SECOND EDITION

Plan Your Prosperity

THE ONLY RETIREMENT GUIDE YOU'LL EVER NEED, STARTING NOW

—Whether You're 22, 52, or 82

KEN FISHER

New York Times Bestselling Author

with LARA HOFFMANS and CHRIS CIARMIELLO

Plan Your Prosperity

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Preface

So much investing commentary and so many books talk about tactics: how to find winning stocks, how to avoid the next great crash, how to time cryptocurrency booms, how to know whether value or growth or tech or renewable energy stocks will reign, how to pick the right tools to use, and how to use methods the author favors. Or they cover market forecasting—as most of my 11 books do.

This one is different.

When I first wrote this book in 2012, many investors—still stung by 2008's massive bear market—could see no path to retirement. They were lost at sea without a plan, compass, map, or lighthouse to help guide them through the inherently uncertain and long journey retirement investing always is. Tactics are one thing. But before tactics make any sense, one has to decide on the real keys to any long-term plan.

Your goals. Your time horizon (the length of time your assets need to work to achieve those goals). Your comfort with volatility. All this culminates in an asset allocation—the mix of stocks, bonds, cash, and other securities that deliver a likely path to attaining your goals. And the selection of a benchmark that fits with this.

These are fundamental and timeless aspects of my investment process that never change. They are the lighthouse on the far side of the waterway. They are something every investor should have—and should check back to in times of turmoil. Yet far too many don't. That is where this book comes in. Its purpose, then as now, is to help you think through those factors. To help you build your own lighthouse.

Wall Street doesn't help much—often drawing false distinctions between financial planning and retirement planning, hyping retirement as a fundamental investment strategy game changer. Much of this talk and the associated planning are little more than fancied-up sales pitches. This book isn't here to sell you anything. It is designed to help clarify how you think about retirement investing.

What's new here, anyway?

This second edition doesn't change any of that. But in the years since I wrote the first edition, I found a few things potentially wanting in it. First, while I still think financial planning is too often a Trojan horse for sales pitches, it is apparent many people need help with things like tax and insurance planning and, as it specifically pertains to this book, retirement withdrawal planning. This second edition fills that gap with an all-new appendix.

Furthermore, in the 12 intervening years between the original manuscript and this update, the world has seen a lot. What proved to be history's longest bull market peaked amid a truly unprecedented event—the economic lockdowns in response to COVID. Then came four-decade highs in inflation, a swift spate of Fed rate hikes, and two wars. Markets went from history's longest bull market to the shortest, sharpest bear market ever. Then to a brief bull market and a shallow, recession-less bear market that included steep declines in allegedly "safe" Treasury bonds. And, as I type, a bull market. This second edition updates all the data, examples, and logic for these events. Through it all, an amazing thing happens: The lighthouse this book counseled you to build years ago still stands, helping guide you toward your future prosperity.

Of course, then as now, this book isn't a personal financial plan for you. No book can be. I don't know you. I don't know your goals. I don't know your health, comfort with volatility, or any other crucial factor that goes into crafting a retirement investing strategy for you.

But this book can give you the basic tools to craft a plan. It can help inform your conversations with a financial professional, should you choose to use one. It can give you a better framework for how you think about the long journey ahead, whether you are at day one in your career and starting to put money away for the far future or drawing on savings you accumulated, maybe even in what seems like the distant past.

That framework for thinking—giving you the tools to build your own lighthouse—was my aim a decade-plus ago in writing this. They remain so today with this second edition. I hope you enjoy it—and find it helpful in planning your path to prosperity.

Ken Fisher
Dallas, Texas

Acknowledgments

This book, my ninth, is a bit of a departure for me. Normally, I write on the capital markets aspect of investing—what to buy and when; why and how to avoid tactical investing errors. This is my first book focusing almost solely on the decisions that must be made *before* you get to that point—and very critical decisions they are. So much later investing success depends on getting those big, early, long-lasting decisions right.

When I first wrote this book, the scars of 2008's huge and painful bear market had many looking backward instead of forward at the rest of their (potentially, very long) investing time horizon, so the time seemed apt to write a book on the planning side of investing. That was the original inspiration. But in rereading it, I still think many things covered here are vital for new investors, high-net-worth investors, and those of all ages to grasp, understand, and get in their bones.

