The International Teacher's Nine Steps to Financial Freedom

By Andrew Hallam

How many times have you heard a colleague say, "I didn't choose this profession to get rich"?

It's true that you weren't exactly handed the keys to the Ivory Tower when you started to teach. But you can increase your odds of retiring in comfort if you acknowledge and utilize some important financial tenets.

International teachers, worldwide, face different financial challenges. Most of them have to independently fund their own retirements.

Salaries range, as do the taxes international teachers pay—especially when comparing teachers in one country versus another.

This chapter will focus on income allocation towards an end goal: retirement.

Step #1 Always pay off Credit Card Debt

We all know how essential saving money for retirement is. But too many people invest or save money while still owing balances on credit cards. The average U.S. household strangles itself with $8000 in outstanding credit card debt (Larimore, Lindauer, Leboeuf 2007, p10). In this respect, being average is hazardous to your wealth. In short, if you owe money on a credit card that charges 18%, and you're investing money that you expect to make 9% per year on, then you're condemning yourself like Sisyphus—the character in Greek mythology who was forced to roll a boulder up a slope, only to have the Gods knock it down before he got to the top.

For international teachers, paying off credit card balances in full at the end of each month offers a fabulous "return" on investment: better, in percentage terms, than what the stock market or the real estate market offers. Paying off an 18% interest bearing loan provides a tax free gain of 18%. Money that isn't paid out in interest can be considered money earned. Even if you could make exorbitant returns in the stock market, you'd be paying tax on those gains. So you might need to gain 25% on your money in the stock market to equate to the after tax gain that paying off an 18% interest bearing credit card balance would provide(Larimore, Lindauer, Leboeuf 2007, p10). Not even Warren Buffett, arguably the world's greatest investor, has compounded money at 25% per year over his lifetime (Miles 2001, p52-53). So ensure that you pay off your credit card debts in full, before saving money towards your retirement.

Step #2 Establish a six month contingency fund

Teachers are generally experienced at establishing contingency funds. We don't always receive paychecks throughout the entire year, so we have to put aside money for times (often during the summer months) when we're living off our savings. And throughout our careers, we can be collared by bills when we least expect them: a new roof for the house, another car to replace the one that just died etc. What's worse is that we can end up getting sick, laid off from work or need money to bail a son or daughter out of a tough financial jam.

International teachers should establish a contingency fund with more than enough for their typical summer expenses. They should have enough money to cover at least six months worth of living expenses in a high interest savings account—one they can withdraw from whenever they want, without financial penalty (Larimore, Lindauer, Leboeuf 2007, p11).

Copyright © 2009 Andrew Hallam

Step #3 Pay Yourself First

Once you're free of credit card debt, and you've established a strong contingency fund for emergencies, you should start investing a significant amount of your pre-tax income. You'd need to save significantly more than a stateside teacher because you might not have a pension at the end of the day.

Step #4 Start investing as early as possible

Albert Einstein called compound interest the most powerful force on the planet. Here's why.

If a 20 year-old future teacher invested $100 a month into an investment account until the age of 65, they would have contributed a total of $54,000 over 45 years. And if they made 10% per year on that money, it would amount to $948,954.38 in an investment account: nearly a million dollars accumulated by a teacher who invested the daily sum of $3.33 per day for 65 years. Even Einstein would have been impressed.

Current Principal:	$	0.00
Annual Addition:	$	1,200.00
Years to grow:		45
Interest Rate:		10 %
Compound interest 1 time(s) annually		
Make additions at (•) start ( ) end of each compounding period		
Results		
Future Value:	$	948,954.38

Compare this to a teacher who delays investing until they're 40 years old. Assume that they allocate $700 a month for the next 25 years. At age 65, they will have invested $210,000 in the market.

Logic might suggest that the person starting later, but investing significantly more, would accumulate a larger account. But the early starter would end up with an advantage of more than $40,000 over the late starter. And they'd achieve their result by investing significantly less money.

