Remodeling your money makeover:
A review of Dave Ramsey’s financial advice

by Thomas De Jong, Financial Planner
Introduction to Dave:

Dave Ramsey, well-known TV and radio show host and author, has helped literally THOUSANDS of people reduce debt with his 7 Baby Steps outlined in his books and educational programs. Many people, including myself, enjoy his up-front, brutally honest responses to today’s financial questions.

I read Dave’s *The Total Money Makeover* in 2007 and was inspired to begin my Master’s in Financial Planning. Prior to that I was a hobbyist/geek, spending my free time reading financial articles.

For those who are having difficulty getting out of debt and need a good ‘kick in the pants’ to get started, I recommend picking up a copy of *The Total Money Makeover* or attending one of Dave’s *Financial Peace University* courses. There’s most likely one at a church near you.

Here’s a word of caution: Dave is a for-profit entertainer, not a financial planner. He has no formal education or training in financial planning, insurance, or securities. His background is in real estate. He holds no securities or insurance licenses. Always look at any author’s work discerningly (e.g. mine).

He’s great for motivating people to get out of debt, and I love his emphasis on giving. Dave’s fans have written glowing recommendations about how he’s helped them get out of debt. This cannot be understated. Dave has helped *thousands* of people and he should be commended for that! But it’s important to remember that he gets paid to sell books, CD’s, DVD’s, and fill airtime.

**In short, I wish Dave would stick to what he knows: getting out of debt.**
Summary of sections:

Dave’s Baby Steps

Dave has seven baby steps in his program, starting with putting $1,000 away in an emergency fund and finishing with building wealth and giving like crazy. This is the core of his advice, and for the most part, it’s really solid. He takes some hard-line approaches when it comes to paying for college and paying off the mortgage, which I tend to disagree with, depending on the situation. I just don’t see things as black and white as Dave makes them out to be. Some things in life are absolute. Financial matters often have shades of gray, meaning, the best course of action is often dependent upon the specifics of the situation...your situation.

Dave’s investment advice

The gist of Dave’s investment advice is this: buy and hold good growth investments long-term, and you should be able to earn 12% annual returns. He insists on avoiding investments such as ETF’s or bonds, but fails to explain his reasoning. Dave misses the mark on several points here, and I’ll explain why. In addition, I’ll tackle some concerns about Dave’s ELP (Endorsed Local Provider) program, where Dave refers people to investment professionals of his choosing.

Dave’s expectations of investment performance (as well as withdrawal rates in retirement) are extremely optimistic. It’s true that you might get 12% returns, but remember to adjust for taxes and expenses, and realize that you might also get 3% over an extended period of time. It’s important to have the proper perspective, and recognize there are no guarantees. I’d rather see people over-prepared for retirement than under-prepared (see Appendix B for historical returns). Since Dave himself pays an investment professional to do his investing, I wish he would avoid giving advice in this area altogether.

Dave’s insurance advice

Dave is a BTID’er. In other words, he subscribes heavily to the ‘buy term and invest the difference’ (BTID) theory. I’ll explain why this theory is only built for when life goes according to plan and when investments perform exceptionally well. It’s really about guarantees vs. no guarantees.

Appendix A
Appendix B
Disclosures

I hope I state my case clearly, and with the heart of a teacher. If you find it a little too blunt, then I blame it on the fact that I’ve been reading a lot of Dave Ramsey lately. 😊

I welcome comments and feedback!
Dave’s Baby Steps
This is the foundation of Dave’s financial program

1. Put $1,000 away in an emergency fund.
   ✓ No complaints from me, though you may want to double the amount depending on your situation.

2. Pay off all non-mortgage and non-business debt, starting with the smallest balance.
   ✓ Dave knows that this isn’t the cheapest way of doing things, but he understands financial behavior. It’s important for you to attain quick victories to keep yourself motivated in the beginning, so he starts with the smallest balance instead of the one with the highest interest rate.
   ✓ He also recommends paying off student loans, which I may disagree with. My student loans are between 2-3% interest, and the interest is tax deductible. Over 20 years, I’m willing to take some risk and invest the money instead of paying off the debts early. Two conditions: you have to be willing to take some market risk, and you have to be disciplined enough to make the systematic investments.
   ✓ I definitely agree with purchasing a car instead of leasing, and paying cash for a car instead of financing in almost all circumstances. And unless you’re financially well-off, buying used almost always makes more sense. New cars lose a large amount of value as you drive them off the lot.

