On Course Financial Planning
Facing the Future with Optimism and Courage
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How To Get Rich Slowly

Each day investors receive an endless stream of data, opinions and forecasts from social and financial media sources. If that wasn't enough to confuse, ChatGPT, Claude and other AI sources are available to provide answers to almost any financial question. This tidal wave of information can seem overwhelming and leave investors suffering from information overload. But the major principles that underlie investment success aren't that complicated. Here are a dozen recommendations that can simplify investing and enhance the likelihood that you'll achieve your financial goals.

Get a written financial plan. You should have a financial plan that incorporates your time horizon, risk tolerance and financial goals; a plan that assumes the inevitability of bear markets and uses conservative return expectations. It will prioritize your goals and can be adapted to changing goals or circumstances. Annual updates will provide ongoing evaluations to see if you are still on course to achieving your goals. During stock market declines, a financial plan helps guide your actions and provides the incentive to continue funding your portfolio – when stocks are on sale. Absent a financial plan, a portfolio is like a rudderless ship in stormy seas. Without a plan, you'll likely be backward looking – reacting to the headlines; attempting to profit from, or avoid the consequences of, events that have already occurred.

There is no benefit, just additional risk, in owning individual stocks. Few investors realize the additional risks they are taking when they own individual stocks. Some employers offer a company stock investment option in their 401(k) and employees are often encouraged to purchase shares. This is not a great idea. An employee's financial welfare is highly correlated with the price of their employer's stock. Layoffs, pay cuts and falling stock prices often occur at the same time. Many employees believe that they possess insight about their company's prospects that are hidden from other market participants – an unlikely occurrence. Owning individual stocks increases portfolio risk while offering no legitimate expectation of higher than market returns. And let's be honest, the only reason to own individual stocks is to outperform the market – a hope that is usually accompanied by an overestimation of one's investing prowess.

Simplify investing by using index funds. Your investment strategy should include broad global equity diversification. This can be easily done by owning a diversified portfolio of index funds. When I started On Course Financial Planning in 2004, my beliefs about the benefits of passive index investing were a minority opinion in the financial advisory community. There wasn't much information about index investing in the financial media. But over the past two decades, the benefits of index funds have received considerable media attention and put proponents of active investing on the defensive. Twenty years ago, index funds were not available in all asset classes. But today, there is a plethora of low-cost index mutual funds and exchange traded funds (ETFs) in almost every asset class; allowing an investor to own a globally diversified portfolio at very low cost. Investors are getting the message about the benefits of index funds. For the 12-month period ending June 30, 2026, there were net outflows of $2 billion from active mutual funds and ETFs and net inflows of $1.2 trillion into index funds, according to Morningstar. A buy, hold and rebalance strategy using a diversified portfolio of index funds is the best strategy for most investors.

Your behavior as an investor can have a greater impact on your financial future than the performance of your investments. An essential part of any financial advisor's value proposition is preventing clients from making emotionally driven, counterproductive investment decisions. Investor behavior is predictable and repetitive – FOMO leads to buying stocks in bull markets and panic leads to fleeing stocks in bear markets. In 2014 State Street's Center for Applied Research published the results of a survey of investors and investment providers. 23% of investors said that they would be motivated to invest additional money into stocks if the stock market rose significantly but only 14% said they would invest additional savings into stocks after they had declined significantly. The net result of this type of thinking over the long term is likely to be below market returns. In its 2026 Mind the Gap Survey, Morningstar noted that, *"the average dollar invested in US mutual funds and exchange-traded funds earned 8.7% per year over the 10 years ended Dec. 31, 2025…That's about 1.2% per year less than these funds' 9.9% aggregate annual total return over that span...That 1.2% "investor return gap," is explained by the timing and magnitude of investors' purchases and sales of fund shares during the 10-year period."* Morningstar estimates that the investor return gap has led investors in US mutual funds and ETFs to miss out on about $3.8 trillion of gains over the past decade. How did this happen? First, buy a fund that has performed well recently. As the fund's performance inevitably cools off, sell in despair. Then invest in a new outperforming fund. Repeat this process at regular intervals and you get the "investor return gap". Your long-term rate of return will not be determined solely by the return of the funds in your portfolio or how much you know about investing. It will also depend on the number of emotional buy and sell decisions that you make or avoid along the way.

