

Tom & Jennifer Investor  
Your Investment Plan

Money  
Management  
Plan Recap

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A complete Money Management Plan is composed of a an Investment Planning Report, Investment Selection, Disciplines, Rules, and Procedures, Portfolio Management Disciplines, Rules, and Procedures, Portfolio Management Report, and a Performance Measurement Report.

## Money Management Plan Recap



### Organized: Money Management Plan

A complete Money Management Plan is composed of a an Investment Planning Report, Investment Selection, Disciplines, Rules, and Procedures, Portfolio Management Disciplines, Rules, and Procedures, Portfolio Management Report, and a Performance Measurement Report.

### Money Management Plan Reports

A money management plan must zoom in on investing performance bedrock and detail, not to zoom out using the modern investing language of pie chart, graph and data dump which often distort and always oversimplify rather than clarify:

- These types of illustrations do little to enlighten.
- In most cases, they are but distractions from the substantive issues of financial planning and investment planning.
- In some cases, they are used because the one making investment recommendations does not know the details of the what, when, why, how, and what ifs of the decision making, action taking investment/portfolio management processes.
- The one making investment recommendations has not thought about the future and the certain necessity for change as the markets change; preferring, after the initial trades have been executed, to just *'wing it.'*

Neither Investor's CalcStation nor Investor's WorkStation reports have any pie charts, graphs, or data dumps because.

All Investor's CalcStation and Investor's WorkStation reports intentionally have an accounting look relying on numbers to detail issues, solutions, and processes.

You will notice that the Investor's CalcStation financial planning report is brief. This is by design:

- There is no need to generate pages summarizing investor input that details what the investor already know about himself/herself as is done in most standard financial planning reports.
- Investor's CalcStation financial planning reports detail the information required to determine an investing direction.
  - Money in, money out, actual and projected —how much, when, and at what capital growth rates, interest rates, and inflation rates.
  - Actual and projected balance sheets.
- The emphasis, length, and detail of Investor's WorkStation's portfolio creation and modification reports are necessary to address the detail of investment selection and portfolio management.

### Investment Advising Prospectus

As an investment advisor, I referred to the Money Management Plan as my investment advising prospectus because all of the reports define who I am, what I represent, how I conduct my business, and what I will and will not do; what, when, why, how, and what if.

The Money Management Plan is an actual working document rather than the usual generic (*of value only at the drugstore*) presentation; retrieved, viewed, printed, and presented by standard investment planning

software — soon to be in the trash after initial trades are executed; often ending with the footnote, "Product recommendations are not specified," and/or "For specific investment advice please consult your financial advisor."

The complete Money Management Plan, as part of the continuous, forward-looking investment advising and investment management processes, is divided into three parts; detailing how rhetoric will be converted into results — budgeting, cash flow analysis, capital accumulation projections, investment selection and management and portfolio management, and performance:



## **Direction: Financial Planning — Where You Are Trying To Go**

### **Money Management Plan Part I**

With regard to financial planning, the better the projection, the better the solution.

Start with Investor's CalcStation — a simple, yet complete, budget (income - expenses), savings, assets, liabilities, cash flow, net worth, balance sheet, and investment goal analysis software program — is designed to help the user approximate savings, asset building, and income generating projections and to define the investment task at hand to achieve a capital accumulation objective that will produce the desired income over a selected time period; *just a bump in the road or climb Mt. Everest.*

Rather than depend on default growth rates, inflation rates, and interest rates for broad classes of investments, Investor's CalcStation allows the user to track 'blocks' of capital as they actually change and as they are projected to change from one type of investment to another over a financial planning analysis period.

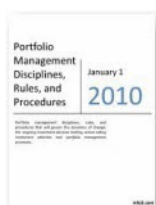
Furthermore, as capital growth is a function of both asset appreciation and linked income, Investor's CalcStation allows the user to break out both variables and to assign different and changing rates to each variable:

For example, savings earning 3% for two years is/will be converted to an investment portfolio composed of both bonds (income, possibly no growth) and equities (growth, probably dividends) with each type of investment assigned individual actual and/or projected growth rates, interest/yield/income rates, and inflation rates where and when appropriate and then the equity portion of the portfolio is/will be liquidated for an actual or a projected value in a selected time period and the proceeds are/will be used to invest in a summer cottage and more bonds; each again assigned individual rates and, each again, possibly changing based on actual and projected financial planning directions and goals.



## **Opportunity: Investment Selection Disciplines, Rules, and Procedures**

Bond investment selection and management disciplines, rules, and procedures, for example govern the ongoing bond selection and management processes; the correct bond, the correct quality, the correct quantity, and the correct maturity at a competitive yield and reasonable cost.



## **Control: Portfolio Management Disciplines, Rules, and Procedures**

Portfolio management disciplines, rules, and procedures govern the dynamics of change; the ongoing investment decision making, action taking portfolio management processes.

## Efficiency: Investment Timing

Investment timing is everything; when you choose to walk across the street, what and when you buy at the store, the best time of year to buy a car, when to/not to stick your hand in the press, when to buy a house, the selection of a play in football when the outcome of the game is on the line, when a golf club releases when trying to hit a golf ball, and, most certainly and most importantly, what stock you buy and when you buy it and what stock you sell and when you sell it.

The very notion of 'timing' is an active instinct in all of us as we seek the best price and certainly is a more desirable thought process than simply passively deciding to succumb to notion that you will simply get what you get on the day you just happen to buy/sell and that there is little or nothing you can do about when, the time, you should try to do it.

Imagine going to Warren Buffett and suggesting to him that to improve investment performance he should no longer manage or attempt to time his investments.



## Management: Portfolio Management — How You Are Going To Get There

### Money Management Plan Part II

Most investment planning software programs generate boatloads of reports infested with carloads of pie charts, graphs, and schedules of historical investment data to detail what needs to be done; however, there is usually little about the detail of the basis, basis, design, and structure of a proposed investment portfolio and the underlying portfolio investments that are intended to take the investor to his or her investing destination.

Use Investor's WorkStation to create a unique, structurally sound investment portfolio consistent with the investor's investment profile (risk tolerances, income/capital growth objectives, and investment time horizon) and manage, modify, monitor, and measure the investor's investment portfolio to keep the investment portfolio competitive as investor's investment profiles, the current market conditions, the market outlook, and relative investment values change; the ongoing what, when, why, how, and what ifs of the investment management processes in detail.

Investor's WorkStation forces the user to take all of the portfolio design and creation steps into consideration and helps the user detail the investment selection and management and portfolio management processes.

Modify investment portfolios as investor investment profiles, investment goals, the current market conditions, relative investment values, and the market outlook change; always on track.



## Profit: Performance Measurement

### Money Management Plan Part III

"If it is measured, it will get done."

Though past performance clearly is not an indicator of future investment results, it is the best measure of an individuals' investment advising, investment management, and investing performance skills; a measure of the ability to convert rhetoric into results. GIPS (AIMR - PPS™) 01/01/2010 compliant investment portfolio performance calculation; Modified Dietz and TWRR/Geometric Linking Methodology Investment Return Calculation Options.

**Use PerfCalc to evaluate projected verses actual performance to date.**

**Make appropriate adjustments; change investor contributions, investments, or the goal as required; *always on track.***

**Leave out a step, proceed with greater than necessary budgeting, savings, and investing risks.**