3. Fully fund your emergency fund with three to six months of expenses and put it in something safe and liquid.
   ✓ No complaints here.

4. Invest 15% of your income in retirement.
   ✓ 15% is a pretty general number, but not a bad one. It depends on what time in life you are starting as to whether this amount should be more or could be less.
   ✓ Continue reading for my commentary on Dave’s investment advice.

5. Save for college.
   ✓ Dave recommends going to college only if you can do so without student loans (The Total Money Makeover, pg. 171).
   ✓ I agree that many who go to college today are not making good use of their time there, nor of the money they spent or borrowed to be there.
   ✓ That said, I would borrow all over again to go to the small, private liberal arts school from which I graduated. Great professors, great memories, lifelong friends, and a well-rounded education to prepare me for the world.
An increasingly popular option is to go to a junior or community college to complete your general education requirements before transferring to the school of your choice to finish a major.

My recommendation: go if you’ve got a purpose to go, but consider the financial ramifications of borrowing heavily to attend that school, and how you’re going to be able to pay it off.

Dave also recommends investing in growth investments earning 12% returns when saving for college. This may be too risky, especially with shorter time horizons of investing. Continue reading for my commentary on the likelihood of 12% returns. In fact, he discourages prepaid tuition plans, even though tuition rates are increasing at 7% annually, because supposedly you can do much better with growth investments (The Total Money Makeover, pg. 174-175). Did you know, over the past 15 years, only 1% of large-cap growth investments have performed at an annual rate of over 10% (as of August 31, 2009, according to Morningstar)?

Dave says a college fund is a necessity for those with young children (The Total Money Makeover, pg. 173). Is it really a necessity? I’m still debating whether or not to help my children with college funding. I didn’t receive any help, as my parents were unable to do so. However, I appreciated the fact that they labored day-in and day-out to send five children through Christian education in our more formative years (K-12). I’d rather make that sacrifice for my kids. And a child’s college education should not be funded at the expense of being able to meet basic living needs in retirement.

6. Pay off the mortgage.

This is more of a question of risk tolerance and financial psychology. Some people NEED to have that zero on their balance sheet under liabilities. Others are comfortable knowing they COULD pay off the mortgage if they wanted to. Looking at pure numbers, over time you should be able to make more in investment returns than you can by paying off the mortgage early, assuming historical investment returns.

The example in Dave’s book (The Total Money Makeover, pg. 188-189) is shortsighted, as Dave fails to discuss tax implications for the mortgage interest, but uses a 30% tax rate for the gain on investment returns. That’s not playing fair.

Also, Dave doesn’t address the fact that mortgage interest is simple interest, whereas investment returns, if not withdrawn, compound over time.

Next, the capital gains tax he mentions would not apply each and every year if you bought and held investments, as he normally recommends. They are only realized when you sell the investment (or when investments distribute dividends). He’s also using the wrong capital gains tax rates. Yes, short-term capital gains are taxed as ordinary income, but long-term (investments held more than one year) capital gains are currently taxed at 15% for those in 25% brackets or higher, and 0% for those in 10 or 15% tax brackets!
Finally, he uses an 8% mortgage rate...how many people in America with good credit are still paying 8% on a mortgage? I should hope none. He’s using a worst-case scenario to make his point and applying it to all households, which is disingenuous.

Yes, there is risk. Dave is correct about that. But there’s also risk on the other side. If you lose your job and have been socking away money in retirement funds and paying down your mortgage, do you have access to liquid assets to stay afloat past a 3-6 month time frame? Will the mortgage lender allow you to take cash out of the equity in your house? No, because you don’t have a job. You may be able to access your contributions in your Roth IRA (assuming you qualified for one), but then you’re depleting retirement funds.

In my opinion, this is more of a preference issue than a right-and-wrong issue, yet Dave takes the hard-line approach.

Personally, I’d rather have $100,000 in investments and a $100,000 mortgage than no investments and no mortgage. $100,000 over 30 years at 8% investment returns = over $1 million. If instead you paid off the mortgage and took the $600/mo payment and invested for 30 years at 8% returns, you’d have $880,000. Just food for thought. But very understandably, many will want the security of having the mortgage paid, and that then becomes the right course of action.

