

JOHN C.
BOGLE

Knowing
Enough.

A CONVERSATION ABOUT
MONEY AND LIFE

—AND FIGURING OUT
WHAT TO DO WITH YOURS

WILLIAM J.
BERNSTEIN

Praise for *Enough*

“Jack Bogle’s passionate cry of *Enough*. contains a thought-provoking litany of life lessons regarding our individual roles in commerce and society. Employing a seamless mix of personal anecdotes, hard evidence, and all-too-often-underrated subjective admonitions, Bogle challenges each of us to aspire to become better members of our families, our professions, and our communities. Rarely do so few pages provoke so much thought. *Read this book.*”

—David F. Swensen
Chief Investment Officer
Yale University

“*Enough*. gives new meaning to the words ‘commitment,’ ‘accountability,’ and ‘stewardship.’ Bogle writes with clarity and passion, and his standards make him a role model for all of us. *Enough*. is must reading for millions of U.S. investors disenchanted by today’s culture of greed, accounting distortions, corporate malfeasance, and oversight failure.”

—Arthur Levitt
Former Chairman
U.S. Securities and Exchange Commission

“Jack Bogle’s wonderful, thoughtful, helpful, and fun-filled little book inspired me to create my own title: *Never Enough of Jack Bogle!*”

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Author of *Capital Ideas Evolving* and *Against the Gods*

“Jack Bogle, the ‘conscience of Wall Street,’ single-handedly founded the Vanguard Group—still the nation’s only *mutual* mutual fund organization—and then grew it into the gentle giant that funds the retirements, educations, and philanthropic goals of millions of Americans. Now, in *Enough*., he distills his half-century of observations on the capital markets, and on life in general, into a few hundred entertaining pages—required reading for those concerned about their own future, their family’s future, and the nation’s future.”

—William J. Bernstein
Author of *A Splendid Exchange* and
The Four Pillars of Investing

“This is an impressive message from a distinguished businessman. It will challenge all decision makers to consider the sufficiency and direction of their lives and work. What do we mean by *Enough*? *Enough* of what? *Enough* for what purpose? Feast here and reflect.”

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Dean and Charles C. Abbott Professor of Business Administration,
Darden Graduate School of Business, University of Virginia

“From one ‘battler’ to another: Thank you for putting in one little book the premise for an active, long life. A primer for those who will abjure complacency and just wanting more, who’d rather focus on the joy of trying to move some ball downfield.”

—Ira Millstein
Senior Partner, Weil Gotshal & Manges LLP

“What went wrong? What can, and should, go right? The great Jack Bogle has the answers. *Enough.* will leave you hungry for more.”

—James Grant
Editor of *Grant's Interest Rate Observer*

“The balances one must create in investing, in running a business, and in life more generally are simply and clearly stated in Jack's most recent book, *Enough.* Unfortunately there are not enough Jack Boggles around in today's world of instant gratification. *Enough.* should be must reading for business students and corporate board members.”

—David L. Sokol
Chairman, MidAmerican Energy Holdings Company

“One Jack Bogle has more horse sense than the entire Wall Street herd. If you open this book, you'll be hooked after the first paragraph, as I was. But keep on reading. This small book pays huge dividends.”

—Alan S. Blinder
Co-Director, Princeton University Center for
Economic Policy Studies, and Former Vice Chairman,
Board of Governors of the Federal Reserve System

“Although *Enough.* is presented in a small volume, John Bogle's wisdom is writ large and profound. The messages are particularly meaningful as we all reel from the moral, economic, and financial meltdown that confronts us today.”

—William H. Donaldson
Former Chairman, U.S. Securities and Exchange Commission

“This is the book that all current Bogle enthusiasts have awaited and one that will inspire countless future Bogle enthusiasts. It offers both mesmerizingly candid autobiographical insight from one of the nation’s most pioneering financiers and a wise handbook of life perspectives and savvy investment. These personal reflections eschew technical financial jargon and provide the path to escape the desperate chase for ‘more’ regardless of ‘meaning.’ Terms like *trust*, *value*, *success*, *satisfaction*, *stewardship*, *character*, and *contribution* are woven together into a life tapestry that reminds experienced readers how they can master the treadmill of their lives and guides young readers in how to control their destiny from the start of their careers. When Jack Bogle speaks, CEOs, scholars, and the rest of us all listen . . . or *should* listen.”

