IRS's annual limit. So even a teenager working summers and earning a couple thousand dollars has a Roth-sized opening. Look up the current limit before you move money — it changes from year to year.

The point: your first job creates two things — spending money, and a slot for future money. Most people only use the first.

2. Open

Open a Roth IRA. It's an account, not an investment.

I want to make sure this lands, because people mix it up all the time. The Roth IRA is the bucket. The low-cost index fund from Chapter 10 is what you pour into the bucket. You have to open the bucket first.

If you're under 18, most providers need a parent or guardian to open it with you — a custodial account, which just means an adult's name is on the paperwork until you're an adult yourself. The money is still yours. The tax treatment is still yours. It's a paperwork step, not a barrier.

Opening it takes less than an hour. You do it online, at a brokerage, directly — no advisor, no salesperson, nobody taking a percentage. If you can open a social media account, you can open a Roth IRA. This is the whole reason I wrote this book: there is no step in here that requires hiring anyone.

Once it's open, choose the index fund (Chapter 10), and put the money in. One evening. Done.

3. Automate

Now the move that matters most. Set up an automatic transfer into that Roth every payday.

Not "when you feel like it." Not "when there's extra." Every payday, automatically, before you spend a dollar. The transfer happens first, and the rest of your check is what you live on. Pay yourself first — that's the oldest advice in personal finance, and it survives because it works.

Here's the number that proves it doesn't take much. Send \$10 every payday — biweekly paydays, 26 of them a year, that's \$260 a year. At 8% a year for 40 years — that's the illustration rate I've used all through this book, not a promise, since real returns bounce around — \$260 a year grows to roughly \$67,000. Say that again: ten dollars a payday, \$67,000 later. Not because \$10 is magic. Because automatic is magic.

Automatic beats willpower. Willpower is a finite resource, and every store on the planet is engineered to defeat it. Automatic doesn't get tired. It doesn't see the sale. It just moves the money before you can spend it.

Now I'll be honest with you: I know not everyone can save much. Some months are hard. Start below the discomfort point. If \$10 a payday feels tight, make it \$5. If \$5 feels tight, make it \$2. Zero cannot compound — but \$2 can. The amount is almost beside the point. The habit is the point. You can raise it later, and you're about to read how.

4. Raise

Sooner or later, your pay goes up. A raise, a better job, more hours. This is where most people quietly lose the game.

Every raise arrives with a feeling that your life should get a little bigger — a nicer apartment, a newer phone, dinners out. Your lifestyle absorbs the whole raise, and your savings stay exactly where they were. Ten years later you earn twice as much and save the same nothing.

The defense is simple: raise your contribution before your lifestyle can absorb the money.

Do it the day the raise hits. Move your automatic transfer up first. If you were sending \$50 a month and you get a \$200-a-month raise, send \$75 instead of \$50 before you ever touch the rest. You still get more spending money. You just don't get all of it.

Better yet, make it a rule in advance: half of every raise goes to your future self. Decide it now, while you're calm, and it will execute later, when you're tempted. That's the same trick as automation — deciding in advance beats deciding in the moment.

Watch what it does to the numbers. \$50 a month — \$600 a year — at 8% for 40 years grows to roughly \$155,000. Push it to \$75 a month — \$900 a year — and it becomes roughly \$233,000. Same person, same habit, a few raises skimmed properly. Numbers do the persuading; I don't have to.

That's the whole game

Earn: get the job that opens the Roth door. Open: set up the account — it's a bucket, takes under an hour, no advisor needed. Automate: send a realistic amount every payday before the rest becomes spending money, even if it's

ten dollars. Raise: when your pay rises, raise the transfer before your lifestyle absorbs it.

Habit beats brilliance. Zero cannot compound. A small amount can.

Everything else in this book was explaining WHY this works — the compounding, the taxes, the Roth, the index fund. This chapter was the entire action plan. Four moves, done in an afternoon, running quietly for decades while you get on with your life.

The future you — the one with the paid-off life and the money that arrives whether you work that week or not — is built by this system. Not by genius. Not by luck. By a job, an account, an automatic transfer, and a rule about raises.

Start below the discomfort point. Start today. The decades are the advantage you have right now that you'll never have again.

Chapter 12 — What Failure Taught Me

I believe that there is often more to be learned from failure than from success.

I said that in the introduction, and I want to say it again here, because this is the chapter where I mean it most. I'm a 72-year-old man in a comfortable retirement. It would be easy to tell you only about the things that went right. That would be a waste of your time. The things that went right taught me almost nothing. The things that went wrong taught me everything.