Young teaching professionals should understand that the earlier they start investing, the better: money compounds powerfully over time. You don't need a massive salary to weave a large nest egg; you just need plenty of time and a committed, regular monthly investment plan. You can play with differing scenarios regarding alternative investment returns and their effects over time by logging on to the compounding financial calculator:

http://www.moneychimp.com/calculator/compound_interest_calculator.htm

Copyright © 2009 Andrew Hallam
For More Common Sense Financial Tips
www.andrewhallam.com

Step #5—Invest in Low Cost Index funds whenever possible

Once a teacher is committed to investing their money for the future, they're faced with the next inevitable question: Where do I put my money? If you asked the man commonly regarded as history's greatest investor (Warren Buffett) he'd likely tell you to be wary of the financial service industry and invest in products called "Index Funds" (Lowe 2007 p151). A full 92% of American investors buy the index fund's much more expensive cousin: the actively managed mutual fund (Davis 2008, p4). Selling actively managed mutual funds is more profitable for financial planners than selling index funds is. But index funds tend to perform better and trigger lower taxes than actively managed mutual funds. If you want to read an interesting online article about how the Vice President of Google wanted to ensure that their millionaire employees wouldn't be taken advantage of by financial planners, check this out: http://www.sanfranmag.com/story/best-investment-advice-youll-never-get. And keep in mind that I am not suggesting that you "go it alone" with your financial planning. There are advisors who can help you to invest effectively, and I will outline how to find one, later in this chapter.

Fees and the Market

Stock market index funds are similar to actively managed stock market mutual funds. For example, Vanguard's total U.S. stock market index holds thousands of stocks. And generally, nobody trades those stocks. An index is meant to hold a group of stocks, while an actively managed mutual fund is meant to trade a group of stocks. As such, there's a cost difference that can't often be overcome. The fees for the average U.S. mutual fund are 600% higher than the fees for, say, a Vanguard U.S. index. It's a financial albatross that's tough to overcome with clever trading.

Over a 20 year period from 1978 to 1998, 85% of mutual funds failed to keep pace with the market index—mostly because of their high fee structure. And this 85% failure percentage is conservative because it doesn't include the poorly performing funds that ceased operations or changed their names when they blended with other funds (Swenson 2008 p218). Nor does it include the added taxable liability that mutual funds expose their investors to, compared to index funds.

And the 85% of funds that did lose to the markets lost by 3.2% per year over a 20 year study (Arnott, Berkin and Ye, 2000 p85-86).

If you don't think 3.2% per year is a large deficit, have a look at what it could do over 50 years:

$10,000 invested at 6.5% per year for 50 years = $233,066.79

$10,000 invested at 9.7% per year for 50 years = $1,024,074.08

The typical professional financial planner, however, (we'll discuss the atypical planner later) will not invest your money in indexes because index funds don't pay them as much as actively managed mutual funds. In fact, the largest provider of index funds, the non profit group called Vanguard, won't pay advisors a penny. According to Vanguard's Director of Institutional Sales: "When brokers realize that they won't be compensated for putting our funds in a plan, they typically hang up on us."
(Swensen 2008 p280).

Now—and this is where Buffett's argument builds momentum—many advisors who buy these inferior products (mutual funds) for their clients, end up charging them additional sales fees to get into these funds, additional redemption fees to get out, annual "advisor's fees" amounting to as much as 2% per year—or all three. Again, I'm not suggesting a "Do it yourself" portfolio. Most, if not all of these excesses can be avoided by choosing the right advisor.

Copyright © 2009 Andrew Hallam

Academic studies all suggest that, after all fees and taxes (regular mutual funds cost more money in taxes when held outside of a tax deferred account) a portfolio of index funds is likely to leave a portfolio of actively managed funds in its dust. (Farrell 2004, p151-152).