—Professor Jeffrey Sonnenfeld
Senior Associate Dean, Yale School of Management

Knowing Enough.

**A CONVERSATION ABOUT
MONEY AND LIFE**

**—AND FIGURING OUT
WHAT TO DO WITH YOURS**

John C. Bogle
William J. Bernstein

Foreword by William Jefferson Clinton

Prologue by Tom Peters, *In Search of Excellence*

WILEY

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Preface to *Knowing Enough*

No one, and I mean no one, did more for investors than Jack Bogle. My fellow Boglehead Taylor Larimore likes to say that he lives in “the house that Jack built.” Count me, and many thousands more, in that happy group.

And millions more, whether they know it or not, sleep well at night without money worries because of the at-cost mutual funds that Jack invented at the Vanguard Group.

A quarter of a century ago, a few dozen people met at Taylor’s “house that Jack built” (actually, a condominium overlooking Biscayne Bay) to chat with Jack. He was in town for the *Miami Herald’s* March 2000 Making Money Seminar, which wouldn’t make time for the group to talk to Jack. It seems that the *Herald* did not let Muhammad come to the mountain, so the mountain came to Muhammad; Jack went to Taylor’s place for a meetup with this little group. (The *Herald*, realizing their mistake,

sent a reporter and photographer to Taylor's place and splashed out a front-page story in the following Sunday Business section.)

The attendees by that point had already been cyber-buddies on the Morningstar forum devoted to Vanguard funds. Every year thereafter, save during Covid, the Bogleheads have gathered for an annual fall meeting. As one attendee at the 2001 meeting in Chicago put it, "I told my kids, 'I'm going off to spend the weekend with 50 people I don't know, and I met them on the Internet.'" When journalist Jason Zweig asked the other attendees what their friends and family thought about that, most replied. "They think I'm nuts." I attended my first meeting in 2002, and, to be honest, as I flew out for it the following year I recall asking myself, "Exactly why am I doing this?" As soon as I arrived, I got reminded of the answer: The Bogleheads are the sweetest, best-informed bunch of folks you'd ever want to hang out with.

As educational and enjoyable the annual meetings are, the conference facilities allow for only a few hundred attendees. The bogleheads.com forum, in contrast, has 120,000 registered users, and many more visitors. (Morningstar graciously hosted it initially, after which it became an independent organization.) For my money, it's the single best source of both general and personalized financial advice on the web.

Early on, one contributor to another Morningstar forum posted that he had a rapidly progressive cancer with a fatal prognosis and needed financial advice for his wife and young children. Within days, the Bogleheads offered solid direction about how to handle Social Security, probate, and 401(k) rollovers. As I'm typing this, a fast look at the bogleheads.org home page features posts about how to handle a teenager's first investment account, student loan forgiveness, paying off a mortgage, and more than a dozen threads about asset allocation, as well as one on the choice between a ¼-inch and a ⅜-inch socket wrench set.

Most famously, the Bogleheads epitomize Jack's focus on what he calls "The Majesty of Simplicity," which they formulated as their patented "three-fund portfolio": stone-simple mixes of total U.S. stock market, total international stock market, and total bond market, a portfolio that can now be put together at a cost of just a few one-hundredths of a percent per year.

Jack's great rival in the fund business, Fidelity's Edward C. Johnson III, once derided Vanguard's index funds, opining, "I can't believe that the great mass of investors are going to be satisfied with just receiving average returns." The joke was on him; it turned out that investors increasingly cottoned to the simple arithmetic of mutual fund investing: Because of their low expenses, index funds routinely waxed actively managed ones.