7. Build wealth like crazy and GIVE!

No argument from me! Those who give often lead more fulfilling lives. Also, in this section, Dave quotes Proverbs 11:14 (The Total Money Makeover, pg. 208) in recommending surrounding yourself with a good team of advisors (CPA, estate planning attorney, insurance agent, financial planner, realtor, etc.). Proverbs 15:22 may be a better reference: “Plans fail for lack of counsel, but with many advisers they succeed” (NIV).
Dave’s investment advice:

- Dave spends a lot less time talking about investments than he does debt, but I still wish he would simply stick with debt. You can find Dave’s investment philosophy [here](#). **Dave pays an expert for investment advice and encourages others to do so** (which I applaud), yet for some reason still feels the need to give investment advice.

- He encourages people to invest in **4 types (25% each) of investments**:
  1. Growth: Dave uses this term for ‘Mid Cap or Equity’ investments (*The Total Money Makeover*, pg. 157), but ‘equity’ is a term for all stock investments, and ‘mid-cap’ simply refers to investments of companies with medium-sized market capitalization. He cites an S&P Index investment as an example, but the S&P 500 is an index of 500 large-cap value and large-cap growth stocks.
  2. Aggressive growth: Even though this is more of an investment objective which can describe a wide variety of investments, Dave uses this term for ‘Small Cap or Emerging Market’ investments (*The Total Money Makeover*, pg. 157). ‘Small-cap’ simply refers to companies with smaller market capitalization, and ‘Emerging Market’ actually refers to investments in foreign companies in developing countries.
  3. International
  4. Growth and income: Again, even though this is more of an investment objective which can describe a wide variety of investments, Dave uses this term for large-cap growth investments.

  - The investment terminology Dave uses show that he, at best, is not a professional, and at worst, doesn’t understand his subject matter enough to be giving advice on these topics.
  - From what I can gather, Dave is trying to say you should invest in small-cap growth, mid-cap growth, large-cap growth, and international investments. See page 157 of *The Total Money Makeover*.
    - This is a very aggressive portfolio, which may be okay for younger people, but Dave gives the same advice to those at or near retirement and those in their 30’s.
    - Good investment advice is situation-specific, and takes into account a person’s risk tolerance, time horizon, financial situation, goals and dreams, investment philosophy, and values.

  - **International, small and mid-cap growth (combined), and large cap growth were the three worst-performing asset classes in 4 of the last 10 years (2000, 2001, 2002, 2008) and in the last 10 years overall!**
    - See Appendix A.
  - Can you imagine what happened to the portfolios of those at or near retirement who held Dave’s recommended allocation in 2008 and early 2009?
Dave advocates for growth investments over value investments, but growth has not performed as well as value in several studies (a good summary of 10 studies can be found here).

Dave’s advice on Exchange-Traded Funds (ETF’s): “I don’t own ETFs and I do not suggest them as part of your investment plan. ETF’s are baskets of single stocks that intend to operate like mutual funds. Sounds good in theory but they are not mutual funds.”

- Just because something isn’t a mutual fund doesn’t mean it’s a poor investment.
- ETF’s are generally more tax-efficient, and generally have lower internal annual costs. They should be a part of most people’s portfolios. They are usually not actively managed, but instead track an index (like the S&P 500), or track a sector (like energy or tech) of the market.
- Dave says that the commissions involved with trading these investments “make ETF’s lose when compared to the indexes they mirror.”
  - Other investments may have commissions too, so I’m not sure why Dave makes this point.
  - Yes, commissions get expensive if you trade often, but if you’re buying and holding for long-term investments, the commissions wane in importance. Also, ETF’s are generally cheaper than other popular investment vehicles due to low internal annual expenses.
- This is more of an active vs passive management investment philosophy debate, and Dave fails to address why he believes actively managed investments are better than passively managed ETF’s.

This is one of my largest complaints: Dave continues to quote 12% returns.

- On his website, Dave says the **market, since 1926, has performed at a 12% annual rate even after adjusting for inflation.**
  - That’s not even close to accurate! Adjusting for inflation, the stock market has returned 6.63% on an annualized/compounded basis (9.84% before inflation) from 1/1/1926 to 12/31/2009...and that's before investment expenses and taxes!! (click [here](#) to run your own numbers).
  - The difference between 12% and 6.63% returns over 30 yrs? If you started with 100,000, you'd have $686,000 with 6.63% returns and $3 million with 12% returns!
  - From January 1, 1926 to December 31, 2009, the stock market returned an **ANNUAL AVERAGE rate of 11.92%**. That’s pretty close, right? No. That’s NOT the compounded, or annualized rate of return, which you need to use if you’re going to forecast how your account grows over time (true rate of return).
  - Here’s an example: You have $10,000 in an account. In year one, you make 100% return, doubling your money to $20,000. In year two, you lose 50%, cutting your $20,000 in half back down to $10,000.
Annual average returns add your returns together and divide by the number of years. So 100% - 50% = 50% divided by 2 years = 25% annual average returns. However, at the end of 2 years, you only have your original $10,000, so you actually made ZERO.