Create a portfolio based on historical returns, not recent performance. The most common mistake investors make is chasing past performance – thinking that recent returns signify a permanent trend. In behavioral finance this is known as "recency bias" and it afflicts both amateur and professional investors. Wall Street firms develop, advertise and sell the products that investors demand – those that a have performed well recently. More often than not, an asset class that has produced exceptional recent performance will soon yield disappointing returns and revert to its long term historical performance. Owning a portfolio containing a globally diversified allocation to equity index funds helps prevent performance chasing. You'll always own what will be next year's best performing asset class. You will participate in the long-term growth of the global economy and can ignore the latest popular investment themes. Additionally, the only performance based activity you will need to engage in is annual rebalancing.

Live below your means and save as much as you can. Retirement planning isn't about exact numbers. It's about making broad conservative estimates about the unknowable future. Therefore, we must always err on the side of excessive savings and moderate return expectations. My experience has been that retirees who saved the most during their accumulation years are the ones who have the fewest worries about funding their retirement spending.

The Fund Manager Hall of Fame is an empty room. Wall Street's High Priests invite all to worship its star fund managers. Yet according to the *S&P Year-End 2025 Persistence Scorecard*, of the 505 top quartile (top 25%) performing domestic active stock funds of 2021, 177 remained top quartile performers in 2022, two remained top quartile performers in 2023 and none were top quartile performers in 2024 or 2025. Despite all claims to the contrary, there is no evidence of the persistence of active fund performance. The best recent example is Cathie Wood, manager of the ARK Innovation ETF (ARKK). After gaining 153% in 2020, $20 billion in new investor money arrived on her doorstep. Unfortunately for investors who came late to her party, the annualized total return of ARKK for the 5 years ending 8/10/26 has been a negative 7.7% according to Morningstar. Every year there will be outperforming funds, but the winners change from year to year. It is impossible to know in advance which funds will be the top performers. Over the long term, most managers turn out to be just average. Active U.S. equity funds held $16.2 trillion in net assets at the end of 2025, compared to $19.1 trillion in index funds — meaning about 46% of U.S. equity fund investors are paying higher fund fees in the hope of getting above average returns – a tactic that has rarely been a winning strategy.

Shun all forms of market timing. Market timing strategies attempt to achieve the impossible – riskless investing through a knowledge of the future. Yet the hype behind market timing is hard to resist. Investors want to be out of the market when stocks are declining and fully invested when they are rising. This year, through August 7, there have been 20 days in which the S&P 500 rose 1% or more and 18 days when it fell 1% or more. Good luck trying to figure out how to time your way in and out of that level of unpredictability. The financial benefits of stock investing come in unpredictable, short bursts and the only way to reap the benefits of owning stocks is to be invested for the long term. Market timing is a dead-end street, the modern-day equivalent of alchemy. The pursuit of an illusion. Even with a century of market data to analyze, no strategy has been found that can successfully time entry to and exit from the stock market. The market is unpredictable and market timing will always be an exercise in futility.

Avoid complexity. Wall Street's product providers love complex investments because it allows them to charge high fees. Don't be fooled into believing that markets are mysterious and complex; necessitating sophisticated strategies to achieve an acceptable rate of return. Be wary when you're pitched investments described with words such as "alternative", "smart beta" "tactical", "quant", "proprietary", "hedged" "3x", "buffered" "structured note" or "absolute return". Many complex investment strategies are derived from back testing historical data until a method of outperforming the market seems to appear. But a study by Research Affiliates looked at promising backtests that were the basis of strategies applied in new ETFs. Almost without exception, the superior performance "discovered" in the backtests disappeared once theory was turned into real investments. Complex, hard to understand investments rarely live up to their performance expectations and usually have high management fees and pay large commissions. Complexity is costly to investors but for Wall Street, complexity is the overture to revenue. When choosing between simplicity and complexity, most investors will find that simplicity produces better results at a significantly lower cost.

Your portfolio must outperform inflation. Most investors consider market volatility to be the greatest risk to their financial security. However, a greater risk is inflation. Markets recover but the loss of purchasing power is permanent. Today, many investors are losing money safely – losing purchasing power by having too much money in fixed income investments that yield less than inflation.