Here's what I want you to understand before we go further: every investor pays tuition. Every single one. It doesn't matter how smart you are, how much you've read, or how careful you are. Sooner or later you will make a mistake with money, and it will cost you something. That is the tuition. The only choice you get is whether you learn from it or pay for it twice.

Paying twice is more common than you'd think. People sell in a panic, get burned, and then never invest again. They paid the tuition and refused the education. Don't do that. The mistake is only wasted if you learn nothing from it.

I've made my share of mistakes over the decades, and a few of them were expensive.

I started investing in an IRA (tax-deferred) in 1986. There was a broker at Wells Fargo who sold me mutual funds that paid him 7% commissions and lost me money. So I learned: no mutual funds.

Next I had a broker at AG Edwards. I learned that you need a philosophy of investing and that most brokers seemed to have a different one than me. They want momentum: buying something that's going up and selling if it starts to go down. I liked to buy stocks in good companies that have had a pullback.

The two biggest mistakes were: not starting earlier and not investing more. When I started there was no Roth (1997) and the IRA contribution limit was

\$2,000. I should have also opened a taxable account and put more money there.

Panic-selling in a downturn

The market drops hard. Not the polite little dip you read about — the real kind, where the news is full of people in suits saying words like "crisis," where your account is down twenty or thirty percent and every instinct in your body says get out before it goes to zero.

So you sell. And the moment you sell, the loss stops being a number on a screen and becomes real money gone. You feel relief. Then, weeks or months later, the market recovers, and it recovers without you.

Here's the arithmetic of that mistake. If you were down 25 percent and sold, you now need a 33 percent gain just to get back to where you were — and you're not even in the market anymore, so you're not getting it. Meanwhile the person who did nothing, who never even opened the statement, rode it all the way back. Doing nothing beat doing something.

The lesson: a loss on paper is not a loss until you make it one. The market has fallen and recovered more times than anyone can count. Every panic feels like the first. It never is.

Chasing hot tips

Someone at work, or at a dinner party, or in a group chat tells you about a stock. Their cousin bought it at two dollars and it's going to twenty. It's a sure thing. The person telling you is smart and successful, and they wouldn't steer you wrong.

So you buy it. And sometimes it goes up, which is the worst possible outcome, because now you think you know what you're doing. So you do it again, bigger. And then it doesn't go up.

Here's the thing about a hot tip: by the time it reaches you, it isn't information anymore. It's marketing. The people who made the money

were in before the cousin, and the cousin was in before the guy at work. You're not the investor in this story. You're the exit strategy.

The lesson: if you can't explain in plain English why a business is worth owning, you don't have a reason to own it. You have a rumor. And rumors are how other people get rich off your money.

Paying high fees for years without noticing

This one doesn't feel like a mistake. It feels like being a responsible adult who hired a professional. You sign the papers, you hand over your savings, and someone in a nice office manages it for you. The fee is one percent a year. One percent. That sounds like nothing.

Do the arithmetic. One percent a year, every year, for forty years. On money growing at 8 percent, a 1 percent fee doesn't cost you 1 percent of your ending balance. It costs you roughly a quarter of it. Over a working lifetime, that "tiny" fee can take hundreds of thousands of dollars out of your pocket and put it into someone else's.

The lesson: fees compound too, just in the wrong direction. This is one mistake you can avoid entirely without learning it the hard way — check the expense ratio on anything you own. If you don't know what it is, you're paying for your ignorance. This book exists so you don't have to pay that particular tuition at all.

My sister has a financial advisor who charges 1%. I only found this out after asking her for 8 years. The other thing I've been asking is how her return compares to a low-cost S&P 500 ETF. I still don't know. Here is what I think: her return is no better than the ETF, and she is paying tens of thousands of dollars for something she could have done in 10 minutes (or I would have been happy to do it for her).

Trying to time the market

Getting out before the drop and back in before the rise. It sounds like the whole game, and every beginner assumes the professionals can do it. They can't. Nobody can, reliably, year after year. The research on this is about as

settled as research gets: most of the market's gains come on a small number of days, and nobody knows in advance which days those will be. Miss the ten best days in a decade and your returns fall apart.

And here's the part nobody mentions: timing the market requires you to be right twice. You have to sell at the right time and buy back at the right time. Getting one right and the other wrong is just losing money with extra steps.