True rates of return are compounded, or annualized. The ANNUALIZED rate of return of the market from January 1, 1926 to December 31, 2009, was 9.84%. That doesn’t include taxes, expenses, or inflation, and that’s assuming you’re invested in 100% stocks and no bonds or alternative investments (which I don’t generally recommend).

See a sampling of investment returns of the S&P 500 in Appendix B.

Dave advocates an 8% withdrawal rate in retirement (The Total Money Makeover, pg. 159).

Assuming a 12% rate of return, Dave says 8% withdrawals allow your balance to grow at a 4% inflation rate. Per Dave, you can live off the earnings and leave the principal balance intact!

Dave’s assumptions include a 100% equity portfolio (no bonds), which is NOT prudent for those near or in retirement.

Due to volatility in the markets, studies have shown that a 4-5% withdrawal rate (increasing annually with inflation) is the most you should be withdrawing to most likely avoid outliving your money!

RECAP: on the one hand, Dave says you can withdraw 8% without worrying about inflation and without touching the principal balance, and on the other hand, professional researchers and investment advisors say you shouldn’t withdraw much more than half of Dave’s recommendation to avoid running out of money altogether! Who are you going to believe?

Dave recommends picking investments with strong 5 and 10-year track records to gain 12% returns.

Out of 1,929 large-cap growth investments in Morningstar’s database, only ONE has returned an annualized gain of at least 10% over the last 10 years (as of August 31, 2009).

Only 19 of those 1,929 investments have returned annualized gains of at least 10% over the last 15 years (as of August 31, 2009). How is an investor reasonably expected to forecast the top 1% of investments when professionals are unable to do so?

Dave recommends no bonds.

He mentions single bonds being volatile, but mentions nothing about packaged bond investments (many bonds purchased by bond analysts who understand the instruments and diversify through more holdings).

Bonds are an important part of nearly every portfolio.
As an asset class, bonds performed the best out of all asset classes in 2 of the last 10 years (2002 & 2008 from 1999-2008), and performed 2\textsuperscript{nd}-best in 2 more of those years (2000, 2001). See Appendix A.

As people get closer to retirement, appropriate bond investments become more and more important as they generally have less volatility and provide a steady stream of income.

**Dave recommends using his Endorsed Local Providers (ELP’s) to do your investing.**

- Eric Tyson, the author of *Investing for Dummies, Mutual Funds for Dummies, Personal Finance for Dummies*, and other books, has THIS to say about Dave Ramsey’s ELP program and investment advice.
  
  - There is only 1 ELP allowed per area.
  - There’s no guarantee that the ELP assigned to your area is good at his/her job.
  - The list of ELP’s is not provided...you submit your information and someone contacts you.
  - ELP’s have to pay Dave a referral fee (and I’ve read that it’s expensive). Securities regulations frown on anything that looks like a non-licensed individual profiting from selling securities. Dave is pushing the envelope here, in many professionals’ opinions.
  - The ELP’s Dave uses, according to some reports, work on a commission-only basis. If this is true, they most likely don’t have their Series 65/66 license and are NOT required to give advice in your best interest. The standard they are held to is selling products that are ‘suitable’ for your situation...but what is ‘suitable’?

**Dave dismisses fixed and equity-indexed annuities, and real estate investment trusts (REIT’s)**

- He doesn’t explain why he doesn’t like these tools, but only says that he doesn’t have them and neither should you.

**Dave doesn’t address non-qualified accounts** (standard brokerage accounts with no tax-favored status). These accounts are important to ‘diversify’ against future tax law changes (and you can bet there will be many), and to save for pre-retirement goals.

**Dave says: ‘Pay a professional.’** Dave recommends finding an advisor who has the heart of a teacher, not a salesman (*The Total Money Makeover, pg. 208*). I completely agree. This makes it more baffling as to why he refers you to commissioned investment reps selling commission-loaded investments.