Johnson couldn't have been more wrong: Investors *were* happy with “average” returns. As Vanguard's assets swelled, the resultant increase in economy of scale increased that advantage even more, a “flywheel” that lost Fidelity so much business that it had to bring out its own index funds, and eventually, wait for it, a family of *zero*-cost funds. (There's no free lunch here, of course; once you purchase Fidelity's zero-cost funds, their shares cannot be transferred out of their platform.)

★★★

In 2007 Jack asked me to join him on the conference stage for what became a high point on my personal calendar, a nearly hour-long “fireside chat” during which I'd fire questions at him and, on occasion, educate him about Yiddish expressions. The last of these was in October 2018, shortly before he passed away.

In 2023, Bill Falloon of John Wiley & Sons approached me about a “last fireside chat” memorial volume that combined two books, Jack's *Enough* and my *If You Can*, with all royalties going to the Boglehead charitable arm, the John C. Bogle for Financial Literacy. The two books dovetail nicely: *Enough* is a meditation on the meaning of money and on the ethics of the money management, both of which matter a great deal to the individual investor.

The book's title derives from a conversation between novelists Joseph Heller and Kurt Vonnegut at a soiree

thrown by a wealthy financier. Vonnegut remarks that their host undoubtedly made more in a day than Heller had made from his runaway bestseller *Catch 22*. “Yes,” replies Heller, “but I have something he will never have . . . enough.”

Enough's other central passage recounts a mythical dialogue between a preacher and a recently retired greyhound racing dog:

Are you still racing?

No.

Well, what was the matter? Did you get too old to race?"

No, I still had some race in me.

Well, what then? Did you not win?

I won over a million dollars for my owner.

Well, what was it, bad treatment?

Oh no. The treated us royally when we were racing.

Did you get crippled?

No.

Then why? Why?

I quit.

You quit?

Yes, I quit.

Why did you quit?

I just quit because after all that running and running and running, I found out that the rabbit I was chasing wasn't even real.

If You Can came from the same place. In 2014, in the spirit of the Bogleheads, I decided to make it available as a free download (just google “if you can” and my name). Nearly all of my financial writing is aimed at older individuals, most of whom are, or soon will be, fairly prosperous. Both writing about and practicing finance have been good to me; *If You Can* seemed a good way to pay forward some of that to young people just starting out on that journey.

The two books fit together; Jack’s describes the zen of personal finance, while mine is the Boglehead three-fund nuts and bolts version. Wiley first published *Enough* in 2009; both books are now more than a decade old, and upon rereading them I’m pleased at how well the two have held up.

The one part of *Enough* that needs only the slightest revision is the few pages on exchange traded funds (ETFs). Because they’re so easy to speculate with, Jack didn’t like them, and their champion at Vanguard, Gus Sauter, nearly had to step over Jack’s metaphorical dead body to debut Vanguard’s.

Jack’s criticisms of ETFs are even more valid now than they were then: It seems not a day goes by that an investment company doesn’t bring out one bit of speculative toxic sludge or another packaged in an ETF

wrapper—leveraged funds, inverse leveraged funds, hyper-narrow sector funds, and the like.

But there's also no denying that because anyone's ETFs can be bought on anyone else's brokerage platform—even on those of the bad old “full-service” wirehouses—they've greatly expanded the investing public's access to low-cost vehicles.

Mr. Sauter also realized before Jack did that ETFs treated investors more fairly than the traditional open-end mutual funds, which penalize long-term buy and hold investors with the trading costs of short-term speculators. Mutual funds trade enormous dollar amounts of stocks and bonds when investors purchase or redeem their shares, and these large trading volumes can incur considerable “transactional costs.” By “externalizing” those trading costs with the small bid/ask spreads incurred when individuals buy and sell ETFs, this shifts the high costs of rapid trading to ETF speculators, leaving the buy-and-hold investors nearly untouched.