Books are a hobby for me, not a vocation. And as the years pass, I find more of my leisure time getting appropriated by family (a wonderful thing). So my supporting cast is of utmost importance—these books could not happen without them. First, I must thank and acknowledge Lara Hoffmans, who wrote the original draft of this book over a decade ago. That it has stood the test of time is evidence of the quality of her work.

A hearty thanks is also due to Chris Ciarmiello, who wrote most of the updated text for this latest version. His excellent work made this update so easy for me—a true breeze.

A hearty thanks, also, to Todd Bliman and Elisabeth Dellinger for helping manage the project, as well as reviewing and consulting on updates. They saw this across the finish line in the end and made sure this version hit all the right notes.

Data updates for this second edition were the work of Fisher Investments Research Specialist Jimmy Morris and Portfolio Evaluation Analyst Michael Gigantelli. Their prompt, timely assistance with this update is greatly appreciated. Additionally, for valuable consultations on this update, thanks are due to both Fisher Investments Portfolio Management Communications Vice President Nate Halisky and Financial Planning Vice President Kevin Goyert, CFP®.

Fisher Investments' Investment Policy Committee members Aaron Anderson, William Glaser, Michael Hanson, and Jeff Silk join me in making portfolio decisions for my firm's clients. They didn't contribute to the book, but they certainly contribute to how we implement the approach outlined here for the benefit of clients. CEO Damian Ornani runs the day-to-day business of my firm—which couldn't be successful without the combined efforts of those five fine gentlemen.

Many thanks to Jeff Herman, my excellent agent, who led me to John Wiley & Sons, Managing Editor Stacey Rivera, and the rest of the team: Delainey Henson, Kevin Harreld, and Shridhar Viswanathan.

Last and most important, thank you to my wife, Sherrilyn, whose support and patience I'm eternally grateful for.

Ken Fisher
Dallas, Texas

CHAPTER 1

What? Me? Retire?

Who needs a book on retirement investing?

Maybe you're younger—early in your career. To you, retirement investing is something you do *when* you're retired. Or close to it. Too boring to think about now. Too far away to bother. (Wrong.)

Maybe you're in retirement now or close to it. And you already have a plan. Can't be bothered. But are you sure your plan is sufficient? What's more, are you sure your plan is in fact a plan—and not just a collection of tactics?

Either way, however old you are or however far along in your career, the time to think about a retirement investing plan is *now*. This book isn't just for retirees or soon-to-be retirees but **anyone who plans to retire ever**—whether that's next week or in three decades.

The Imagined Dichotomy

Many investors and even some professionals distinguish between *financial* planning and *retirement* planning—like they're two distinct phases, or the two are, inherently, radically different.

But in my view, this imagined dichotomy is wrong—this idea that you should invest one way for a period of years and then you need a whole separate set of rules upon hitting some milestone.

For most investors, whether you're 22, 52, or 82, financial planning *is* retirement planning *is* financial planning. Whether you're saving your first dollar or your four millionth (good for you!), you should consider the ultimate long-term purpose for your money, which, for many investors, is to provide for them (and their spouse) in retirement and/or leave something behind for the loved ones, a beloved cause, etc.

But maybe not! Maybe this doesn't apply to you. You don't need to think about the ultimate purpose for your money now. Maybe you're heir to a billion-dollar fortune. Your future is amply covered, you don't want to think about it, you bought this book only to level your kitchen table, and your entire purpose in life is to fritter. Fine! But for most everyone else, if you're holding this book, however old you are, you should be thinking, now, about your future prosperity.

Two Goals ... and Some Non-Goals

I have two primary and very specific goals with this book—and some specific goals this book is *not* aimed at.

First, I hope to help you stop thinking about investing in a spliced-up way—that you should invest for a number of years one way, and then one day, a buzzer goes off signaling it's time to think about retirement. No! Instead, from the first time you fund an IRA or otherwise set money aside, I hope to get you thinking not just about retirement but about investing for your whole life. And if you haven't been thinking that way all along, there's no time like the present to change.

Sure, there can be nearer-term goals beyond retirement. You're young and newly married and want to save for a new home. Or you want to save to upgrade to a bigger home. Or you're saving for your kid's college or *your* college or a boat or whatever floats that boat. However, these should all be seen and felt as near-term sidesteps on what's otherwise a lifelong pursuit.

So I want you, right now, to stop thinking about *investing* and *retirement investing* and start thinking about investing for the entirety of your life. I want you to think about making plans now that increase the odds you achieve your goals, whatever they may be. (Heck, at this point, you may not even be able to easily and clearly express what those goals are! Or know what's feasible. This book will help there, too.)