- Financial planners and investment reps can get paid in essentially 3 ways:
  - Selling a product. The insurance or investment company pays a commission. This is how most investment representatives operate. Those who have their Series 65 or 66 license (and can legitimately call themselves a financial planner) are required to make recommendations in your best interest. Those who don’t have that license are not required to act in your best interest. It appears that Dave Ramsey’s ELP’s do not have Series 65 or 66 licenses.
Assets Under Management (AUM). In this situation, allowed only for those with a Series 65 or 66 license, advisors charge an annual fee as a percentage of the balance of the assets they help you manage (typically 1.3% or more). In these types of accounts, the commissions typically charged on investments (up to 5 or 6%) are waived, and you should receive professional investment advice year-round. Other features are often included, such as portfolio rebalancing and periodic reviews. The advisor has a financial incentive to help you make more money! As your account grows, so does his/her fee, as it’s a percentage of the balance.

Financial Plan fee. In this arrangement, again only reserved for those with a Series 65 or 66 license, financial planners charge either an hourly or flat fee for putting together a comprehensive financial plan (more than just running retirement calculators), looking at all of the pieces of your financial puzzle (risk management and insurance, cash management including savings, credit, and debt planning, education planning, estate planning, retirement planning, investment planning, tax planning, etc.) to make REALLY GOOD recommendations. If they recommend a product as part of the plan, you are free to implement that recommendation with any other investment rep or insurance agent. You are not required to use the financial planner. They should act as objective advice-givers and do not have to sell you a product or manage your assets to work with you.

I highly recommend finding someone who works on this “Financial Plan fee” basis. The more complete the financial picture and the more objective the planner, the better the recommendations. Not all financial planners are willing to work in this manner, because it’s usually a slower way of making money.

What I like from Dave’s investment advice:

- **Don’t buy individual stocks.** In purchasing individual stocks, you are essentially making the claim that you can outperform professional money managers who have teams of analysts, unlimited data at their fingertips, the most sophisticated software systems, and purchasing power that can move markets.

- **Start saving in your 401(k) or company plan equivalent up to your employer’s matched amount, then contribute to a Roth IRA.** This is generally good advice, but may depend on your income level and tax bracket, which Dave acknowledges in *The Total Money Makover* (pg. 158).

- To Dave’s credit, [here is a disclaimer from his website](http): “Special Note: Even though many people value Dave’s advice, you should not simply do what Dave does just because he’s Dave Ramsey. If you get the help of a financial advisor, even an ELP, you are responsible for making your own decisions.” Well said, Dave.
Dave’s insurance advice:

- **Dave recommends a large amount of life insurance.** Most people are underinsured, so this is prudent. According to **LIMRA**, one third of adults carry no life insurance at all, and 44% recognize they are underinsured.

- **Dave recommends long term care and disability insurance.** Again, good general advice. According to **LifeHappens.org**, 1 in 3 will suffer at least a 90 day disability. Most disabilities are illness-related, not accident-related. If your employer doesn’t offer it, you need to look into an individual disability policy. If your employer does offer it, take a close look at the terms and amount of coverage provided.

- **Dave recommends buying ONLY term life insurance and subscribes to the “buy term and invest the difference” theory (BTID).** BTID theory says: Only buy term life insurance. Invest the difference between the premiums of term insurance and permanent insurance and you will have enough assets by the time the term insurance expires that you’ll no longer need life insurance.
  - **Dave Ramsey rails against cash value life insurance,** but does not address permanent insurance that is not designed to accumulate large amounts of cash value (such as universal life with guaranteed* lifetime premiums).
  - Dave’s fans have written lots of testimonies (to his credit), but I have yet to find a testimony that said, “I bought term and invested the difference and now I’m financially set!”
  - One of the problems with BTID is that people generally DON’T invest the difference because they are not financially disciplined.
  - **See my commentary regarding the expectation of 12% returns.**
  - Finally, Dave says you can withdraw 8% per year to fund expenses in retirement without touching the principal balance. So if you have $500,000 in life insurance proceeds and you invest them at 12% returns, you can take out 8% per year ($40,000), and your balance will not be negatively affected by inflation (assuming 4% inflation). Sounds great, right? Except research shows you’ve got a good chance of running out of money. **See my commentary regarding 8% withdrawals.**
  - With 12% returns and 8% withdrawal rates in retirement, I would recommend BTID, too. But I don’t believe those are reasonable expectations, and they’re certainly not guaranteed.