The improvements in ETFs, as well as the increased ease of trading them, also have also negated one of the major recommendations in *If You Can*, which was its emphasis on dealing, wherever possible, with the Vanguard Group. Since then, two things have rendered that recommendation obsolete. First, in 2013, the online platform

Robinhood fired the brokerage shot heard round the world when it debuted its commission-free trading phone app for stocks and ETFs. Over the next several years, the big discount brokerage houses—Fidelity, Schwab, TD Ameritrade, and E*Trade—followed suit. So it's possible to buy Vanguard ETFs at any of these brokerage houses commission free; this is even possible, though I don't recommend it, at some of the old wirehouses. Moreover, over the past decade both open-end funds and ETFs from both Schwab and Fidelity have matched Vanguard's low-cost structure, so investors can even purchase, for example, a Schwab ETF on the Vanguard platform.

Second, and sad to say, since Jack's passing customer service at Vanguard has deteriorated, with long hold times, an outdated website, and often clueless offshore phone support. That said, Vanguard still possesses two advantages over other brokerage firms. First, because its money market funds have lower expenses than those of other firms, your cash balances there earn a higher return than elsewhere. Second, because Vanguard is owned by its customers, its incentive structure and corporate culture will always be more customer-oriented than those of its competitors. These two reasons are, in my opinion, enough to stick with Vanguard, despite their recent customer service problems. (The low cash balance interest rate at Schwab is a problem that requires constant

attention from their customers, who must be on the lookout for accumulated cash needing to be manually swept into Treasury bills or money market/short-term bond funds. This gets old fast.)

★★★

Any other founder of a large investment company would have used his or her great good fortune to make billions by shaving off just a few basis points of the firm's managed assets. That Jack didn't spend his life chasing after the mechanical rabbit of wealth is testament to both his intelligence and character. My hope is that this small volume will help you on your own voyage to Enough.

Original Foreword to *Enough*

My professor of ancient civilizations at Georgetown taught us that the United States became the greatest nation in history because our people had always believed in the two main pillars of Western civilization: that tomorrow can be better than today, and that we all have a personal moral obligation to make it so. He called it “future preference.”

In recent years, some American finance leaders have strayed from these beliefs, making vast wealth in the moment without regard to its consequences for the future. In the United States and around the globe, we are still living with the repercussions of this business conduct, some of it illegal, all of it fruitless. We cannot continue on the same road we followed before the recent financial crises—not if we want to build a better tomorrow.

In *Enough*., John C. Bogle offers a compelling account of what went wrong and some clear advice on how we can restore our financial system and create a more prosperous and equitable world. His book is an important call to action, to bring moral principles and integrity back into our financial affairs in a way that will support, not undermine, long-term economic growth.

With his own impeccable credentials in finance, Bogle reminds us that the United States was built upon a tradition of hard work, temperance, and duty, and shows why sacrificing these values in the pursuit of success sooner or later breeds destruction that harms many innocent people. In this meditation on ambition and society, Bogle argues that we cannot measure the meaning of our lives by quick profits. Instead, real worth comes in making long-term contributions to the larger communities of which even the most powerful financiers are simply facilitators, with a duty to help others build their dreams.

In our fast-moving digital age, with more than \$2 trillion crossing borders every day before the current crisis, Bogle's analysis and argument seem, at first glance, strikingly old-fashioned. But our pervasive interdependence makes *Enough*. more relevant than ever. Our actions have profound consequences both within and beyond our borders. It is wrong to ignore them in pursuit of purely

personal advantage. Future preference still matters. We have to get it back.

John Bogle is a brilliant and good man, and every concerned citizen can learn and benefit from the important lessons he shares in *Enough*. It is a reminder that what Alexis de Tocqueville said about our nation so long ago remains true: America is great because America is good, and if she ever ceases to be good, she will no longer be great. *Enough*. is about reclaiming both.

WILLIAM JEFFERSON CLINTON
March 2010

Original Prologue to *Enough*

In the late 1970s, I began a journey with Bob Waterman examining how good companies were managed that led to the publication of *In Search of Excellence*. Along the way we met an extraordinary cast of characters. There was Jim Burke, CEO of Johnson & Johnson, who when beset with the infamous Tylenol crisis in 1982 turned to J&J's quasi-religious "Credo." With the guidance of core values, the company handled the crisis with integrity and transparency that stands to this day as a memorial to the power of values-based organizations.