The lesson: the market rewards patience and punishes cleverness. Boring people who buy and hold beat clever people who trade. This is not a poetic statement. It is arithmetic.

Waiting for "the right time" to start

This is the quietest mistake, and for young people it's the most expensive one. It doesn't feel like a mistake at all. You're waiting until you earn more, or until the debt is gone, or until the market settles down, or until you understand it better. All of those sound reasonable. All of them are wrong.

Here's why, in numbers. Ten dollars a week starting at 22, growing at 8 percent a year, is about \$201,000 at 67. Start the same ten dollars a week at 32 — ten years later — and it's about \$90,000. The ten years you waited cost you about \$111,000. You didn't lose money. You lost time, and time was worth more than money.

The lesson: there is no right time. The right time was years ago, and the second-best time is today. You don't need to understand everything to start. You need to start to understand anything.

What the tuition buys you

Notice something about all five of these mistakes. Every one of them has a cheap version and an expensive version. The cheap version is reading about it in a book and believing the arithmetic. The expensive version is living it. I've lived several of them, which is why I can tell you this honestly: the tuition hurts, but it works, as long as you let it.

Here's what failure taught me that success never could. Success tells you you're smart, and smart people stop checking their assumptions. Failure tells you exactly what you did wrong, in dollars, with no room for argument. A market crash doesn't care about your ego. A fee statement doesn't flatter you. A missed decade doesn't negotiate.

The investors who do well over a lifetime aren't the ones who never make mistakes. They are the ones who make their mistakes early, make them small, and never make the same one twice.

So don't let the fear of getting it wrong keep you from starting. You will get things wrong. I did. Everyone does. The goal was never perfection. The goal is to start, to keep going, and to let every mistake make you a little wiser than the version of you who made it.

That's how the lessons get in.

Chapter 13 — Peace of Mind Over Optimization

I want to be honest with you about something.

I know I could squeeze more yield out of my money. I'm not guessing about that.

I choose not to. On purpose.

Here is our personal approach to retirement:

<https://jeffbellamy.com/2024/05/17/our-approach-to-retirement/>

Because the price of that extra point isn't free. The price is worry. And I've decided what my price is.

What optimization actually costs

When people hear "optimize," they picture a free lunch — same money, better results, nothing given up. That lunch doesn't exist. Here's what chasing that extra point actually costs you:

Attention. You can't improve what you never look at, so you look. Often. The person trying to beat the market checks their accounts, reads the news, follows the talking heads, and thinks about money daily. Maybe hourly. That time has to come from somewhere, and it usually comes from the good parts of the day.

Tinkering. Looking leads to touching. You sell this, buy that, rebalance, rotate, "take advantage" of some opportunity you read about. Every move feels productive. Most of them aren't.

Taxes. Every time you sell something that went up, the IRS takes a cut — and if you held it less than a year, it's taxed at your ordinary rate, which is the worst rate in the code. The person who leaves a simple fund alone for decades pays nothing on the growth until the end. The tinkerer pays along the way. I prepared tax returns for a living; I can tell you which kind of investor got the better of that deal.

Second-guessing. This is the quiet tax. Every decision you make creates a new thing to be wrong about. Did I sell too soon? Should I have waited? Was that article right? The simple plan has one decision — start — and then decades of silence. The clever plan has a new decision every month, and every one of them can keep you up.

The big mistake. This is the one nobody budgets for. The more you tinker, the more chances you get to be seriously, expensively wrong — not a half-point wrong, but panic-sell-in-a-crash wrong. The boring plan's worst mistake is boredom. The clever plan's worst mistake is the one that wipes out years of gains in a week.

Add it up. That extra point of return costs you your attention, your evenings, your tax efficiency, your calm, and it hands you a standing invitation to make one big mistake. That's the real price tag. I'm not paying it.

The 90/10 of investing

Here's how the returns actually break down, in my experience. The first 90% of your results come from a handful of big, simple decisions: spend less than you earn, start early, put it in a low-cost index fund, keep your hands off it for decades.

The last 10% of the result — the extra squeeze, the clever stuff — takes 90% of the effort and 90% of the worry. That's the diminishing return nobody warns you about. You spend most of your energy chasing the smallest part of the outcome, and you pay for it in the one currency you can't get back: your peace of mind.

Enough is enough. That's not a slogan. It's a financial strategy. Once the simple plan is running — the money going in automatically, the fund doing its work, the decades doing theirs — you've captured the part that matters. Everything past that is optional, and for me, it isn't worth the price.