Taking the Arnott study into consideration, before sales or advisor's fees, you could end up with a 3.2% annual lag on the return of the market. It's worth having a look at that difference again:

$10,000 invested at 9.7% per year for 50 years = $1,024,074.08

$10,000 invested at 6.5% per year for 50 years = $233,066.79

Add in an "advisor's fee" amounting to a further 1% per year (which many financial planners charge) and the chasm widens:

$10,000 invested at 5.5% per year for 50 years = $145, 419.61

International teachers might be left with a very important question now: "What if my financial advisor can find mutual funds that can beat the index funds over the long term?" First of all, even if they could, according to the 20 year Arnott study, the mutual funds that have beaten the market indexes only added a further winning margin of 1.3% per year (Arnott, Berkin and Ye, 2000 p85-86).

Secondly, nobody has proven, with consistency, that they can find index beating mutual funds. It's easy to find those that have beaten the indexes in the past, but those performances don't prove to be sustainable. When I personally attended Warren Buffett's 2005 shareholder meeting in Omaha, he threw a gauntlet to the 24,000 attendees: "I'll bet that nobody in this room can name ten mutual funds today that, as an aggregate, will beat the after tax performance of the S&P 500 index over the next ten years." With some of the world's smartest financial people in attendance, the crowd sat quietly—knowingly. (Note—Buffett tossed out a similar "challenge" regarding Hedge Funds the following year)

Professor Malkiel created the following scenario to prove the point that it's practically impossible to find mutual funds that, going forward, will beat the returns of index funds. Imagine that it's 1980. You have decided to prudently find out which the top performing mutual funds were from 1970 until 1979. And when you find what they are, you buy the best 20 performing funds. Unfortunately, in the decade that followed, you would have (as an average) underperformed—not only the U.S. index, but the average U.S. mutual fund as well.

The same rule applied when he assumed that you had bought the top 20 funds of the 1980s. In the decade that followed, they disappointed investors, falling short of the U.S. index. And the 1990s? It was no different. Those funds are disappointing in this decade, drastically falling behind the average mutual fund's performance and proving to be disastrous when juxtaposed with the total U.S. stock market index (Malkiel 2003 p189).

How does this relate to you? What I want to illustrate is the fact that whether you choose your own mutual funds to invest in, or whether you ask an advisor to do it for you, you will very likely lag the results of market tracking index funds. And if you end up lagging the market by just a few percentage points per year, it can have devastating long term effects on your retirement account.

And if a 3.2% difference sounds dramatic, David Swenson, the superb investor who heads Yale University's endowment fund, suggests that in a 15 year study, 96% of actively managed mutual funds fail to match the performance of the U.S. market index—by a whopping 4.8% per annum, after all taxes and expenses (Swensen 2008 p217).

There's a fund rating agency called Morningstar that rates mutual fund performance based on past track records. Then they award them a series of stars—four or five star funds being the best. If you think you

Copyright © 2009 Andrew Hallam

can avoid underperforming the market by doing your own research on top rated funds, you might want to think twice.

Burton Malkiel's premise that it's practically impossible to pick top performing mutual funds ahead of time holds true in Mark Hulbert's study as well: "A mutual fund portfolio continuously adjusted to hold only Morningstar's five star funds earned an annual return of just 6.9% between 1994 and 2004, nearly 40% below the 11.0% return on the total stock market index (Bogle 2007 p90).

And don't forget that you can buy low cost, tax efficient index funds, while being advised by someone charging a fraction of what most other people pay for investment guidance. This strategy is endorsed by Warren Buffett himself when he says, "Most investors, both institutional and individual, will find that the best way to own common stocks is through an index fund that charges minimal fees (Cunningham 2001 p100). I'll show you how to do that later in this chapter.

Academics have been shouting this message from the rooftops for years. And adding further insult to injury, more than half of American mutual funds are accompanied by further albatrosses, in the form of sales loads charging fees as high as 6% just to get into them. The chances are high that you actually own some of these yourself. And sometimes, mutual fund companies charge you fees to withdraw money from your funds. These extra costs don't even go into the underperformance equations I previously cited.