And then there was Delta Airlines, mired in crisis courtesy of the recession of the early 1980s—the company's balance sheet was helped enormously by the decision of Delta employees to buy their employer an airplane! There was McDonald's, living with rigor in the early 1980s on the bedrock established by founder Ray Kroc

called QSC&V, or quality, service, cleanliness, and value. And then there was John Young of Hewlett-Packard, who managed by wandering around (MBWA), engaging with line employees on project specifics.

The key concept of our book was captured in six words: “Hard is soft. Soft is hard.” As engineers, MBAs, and McKinsey consultants, we were firmly rooted in the virtues of measurement and metrics—but we also damn well knew how easy the numbers are to fudge! Purportedly hard numbers turn out again and again to be soft. Enron, circa 2000, masterminded by a Harvard Business School–McKinsey grad, and the derivatives, super-derivatives, and credit default swaps of the 2000s, masterminded by PhDs, came about by numbers that were so soft they deflated.

What matters? What is really “hard”? Integrity. Trust. Values that last (like J&J’s Credo). Deep-rooted relationships. Good corporate citizenship. Listening—to the customer and to the front-line employee—and acting on what they tell us. Matchless quality, the bugbear of those early 1980s. And, yes, excellence. Those are the things they mostly didn’t and don’t teach in business schools, but which are the bedrock of effective enterprise.

It was memories of that startling journey that explained why, in the middle of the Great Recession of 2007++, I picked up, for no particular reason, Jack Bogle’s book, *Enough*. I quickly found, while standing in the bookstore in fact, that I couldn’t put it down. It explains why I have now

read it through four times; why I have bent some 57 pages to return to again and again; why I have given away over 50 copies to friends and associates; and why, I'm almost embarrassed to admit, I carry it with me as I travel from Angola to Abu Dhabi to China to Chicago—*Enough*. has taken on totemic significance. As I prepare a seminar in, say, Novosibirsk, Siberia, I thumb through the book and check myself as to whether I may have gone soaring off into some obscure theoretical corner and forgotten the lesson of the likes of Bill Hewlett's supposedly old-fashioned MBWA as practiced by John Young.

The Australian writer Peter Temple's thriller *The Broken Shore* won a bushel of prestigious global awards. Several prominent reviewers struck the same chord. In effect, "This is not a great thriller—this is a great *novel*." That's precisely what I feel about *Enough*. It is not a great finance book. It is not a great business book. It is a great *book*. Period.

Jack Bogle writes in plain English, and his reasoning is straightforward and based on a staggering sum of observations. Though he is a finance guy, not a single equation is unfurled as he takes us through finance, business, and life itself. It is not hyperbole to say, with some certainty at age 67, that this *is* clearly the best business book I've ever read, and as good a primer on life as I've read as well, save perhaps the works of Bogle's fellow Philadelphian, wise old Ben Franklin!

Jack Bogle and the organization he founded in 1974, The Vanguard Group, have been recognized far and wide and again and again for the sort of excellence that lit so bright and true a lamp for Bob Waterman and me in the 1980s. Jack Bogle is one the great financiers of our times and perhaps all times. He and Vanguard have contributed to the financial well-being and security of millions upon millions of people. His secret is a carefully formed belief that you will not, over the long haul, beat the market, and a belief that the best performance will therefore come from index funds that return their enhanced value, virtually in full, to investor-owners. His life and his life's work are built on a bedrock of integrity, transparency, simplicity, and value.

Interestingly, I've never met Jack, and, alas, have not invested with Vanguard, which is to say that I have no vested interest whatsoever in making these remarks—and singling this book out as the matchless, perhaps life-changing gem that I think it unequivocally is. I have devoted my adult life to trying to help people manage organizations as effectively as possible, and have discovered, as Jack Bogle has, that being straightforward is best and that character and integrity and common sense and decency are the keys to running enterprises of all sorts—not to mention the life well lived in service to others.

I will not reprise the best of the book in this Prologue. I tried to do so in a first draft, but was flummoxed