The sleep-well test

Here's the only rule I use for any financial decision, and I'd hand it to anyone. Ask one question: Will this let me sleep well?

If a strategy is mathematically perfect and keeps you up at night, it's wrong for you. The math doesn't get a vote that overrides your life. A plan you can't stick with is worse than a slightly weaker plan you follow for forty years without thinking about it — because the plan you abandon in a panic is the plan that costs you everything the math was supposed to gain.

Simple beats clever. Not because simple is smarter — it isn't. Simple wins because simple lets you leave it alone. And leaving it alone is the actual mechanism of compound interest. The money doesn't need your help. It needs your absence.

The point of the money

Let me step back, because this is the heart of it.

Why are we doing any of this? What is the money for?

It's not for the score. Nobody on their deathbed wishes they'd squeezed another half-point of yield. The money is for the life: the mornings that are yours, the family around the table, the bills you don't think about, the freedom to say yes to the things that matter and no to the things that don't. The money is a tool for a calm life. The moment the tool starts costing you the calm life, you've got it backwards.

I never worry about my money. I mean that literally. I don't lie awake doing portfolio math. I don't check the markets and flinch. I made a simple plan, I automated it, I left it alone, and the decades did the heavy lifting. That peace was the entire point of the exercise. The number at the end is just the receipt.

This was never about getting rich. That was the promise of this book from the first page, and it's the promise of this chapter too: you don't need to be rich. You need to be free — free from worry, free from debt, free from the noise of an industry that profits from your anxiety.

You now know enough. You know how the money grows, what taxes do to it, which accounts protect it, and what to buy. That's the whole job. The rest — the optimizing, the fine-tuning, the endless pursuit of a little more — is optional. I tried the worry version in my head, and I declined it. You can decline it too.

Start simple. Automate it. Leave it alone. Sleep well. That's not settling. That's the whole point.

Chapter 14 — Send Money to Your Future Self

You've read the whole book. Now here's the entire thing on one page.

This week — not someday, this week — do two things.

Step one: price one purchase in future dollars.

Take one thing you're about to buy. Anything. A coffee, a pair of shoes, a dinner out. Look at the price. Now run it through the Time Machine from Chapter 6: what could that amount become in 50 years?

Say it's a \$20 bill. At 8% a year, \$20 becomes about \$938 in 50 years. I use 8% for illustration only, the way I have all through this book — real returns move around and are never guaranteed. But the math is the math: a \$20 bill has a second price tag, and it reads about \$940.

You don't have to put the \$20 back in your pocket. You don't have to skip the coffee. Just see both price tags. That's the whole habit. Every dollar has two prices: what it buys today, and what it could become.

Step two: send any amount forward.

Open the account — a Roth if you have earned income, a plain brokerage account if you don't — and set up an automatic transfer. Ten dollars. Every payday, before the rest becomes spending money.

Ten dollars isn't the point. The point is the machine. Once it's automatic, it happens without you, and "without you" is the whole secret. When your pay goes up, raise it. You can learn everything else later. The transfer doesn't need you to be smart or brave. It just needs you to be early.

One vocabulary word

The financial industry has thousands of words for simple things. You only need to know one of them:

Fungible. It means every dollar is interchangeable with every other dollar. A dollar saved on coffee is the same as a dollar saved on rent — it spends the same, it grows the same. Money doesn't remember what it was "for."

That's why the \$10 matters. The dollar you send forward doesn't know it used to be lunch money. It just grows.

The standing system

If you want the whole book on a sticky note, it's four words:

Earn. Open. Automate. Raise.

Earn something — a job, a gig, a side hustle — because earned income is what opens the Roth door. Open the account. Automate the transfer. Raise it when pay rises.

That's the system. It runs in the background for decades. It doesn't ask you to pick stocks, time the market, or read the financial news. It asks you to set up one transfer and then live your life.

The last thing

Here's what I want to leave you with.

Somewhere ahead of you there is a person who is you, older. Not a metaphor. A real person with your name, your face, your memories — plus forty or fifty years you haven't lived yet. That person is going to exist whether you plan for it or not. The decades are going to pass either way.

The only question is what you hand them.

You don't have to be perfect. You don't have to know everything. You knew enough by Chapter 4, honestly, to do the only two things that matter: see both price tags, and send money forward.

So this week: price one purchase, and start one transfer.

Your future self is waiting. Send them something.