- **Recap:** if life goes as planned, you’re ultra-disciplined in your spending, nothing interrupts your ability to save substantial sums of money over your working years, your investments perform exceptionally well at an annualized/compounded (NOT annual average) rate of 12%, the market is booming when you retire, and you’re certain that you’re only going to live a specific number of years in retirement to where an 8% withdrawal rate is okay, then buy term and invest the difference.
Objection: “But permanent insurance is expensive!” It is more expensive than term, that’s for sure. But you should be questioning WHY term insurance is so cheap. I’ve seen estimates that only 5% (some estimates show less) of term policies actually pay a death benefit. That’s why it’s so cheap...the life insurance company knows that there is very slim chance of paying a death claim. The coverage is well worth the cost, but most people will get zero returns on their premium dollars for term insurance.

First and foremost, permanent insurance should be for lifetime income needs. That said, the internal rates of return aren’t bad (though realized only by your beneficiaries, obviously).

Consider this example: a 30 year-old male in good health living in the state of Iowa.

- If he pays for 20 years on a universal life policy with guaranteed* lifetime premiums and then passes away, the rate of return on his premiums was 21.85%!
- 30 years of premiums = 12.26%.
- 40 years = 8.07%.
- 50 years = 5.77%.
- 60 years = 4.35%.
- So even if he lives to age 90, his heirs realize a decent long term rate of return and the life insurance policy ended up being a guaranteed*, conservative, small portion of his overall portfolio.
- Remember, these returns are NET of expenses and taxes!! For example, a taxable investment would have to earn a return of 7.3% to have a net return of 4.35% (assuming a 25% tax bracket and 1.5% annual investment expenses).

Keep reading to see how BTID actually plays out. The results may surprise you... so keep an open mind!
Going Head-to-Head: Looking at the numbers

- **Scenario:** 30 yr old male, married, 2 kids, good health, needs $400,000 in life insurance.
  - Option 1: Purchase $400,000 in 30 yr term for $438/year (BTID).
  - Option 2: Purchase $300,000 in 30 yr term for $339/year and $100,000 in universal life with guaranteed* lifetime premiums for $351/year.
  - The difference? $252 per year.
  - He takes Option 1, invests the difference (assuming he has the discipline), and makes compounded 8% returns (not guaranteed) on his investment for 30 years, at which point his term insurance expires and he has $30,831 in investments (we’ll even give him the benefit of the doubt and assume the investments are in a Roth IRA account for tax-favored purposes).
  - Since he no longer has the term insurance, at age 60 he is now saving $351 per month vs. Option 2, and of course he adds the full amount to his Roth IRA.

- **How long will it take him to accumulate $100,000 in his federal income tax-free Roth IRA account to compare to $100,000 in federal income tax-free life insurance proceeds?**
  - **ANSWER:** 14 more years (age 74).

- **What assumptions had to be made for BTID to outperform the permanent insurance?**
  - 8% rate of return on investments over 44 years (no guarantee). I used 8% to account for investment expenses. His rate of return may decrease over time as he neared retirement and became more conservative with his asset allocation.
  - He lived to at least age 75 (no guarantee).
  - Life went according to plan (no guarantee).
  - No unexpected expenses affected his ability to “invest the difference” for 44 years (no guarantee).
  - He had the discipline for 44 years to “invest the difference” (no guarantee).

- **As you can see, on the one hand you have guarantees* and on the other, none.**

For additional commentary on BTID and life insurance, click [here](#).
In any given year, no one can predict which sector or style will be the best performer. In just the past 10 years, five different sectors have led in at least one calendar year. Asset allocation and diversification can help smooth the ride over the long term.

### Appendix A

**Annual Returns of Asset Classes and a Diversified Portfolio 1999–2008**

<table>
<thead>
<tr>
<th>Year</th>
<th>Small/Mid Cap Growth</th>
<th>Large Cap Growth</th>
<th>International</th>
<th>Bond</th>
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<tr>
<td>1999</td>
<td>55.48</td>
<td>33.16</td>
<td>26.96</td>
<td>-0.82</td>
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A sampling of consecutive 10 year periods from Jan 1, 1909, to December 31, 2008.
Source: [http://www.moneychimp.com/features/market_cagr.htm](http://www.moneychimp.com/features/market_cagr.htm)
Disclosures

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Summary

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