By the same token, if you start thinking, now and always, about the long future ahead (instead of chopped-up phases), that doesn't mean nothing ever changes about how you invest as you near retirement. It might! But not just because on Tuesday, you woke up, went to work, went to a good party in your honor—and on Wednesday, you were *retired*. And now there are new rules because you're *retirement investing*. No—this is selling yourself short and potentially exposing you to investing errors that may unwittingly increase a key risk to you long term.

Maybe, as part of your longer-term thinking, you will need to make a change, whether big or small, at some later point. Maybe multiple changes. But your circumstances and goals should determine when that change (or those changes) is (or are) made, not just a circled date on the calendar.

An investing shift—big or small—might be justified … but perhaps 7 or 10 years *before* you retire. Or 5 years after. Or 12 years after. Or … or … or … or … But you won't know that if you think the primary driving factor is your retirement party, not your goals and the effort to increase the likelihood you reach them.

Benchmark for Better Results

My second goal is helping you choose a proper benchmark. If you get nothing else out of this book, I hope you understand what a benchmark is, how important it is, and what goes into choosing a proper one.

Maybe right now you don't even know what a benchmark is. That's fine—we cover that much more in Chapter 3 and beyond. But for now, think of your benchmark as an essential investing lifeline. It's a road map, showing your planned route—and how to take detours when necessary. It lets you know how you're doing—if you're going too slow or even too fast or getting lost in the weeds or utterly turned around. It can help you stay disciplined (an incredibly important yet often overlooked facet of successful investing). Overall, the benchmark, picked properly, can increase the odds you achieve your long-term goals.

The first operative word is *properly*.

Far too many investors invest without a benchmark at all—never mind a proper one. They effectively stick their thumbs in the air, hitchhiking along with whatever tactics suit their fancy at a point in time. What's worse, they may not even realize they're doing that! They may assume they've got a rock-solid plan that makes good and smart sense—but if you don't have a benchmark (and if you don't know what a benchmark *is*, then you don't have one), the odds increase you may be meandering. And meandering is a bad path to prosperity.

It can happen! You can stumble into a portfolio that can provide the kind of life you need down the road through luck (sometimes known as *dumb luck*—and in effect, the same thing). But if given the choice between dumb luck and smart planning, my guess is most folks would opt for the smart planning.

And the benchmark being proper *for you* is key. If your goal is to drive from New York City to San Francisco, a map of Düsseldorf won't help much. A map of the US Eastern Seaboard is better but still falls short. You need a map that consistently shows the way and highlights the "do not go" areas. A good benchmark can do that.

Second operative words: *increase the odds.*

I say that (or some variation) throughout the book—the aim is to increase the odds you reach your goals. Note I didn't (and won't) say, "The aim is to definitively get you to your goal—I promise." Why? This is a book on investing. Investing in anything requires some risk—which type (there are myriad) and how much depend on your unique goals and circumstances.

Plus, no one can guarantee you anything. US Treasurys are guaranteed in the sense they're backed by the full faith and credit of the US government, and so long as the US government doesn't go belly up, you *will* get your principal back, plus interest. (And no, I'm not one of those who thinks the US is teetering on a precipice. You need a different sort of book for that.) But you *can still lose money* investing in Treasurys if you don't hold them to maturity. (Never mind inflation's effect—which we cover later.)

No one can guarantee you reach your goals. Not even you can. First, investing involves the risk of loss. Can't escape it. You could bury cash in your backyard and avoid all *volatility* risk—but you're still fully exposed to *inflation* risk. This means having to earn and save a lot more, and/or downgrading your future cash needs and/or not minding your purchasing power being eroded over time. (More in Chapter 4.)

That's the investing side, but there is also tremendous room for your brain to go haywire. If you have wildly unrealistic goals (e.g., "I want my money to double every year!" or "I want market-like returns but don't want to ever experience downside!"), that can decrease the odds you reach them. If you have a great plan and a sound strategy and a proper benchmark but not the fortitude to stay disciplined over the long haul, that also decreases your odds.

Your aim should be taking steps to identify goals, picking a benchmark and a plan and then doing what's necessary to stick to it. And my aim is to help you. That's how we *increase the odds.*

Again, this should be a deliberate undertaking, whether you go it alone or with a professional. Not only is it critical you pick a proper benchmark, but you must also understand the risk and return characteristics of that specific benchmark. You must understand them so you can be prepared (mentally