International teachers shouldn't buy mutual funds that charge sales fees. If you pay a fee of 5.75% to get into a fund, then you have to make 6.1% the following year, just to break even. Dr. William Bernstein, who is regularly quoted by *The Wall Street Journal*, *Barron's*, *Money* and *Forbes,* puts it bluntly in his excellent book, *The Four Pillars of Investing.* Pertaining to sales loaded mutual funds, he goes on to ask, "Who buys this rubbish? Uninformed investors. Who sells it to them? Brokers, investment advisors, and insurance salesmen. Is it illegal? No. But it should be" (Bernstein 2002 p204). He's particularly livid about it because the average "load fund" (which is what we call these funds) actually performs worse than the average "no load" mutual fund (Bernstein 2002 p204).

Many of the best financial minds in the country have caught on to the benefits of index funds over all other funds. And it's evident when examining the biggest pension funds. According to Dick Davis, the Washington State pension fund has 100% of its stock market assets in indexes, the state of California has 86%, New York has 75% and Connecticut has 84% of its stock market money in indexes (Davis 2008 p4). And of the pension funds that aren't in index funds, more than 90% of them are underperforming an indexed portfolio of stocks and bonds (Bernstein 2002 p86).

For further reading on the superiority of index funds over actively managed funds:

A Random Walk Down Wall Street, by Burton G. Malkiel, 2003
The Bogleheads, by Taylor Larimore, Mel Lindauer and Michael LeBoeuf 2007
The Four Pillars of Investing, by William Bernstein, 2003
The Lazy Person's Guide to Investing 2004, by Paul B Farrell
The Little Book of Common Sense Investing 2007, by John Bogle
Unconventional Success, 2008 by David Swenson.
For an online source:

http://www.sanfranmag.com/story/best-investment-advice-youll-never-get

Copyright © 2009 Andrew Hallam

Step #6 Find a financial advisor without a conflict of interest

Finding a financial planner can be one of the most important decisions you make. But too many people take it far too lightly.

Remember that there's no reason to buy a "load fund" which charges a sales fee for an investment product. As quoted in the American Association of Individual Investors Guide to the Top Mutual Funds: "Funds with loads, on average, consistently under perform no-load funds when the load is taken into consideration" (Larimore, Lindauer, LeBoeuf 2007, p117). They don't perform as well as "no load" funds, so advisors choosing them for you have conflicts of interest you need to be aware of (Gardner 1998, p80).

A portfolio of diversified indexes will almost certainly outperform a portfolio of actively managed mutual funds over time. If your advisor tries to talk you out of this reality, it's time to find another advisor. Advisors get paid based on "trailer fees" for the products they sell. And index funds from companies like Vanguard don't pay incentive fees to brokers or advisors.

Watch out, also, for advisors who charge high asset based advisor's fees. If your account is valued at, say, $100,000, and your advisor charges 1.75% on assets, this means that they silently remove $1,750 from your account in that given year. That money will be gone forever. You won't be able to compound that money into future investment returns. They typically charge a percentage on assets each and every year, regardless of whether your account gained or lost money. You've seen how small percentage points can make a big overall difference in your account, over time. So don't take the decision to use an advisor who charges a percentage of assets lightly.

There are certified advisors who charge one time fees to offer advice. If you're comfortable with taking their advice and following through with making fund purchases (preferably index fund purchases) directly from the respective companies, you would likely find this to be the most economical solution. Many prudent people ensure that their advisors don't sell financial products at all—distancing themselves from any conflicts of interest. As such, these advisors charging one time fees are those most likely to advise purchases of "no load" mutual funds and index funds. Unlike most financial planners, they aren't entitled to receive sales fees or mutual fund trailer fees, so they're more likely to act with your best interests in mind.

Finally, Vanguard, the non-profit sellers of low cost index funds, employs salaried advisors you can hire on an annual basis to guide you. And if your account value exceeds $250,000, their advisory service is free.

David Swenson strongly recommends non-profit investment organizations like TIAA CREF and Vanguard. Using these companies and the advisors associated with them will also guarantee that you won't be dealing with conflicts of interest (Swensen 2008 p345-347).

