

GETTING AN INVESTING GAME PLAN

Creating It, Working It, Winning It

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with Maura Webber
and Jamie Heller



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Foreword

The investment game has changed over the past two decades. Historically, the challenge facing investors has been to identify good investments. While that's obviously still important, investors increasingly recognize that that alone isn't enough. Five good mutual funds can still make a bad portfolio, or at least one that's inappropriate for a given investor's goals. It's becoming clear that investors must move beyond good versus bad investments and toward appropriate or inappropriate usage of investments, taking into account their time horizons and risk tolerance. It's a level of analysis that doesn't transfer well to the sound-bite world of televised financial advice, but it's where investors need to go if they are to succeed.

In this new reality, investments are the easy part. Determining whether a stock or a fund is a quality offering with reasonable prospects is a fairly straightforward task in these days of widespread financial information. Knowing where a given stock or fund fits in your portfolio—that's a much trickier task. Ultimately, however, the art of investing involves more than simply identifying good investments; it means finding the right match between investment and investor. It's no easy job. Yet it's what good financial planners do every day, and it's the reason that I have such great respect for these people.

When I first started tracking mutual funds in the mid-1980s, I knew of brokers who could sell you stocks or funds, but I knew little about the growing field of financial planning, which aimed to craft full-fledged financial solutions for their clients. Over time, however, I came to know a number of financial advisors and became a part of their discussions. Like most investors, I was thinking in words or phrases, but these advisors

were thinking in fully formed paragraphs. They understood, quite correctly, that investments alone were not the full game. To succeed, you need to know how and when to deploy them; you need a game plan.

Vern Hayden is as fine a planner as I know. He's up on all the latest academic research, yet he retains a remarkable ability to translate the often arcane language of finance into straightforward counsel that even beginning investors can understand. Not surprisingly, these traits have made him a favorite guest on CNBC and other financial media. But unlike some media favorites, Vern never opts for the sensational over the sensible. His advice is always on target and always well grounded.

I think you'll find this book valuable. It's full of great ideas and tangible examples that will show you how to craft a sensible investment plan. Whether you continue on your own or opt for the services of a professional advisor to help you manage your money, this book will start you in the right direction with a game plan for the future.

DON PHILLIPS
Managing Director
Morningstar, Inc.

Acknowledgments

Looking back at the undertaking of this book, I'm reminded of my days when I was stationed at Kingsley Field Air Force Base in Oregon. Though the glory often went to the pilots, I was one of the many thousands of ground support people who played a part in getting the planes off the ground. This book is no different. We have a lot of people to thank for the support that they provided to make this book fly.

It wasn't always apparent that it would. For some time I knew I wanted to write a book to help people gain the financial means they needed to live out their dreams. Yet I wasn't sure how to do it. I am ever indebted to all the folks at Wiley who did. I am particularly grateful to Joan O'Neil, Pamela van Giessen, and Bill Falloon. Their belief in me and the project brought my game plan to life.

Bill Falloon had the vision to see the potential in my proposal and the courage to take a chance on a new author. I'll never forget how thrilled I was to hear back from Bill after I'd left a cold call in his voice mail about my book idea. Ever since, Bill's insightful editing and gentle guidance through the intricacies of the publishing process have been invaluable.

Thanks also to Maura Webber, a gifted writer. Through evenings, weekends, and vacations, Maura listened to me explain the nuances of the investment process and helped me craft my thoughts into the meaningful language of a book. I am also thankful to have had the chance to work again with Jamie Heller, who previously hired me to write the *Game Plan* column for TheStreet.com. Jamie's brilliant editorial sense ensured that the ideas and track of the book were meaningfully connected. From the big picture conception of the project through to the final details, Jamie led us to the finish line.

I owe many thanks to my staff. Joan Kokoruda, my secretary, oversaw the logistics of the process, typing endless pages of text while always keeping the troops in sync. Her sense of humor kept us smiling. Gerard Gruber, chief of operations at Hayden Financial, did critical research and fact-checking of the book. His firm grasp of the financial industry and our investment process added depth to the text.

We were privileged to work with numerous talented professionals whose skills and knowledge enhanced the book. Helaine Tishberg, a graphic artist, helped crystallize complex concepts and bring them to life in images. Megan Champion worked tirelessly obtaining permissions. At Wiley, Mary Daniello added polish to our copy and prepared the manuscript for production along with Cape Cod Compositors. Also thanks to Melissa Scureb and Mary Watson, both of whom always had the answers, or knew how to find them, to 1,001 questions. I also am grateful to Bruce McIntyre, who helped give the book its tone, and to Dennis Watkins and Faith Ann Jenkins.

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Before the book was even a concept, there were many people in television and the media who helped me find my public voice. I'll be forever grateful to Berlinda Garnett, the first person to book me on CNBC's *Money Club* with Bill Griffeth. I'm grateful for that first interview and all the ones that have followed. Brenda Buttner, a former CNBC anchor now at the Fox News Channel, has also invited me on as a frequent guest and has included me in numerous special segments and various writings. Thank you, Bill and Brenda.