Be Optimistic. Earnings are the ultimate driver of stock prices and for the second quarter of 2026, S&P 500 earnings are on pace to rise 47% year-over-year, the highest earnings growth rate in five years. Earnings growth this high is rarely experienced outside of post-recessionary economic rebounds. On August 7, the S&P 500 Index reached a new all-time high – for the 26th time this year. All "losses" suffered by buy-and-hold S&P 500 Index fund investors have once again proven to be temporary. Optimists, always in the minority, have been rewarded and pessimists have once again suffered missed opportunity due to their pessimism. Investing in stocks gives you the opportunity to profit from innovations that create progress and economic growth. I agree with financial blogger Ben Carlson – *"My baseline assumption is that human beings will strive to earn more money and better their station in life. Corporations will innovate and look for ways to increase profits. The economy will grow. Bad things will happen, but in the long run we will see progress."* Boeing built the first modern airliner, the 247, in 1932. It had all-metal construction, retractable landing gear, and a monoplane design. United Air Lines put the 247 in commercial service in 1933, and only 75 were built. Fast forward to July 23, 2026 - the busiest day for commercial air travel ever - 153,359 commercial flights were tracked worldwide according to data from @flightradar24 – an event undreamed of by commercial aviation pioneers in 1933. There will always be those well-intentioned, past-preferring Luddites who are afraid of change and resist innovation. When it comes to investing, it's best to ignore their pessimism or fear mongering.

The more you focus on the market, the less you'll make. Monitoring investment performance on a daily basis can be emotionally disruptive because we tend to mistake volatility for permanent loss. Almost nothing of long-term significance happens on any given day but there is a false sense of urgency behind the media's noise and headlines. By ignoring the market, you're less likely to have an emotional response which often leads to bad behavior. In the book *Stocks for the Long Run*, Jeremy Siegel studied big market moves since 1800. He discovered that 75% of the time there was no rational explanation for major moves up or down in stock prices. I pay attention to the market because I have to. I can assure you, you will miss nothing by ignoring it as much as possible.

Ignore your neighbors. State Street's Center for Applied Research's 2014 report also noted that for 29% of those surveyed, investment success was defined as "making gains and no losses" and 25% defined investment success as "outperforming the market". If these results give a true reading of the beliefs of investors, then 54% of your friends, relatives, neighbors and co-workers are delusional. Don't seek investment advice from them. They are spring loaded to buy high and sell low. They will invest in the stock market when it is "safe" - after it has been rising. After a decline, they will sell because stocks have become too "risky." Decisions to buy and sell should be based on a financial plan, not short term market movements or the opinions of amateur investors.

Don't confuse correlation with causation. Markets generate enormous amounts of data and it's easy to find patterns that look meaningful but aren't. The difficulty isn't spotting a pattern; it's finding the reason for the pattern and knowing whether or not it will persist. If there is no reasonable explanation for why an event had an effect on the stock market, be skeptical of trading on the relationship. Consider the "Super Bowl Indicator". It claims that the outcome of the Super Bowl predicts how the stock market will perform for the rest of the year. If a team from the original NFL (pre-1970 AFL-NFL merger) wins, the theory says the stock market will rise that year but if a team from the original AFL wins, the market will fall. It was popularized in the late 1970s by sportswriter Leonard Koppett somewhat as a joke. But it got picked up by the financial media due to a surprisingly long stretch in the 1980s-90s when the indicator was accurate about 75% of the time. Since then, the indicator's accuracy has degraded significantly, which is what you'd expect from what is essentially a 50/50 proposition. I once heard this from a mathematics professor. When teaching probability theory, he gave this homework assignment. One student was chosen to flip a coin 100 times and write down the results. All other students in the class were to write down 100 random occurrences of heads and tails without flipping a coin. The next day he would collect the papers and pick out the one that recorded the actual coin flipping. He said he never missed. He always chose the paper with the most consecutive heads or tails. Left to our own devices, we would not put 10 or 15 consecutive heads even though in a random coin flip this could easily happen. When it comes to finding reasons for short term market movements, most "causations" are merely unrelated random events.

These recommendations on how to get rich slowly are easy to understand and put into practice. Unfortunately, the opportunity to get rich slowly doesn't attract much media attention. Instead, investors are all too often attracted to scams and risky, undiversified investments sold using interesting stories and backtests of questionable validity. These recommendations will simplify your investment life; help you minimize investment mistakes and increase the chances that you'll achieve your long-term financial goals. Stick with what has always worked best—diversification, optimism, patience, and a long-term time horizon.