And if your money is with TIAA CREF, opt for their indexed products over their actively managed mutual funds whenever possible. Humorously, Douglas Dial, a portfolio manager with TIAA CREF says, "Indexing is a marvelous technique. I wasn't a true believer. I was just an ignoramus. Now I am a convert. Indexing is an extraordinarily sophisticated thing to do" (Larimore, Lindauer, LeBoeuf 2007, p82). As a teacher, you may already have your money with TIAA CREF, which handles the investment accounts of many teachers and professors. If your money is with TIAA CREF, take solace in recognizing that its fees are exceptionally low. And keep in mind what Douglas Dial says, and ensure that your TIAA CREF portfolio is fully or predominantly in index funds.

If, however, you don't already have an established account with Vanguard or TIAA CREF, you won't be able to establish one as an overseas teacher. But if you have an address in the U.S. (regardless of

Copyright © 2009 Andrew Hallam

where you work) you can open an account with Scott Burns' company, Assetbuilder, which specializes in creating portfolios of indexes for investors. They would be happy to help if you have a minimum of $50,000 in assets. www.assetbuilder.com

Step #7 Think correctly about market fluctuations

If you're a retired teacher, a rising market should make you happy. You're likely withdrawing from your investment account, and a rising market assures that you won't deplete your resources. But if you're going to be teaching, and putting money into the markets for at least the next five years, you need to hope for lower market levels (Cunningham 2002 p71). Warren Buffett says that many investors don't think correctly about market prices: "Only those who will be sellers of equities [stock market investments] in the near future should be happy at seeing stocks rise (Cunningham 2002 p71). Think of the stock market the same way you think about buying groceries. In a dozen years, you can be certain that you'll pay more for your groceries. The same premise should hold true for the stock market as well.

So if your supermarket has a sale on non-perishable groceries, don't you want to load up on the discounted products? Of course you do. But, using the supermarket as an analogy for the stock market, too many people shun the supermarket when its products are on sale, and they rejoice when they can pay higher prices for their groceries.

The sooner you embrace the concept that cheaper prices are good for purchasers, the better. Most investors sabotage their investment results when they react to what the markets are doing.

For example, let's assume that your neighbor (who's a lawyer, not a teacher) bought a mutual fund called "ABC Fund". He added money periodically to ABC Fund for 10 years. And let's assume that this fund made 10% per year, as an average, over 10 years. You'd think that your neighbor would have annualized 10% on his money, right? But if he accurately represents the average person, he wouldn't have made this return. His returns would have been nearly 3% below that 10% return, based on John Bogle's 25 year study (Bogle 2007 p51).

I've already demonstrated how damaging a 3% lag can be over time. But why doesn't this guy end up making 10% if his mutual fund (or index fund) made 10%?

In essence, when the markets are rising, the average person puts more money into their stock market funds. And when the markets are falling, they cease to buy, or reduce their purchases. This is the opposite of what investors need to do. The old maxim, "Buy low, sell high" is actually practiced in reverse by most people.

If you deposited equal amounts into your funds, religiously, each and every month, you'd surely generate returns that would equal the reported fund returns—as long as you weren't paying sales fees. And if you're disciplined enough to "be greedy when others are fearful and fearful when others are greedy", as Warren Buffett suggests, you can even outperform the funds that you're investing in by buying more aggressively when the markets are getting hammered. To read more about Buffett's philosophy online, you can check the following website http://money.cnn.com/2008/05/05/news/companies/buffet.pm.wrap/ or read Lawrence Cunningham's *The Essays of Warren Buffett.*

Copyright © 2009 Andrew Hallam
For More Common Sense Financial Tips
www.andrewhallam.com

The International Teacher's Nine Steps to Financial Freedom

By Andrew Hallam

Step #8 Allocate assets appropriately

The general rule of thumb suggests that your investments should comprise of stock and bond market money. A bond is a loan that you make to a corporation or a government and they pay you annual interest on that loan. Government loans are the safest. Bonds don't fluctuate in value the way stocks do, and they're a solid, more predictable component of a well diversified portfolio. If you prefer bank CDs to bonds, that's fine. Just recognize that only $100,000 worth of a bank CD will be insured by the government. If you invest more than that in an individual CD, you could be taking on more risk.