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Oksana Makarenko, my life partner, has been a great source of strength. Her love and encouragement made life easier for me during this experience. My daughter, Kirsten Hayden-Gouvis, a very talented financial planner in her own right, offered candid advice on many aspects of the book and was a continual source of inspiration. It is very special to be helped by an exceptional daughter. I am also grateful for the good humor, love, and insight provided by Maura's husband Carlos Sadovi and their daughter Kyra, and Jamie's husband Jed Weissberg and their son Chet.

I am thankful for all the work that the *Game Plan's* many ground troops—too numerous to mention—have done. For many months we've nudged and encouraged each other along. Now that we are finally airborne, we hope the fruits of our labor help you and your financial life to rise to the heights where you've always yearned to soar.

VERN C. HAYDEN

Contents

<i>The Hayden Playbook</i>	1
Introduction: Why You Need a Game Plan	5
The Big Picture	12
1 Step 1: Get the Game Plan Mind-Set—Commitment, Consistency, Courage	15
Commitment	16
Consistency	21
Courage	23
Step 1, Get the Game Plan Mind-Set: Summing Up	28
2 Step 2: Know Your Risk Tolerance	29
The Guesswork of Risk	30
The No-Risk Stash	31
Reasonable versus Extreme Risk	32
Risk Tolerance: The Risk That You Can't Handle the Risk	34
What's Your Risk Tolerance?	36
Risk Quiz	39
Step 2, Know Your Risk Tolerance: Summing Up	41
3 Step 3: Know Your Goals	43
Element One: A Manageable Time Period	44
When to Start Planning	46
Element Two: Return Rates—How Fast Can You Drive?	48
Elements Three and Four: Putting Numbers on the Dream	51
Walking through a Retirement Goal	52
Getting Some Help	59
What in the World Is Monte Carlo?	61
Step 3, Know Your Goals: Summing Up	62

4	Step 4: Get the Fund Fever	63
	Stocks and Bonds: A Primer	63
	Funds versus Stocks: The Advantages	66
	The Downside of Funds	72
	The Many Faces of Funds	75
	Active versus Passive: To Index or Not to Index	84
	Step 4, Get the Fund Fever: Summing Up	87
5	Step 5: Get an Offense and a Defense	89
	Four Sample Portfolios	91
	Static versus Active Asset Allocation	95
	How Much Stock Do I Need?	97
	Making Sense of the Style Game	104
	Special Teams	112
	Step 5, Get an Offense and a Defense: Summing Up	115
6	Step 6: Pick the Players	117
	How Many Funds Are Enough?	119
	What Is the Fund's Track Record?	120
	Deciding Which Funds to Buy and Hold	131
	... And Knowing When to Fold	132
	How to Be a Star: Using Morningstar's Rating System	136
	Who Manages the Fund?	137
	What'll It Cost You? Risks and Fees	140
	Which Stocks Is My Manager Buying?	146
	Getting the Facts ... and More	147
	Step 6, Pick the Players: Summing Up	148
7	Step 7: Know Your Team	151
	Running the Data	152
	Conservative Portfolio	155
	Moderate Portfolio	160
	Aggressive Portfolio	164
	Bunker Portfolio	168
	Step 7, Know Your Team: Summing Up	172
8	Step 8: Get to Know the Players	175
	Rick Lane	175
	Bill Gross	178

Bob Rodriguez	179	
Bob Olstein	181	
Bill Fries	184	
Bill Nygren	186	
Jean-Marie Eveillard	188	
Step 8, Get to Know the Players: Summing Up	190	
9 Step 9: How Ya Doin'?		191
Getting the Routine Down: Tactical Assessments	193	
Strategic Reviews	196	
Time Out to Consider Rebalancing	198	
Just Do It!	200	
Step 9, How Ya Doin'?: Summing Up	201	
10 Step 10: Write It Up!		203
Investing Game Plan for Mr. Robert Smith	204	
Purpose (Step 1: Get the Game Plan Mind-Set)	204	
Market Volatility and Your Game Plan (Step 2: Know Your Risk Tolerance)	205	
Your Goal and Personal Benchmark (Step 3: Know Your Goals)	206	
Portfolio Theory (Step 4: Get the Fund Fever)	206	
Your Allocation (Step 5: Get an Offense and a Defense)	207	
Selecting Investments (Steps 6 to 8: Pick and Know Your Players and Team)	209	
Periodic Adjustments: (Step 9: How Ya Doin'?)	210	
The Investing Game Plan (Step 10: Write It Up!)	212	
Step 10, Write It Up!: Summing Up	213	
11 SOS! Finding an Advisor		215
Objectivity and Compensation Structure	217	
Professional Skills	220	
Honesty and Integrity	223	
Cost	223	
Chemistry	224	
SOS!: Summing Up	225	
<i>Epilogue</i>		227
<i>Notes</i>		229
<i>Index</i>		231