As we get older, we want a higher level of predictability with our investments. Once you're retired, you won't want the value of your nest egg swinging wildly with 100% exposure to the stock markets. Professor Malkiel, of Princeton University, suggests that investors should have a government bond exposure that roughly equates to their age. For instance, a 30 year old would have 20-30% of her money in government bonds, while a 60 year old would have 50-60% of her money in bonds (Malkiel 2003, p350-351). This is a generally accepted principle of responsible portfolio allocation—adding further stability as the person nears—or is in—retirement. Some investors might find this method too conservative, but they might want to question whether the added risk of not adding bond is worth taking. And they might also want to examine how much better a risky portfolio (100% stocks) would be over time.

If you had invested your portfolio 100% in a U.S. stock market index from 1973 until 2004, without a single bond index or bond fund, your annual return would have averaged 11.19% per year.

And if you had invested 60% of your money in stocks, and 40% in bonds, you would have averaged 10.49% per year. Overall, you would have been rewarded for taking on more risk, with the 100% exposure to stocks, but is a 0.7% annual advantage really worth it? You can be your own judge of that. As of August 14, 2009, a balanced portfolio of stocks and bonds (Vanguard's 2020 retirement fund, for example) has dropped just 9.1%. And a 100% exposure to the stock market would be done a whopping 20% over the same time period. It's up to you.

A quick check on the American Funds website www.americanfunds.com reveals that their average U.S. based fund dropped more than 30% from May 31, 2008 to May 31, 2009. When you're down 30%, you have to gain 43% just to break even (It's interesting math) If you're down 50% in one year, you have to gain 100% the following year, just to break even. If you were 55 years old, and hoping to retire in a handful of years, losing 30% could be devastating.

But if you were 55 years old, and had only 45% of your money exposed to the U.S. stock market instead, you would only have been down about 12% during the same one year time period. You'd only have to gain 13.6% to break even. You'd have your back against the lamppost, but you'd be fully clothed, and your feet would still be on the ground.

If you're still comfortable taking higher risks for only slightly higher return potential, you might consider this: the U.S. markets didn't move from 1965 until 1982. For 17 years, the stock market didn't appreciate (note-dividends would have roughly kept pace with inflation). If that happens again, after a retiree or near-retiree loses 25% to 30% of their portfolio, they're going to be hurting when they need that portfolio to cover living expenses.

When we're young, we can afford to take greater risks with our money, exposing more of it to the vicissitudes of the market, but when we're older, we require more stability and predictability as we rely on withdrawing funds from our retirement portfolio.

Copyright © 2009 Andrew Hallam

The International Teacher's Nine Steps to Financial Freedom

By Andrew Hallam

Step #9 –Calculate how much you'll need

Teachers, like other professionals, have different lifestyles and expenditures. What one teacher can happily live on, another might find oppressive. You need to write down what your annual expenses currently are, subtract any work related expenses or investment obligations and determine what you could live on (while maintaining your current standard of living) if you were to retire today.

The second step requires that you examine inflation. Over the past 100 years, inflation has averaged roughly 3% per year. If you hope to retire 10 years from now, you need to know how much money you'll require, annually, 10 years in the future.

Assume that you can live on $30,000 per year right now, not including work related costs: professional clothing, transport, lunches out etc. For our first example, we'll assume that you won't qualify for social security or a pension, and that you'll choose not to work part-time during your retirement.

If you want to retire 10 years from now, that $30,000 will need to be adjusted for inflation at 3% per year. Today, that $30,000 would have the buying power of $40,317, ten years from now, thanks to inflation. You can work out your inflation adjusted amount by using the compound interest calculator at http://www.moneychimp.com/calculator/compound_interest_calculator.htm

As a retiree, it's suggested that you not withdraw more than 4% of your overall portfolio each year (Bernstein 2002 p230). In this case, if you required income of $40,317, 10 years from now, you would require a portfolio of $1,007,925. Four percent of $1,007,925 is $40,317.

Considering that the markets have made roughly 10% per year since 1926, we may be able to expect something similar in the future. However, the markets may not perform as well as they have, historically, and considering that you should have a government bond allocation which is equivalent to your age (bonds have lower long term returns than stocks) it might be prudent to expect a long term return of 8% on your money.

Play with the compounding interest calculator again, and you can see how much money you'll need to invest to arrive at this hypothetical $1,007,925, ten years from now.

If this teacher had a portfolio of $425,000, ten years from their retirement date, and if they added $10,000 a year for ten years (at 8% per year) they'd have $1,073,998 upon their retirement.

Those might be daunting sums of money. But teachers receiving social security or a teacher's pension will require a significantly smaller portfolio.

Even if this hypothetical teacher could expect just $15,000 a year from a pension or social security, they could achieve their future income goal (of $40,317 per year, ten years from now) with an investment portfolio of $632,925.

With assisted income of $25,000 a year (from either social security, a pension and/or a part-time job) an international teacher could make up the difference with a portfolio of $382,925.

You can play with all of these variables at http://www.moneychimp.com/calculator/compound_interest_calculator.htm.

And for further reading on this topic, you can check out *The Four Pillars of Investing 2002*, by William Bernstein, chapter 12.

International teachers may not be paid as highly as many other professionals. But if we follow the preceding nine steps to financial freedom, we increase our odds of enjoying a financially independent lifestyle during retirement.

Copyright © 2009 Andrew Hallam

The International Teacher's Nine Steps to Financial Freedom

By Andrew Hallam

About Andrew Hallam

Andrew Hallam is an investment consultant, an English teacher, a prolific finance reader (260+ books and counting), and a freelance finance writer. In his free time, he runs, cycles, lifts weights and spends time with Pele, his lovely wife.

He is currently working on his own finance book, with the working title, "Sleeping on Warren Buffett's Sofa".

Andrew also manages the 3M Investment Club; a band of friends who pooled their resources ten years ago with the goal of beating professionally managed money and the indexes. So far, they haven't been disappointed!

You can read about their successes on his blog which also contains strategies and commentary related to "common sense" investing.

www.andrewhallam.com

Suggested Reading -- Reference List

Bernstein, William (2003). *The Four Pillars of Investing.* New York, NY: McGraw-Hill Companies.

Bogle C. John (2007). The *Little Book of Common Sense Investing.* Hoboken, New Jersey: John Wiley & Sons Inc.

Cunningham A., Lawrence (2002). *The Essays of Warren Buffett: Lessons for Investors and Managers.* Singapore: John Wiley & Sons (Asia).

Cunningham A., Lawrence (2001). *How To Think Like Benjamin Graham and Invest Like Warren Buffett.* New York, NY: McGraw Hill Companies.

Davis, Dick (2008). *The Dick Davis Dividend.* Hoboken, New Jersey: John Wiley & Sons Inc.

Gardner, David and Tom (1998). *You have more than you think.* New York, NY: Simon & Schuster.

Farrell, B. Paul (2004). *The Lazy Person's Guide to Investing*, New York, NY: Warner Books Inc.

Lowe, Janet (2007). *Warren Buffett Speaks: Wit and Wisdom from the World's Greatest Investor.* New Jersey: John Wiley & Sons Inc.

Malkiel G. Burton (2003). *A Random Walk Down Wall Street.* New York, NY: Norton & Company Inc.

Miles, P Robert (2001) Warren *Buffett's 101 Reasons to Own The World's Greatest Investment.* New York, NY: John Wiley & Sons Inc.

Larimore, Taylor, Lindauer, Mel, LeBoeuf, Michael (2007). *The Bogleheads' Guide to Investing.* New Jersey: John Wiley & Sons Inc.

Swensen, F. David (2005). *Unconventional Success—A Fundamental Approach to Personal Investment.* New York, NY: Simon & Schuster Inc.

Copyright © 2009 Andrew Hallam