The Dankest, Foulest-Smelling Cellars of the Financial World

Scott A. T.: Broadcasting from One Dallas tower, welcome to the Financial Rockstar Show. I'm your host, Scott Alan Turner. Ready to help you get out of debt, save more money, and retire early. In the studio with me is producer, Katie. On the show today, I'll be answering your questions about money, business, and life. If you have a question you'd like answered on the show, visit GoAskScott.com. 403B retirement plans reside in the dankest, foulest smelling cellars of the financial world. That is a quote from William Bernstein from the book, The Four Pillars of Investing, which leads us into our first question of the day.

Brian asks about switching to a target date fund. He says, "The only existing debt we have between the two of us is a student loan debt of approximately $150,000 and our mortgage. My wife works for a qualifying nonprofit. We'll be able to have our federal loans forgiven in 2023. We have addressed this issue numerous times, and we have decided to make minimum payments, save and invest the rest, and seek forgiveness on her loans in 2023. I would be considered a high wage earner as an attorney, so my loans are all in IBR programs, so we can afford the payments while getting the rest of our life in order."

"We're comfortable with this plan of attack for the time being, and we'll revisit it in the next 3-5 years, but in the process of selling our townhome that we bought foreclosed in 2009 for about 60 grand in profit, we're going to use a substantial amount of the sale to put 20% down on our new home with more space since baby number 2 is on the way to avoid PMI and lower our monthly payments as much as possible. My wife and I are both 30, feel like that we have our spending and housing on the right track. We want to start building for the future for us and our kids."

"My question relates to investing and saving anything we might have left over from the sale of our house and the amounts left over from only paying the minimums on the student loans. For argument's sake, let's assume it's approximately 5 grand from the sale of the home and $500 a month to save and invest. I have a Vanguard Roth IRA that I sat up last year with about $6,000 in the Vanguard Lifestrategy Growth Fund, and my wife has a 403B with approximately $15,000. Should I keep putting money into that Vanguard Fund. I heard you talk about target date funds over the last few weeks. Should I consider transferring my investments to a Vanguard target date fund instead of the current index fund my Roth is in? Or are there other index funds you would recommend?"

Baby number two on the way. Congratulations. Twelve Hours by Twelve Weeks is a book I highly suggest everyone read, if they haven't already, if you've got a baby on the way or you know somebody who's got a baby on the way. Best baby shower gift ever for new parents. Twelve Hours by Twelve Weeks. I applaud you, Brian, for your thought process and thinking things through. You listened, took everything in, did your own research, and came up with a plan that you like for your situation that can potentially reap the greatest financial reward for you. Ryker sounds like he's seconding that notion. It's exactly what I'm trying to get people to do on this show. Your current investment, the Vanguard Lifestrategy Growth Fund, that is a fund of funds. You buy into one fund and that fund invests in other underlying funds that are also from Vanguard.

The description of that particular fund says the growth fund seeks to provide capital appreciation in some current income. The fund holds 80% of its assets and stocks, a portion of which is allocated to international stocks and 20% in bonds, a portion of which is allocated to international bonds. What are the funds within that fund? We have four. Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total Bond Market Index Fund, and Vanguard Total International Bond Index Fund. The four funds that are in that big fund, you buying a little piece of everything that you could possibly buy. Every stock in the world, every bond in the world. You got it covered, well diversified.

Let's compare that to a target date fund from Vanguard again. Target date fund is a fund of funds. You invest in one fund, and that particular fund invests in other underlying funds. In this case, if we're looking at Vanguard, it's all Vanguard funds underneath it. I picked the 2040 target fund, just picking a number that you would retire at age 55, for example. What is in that fund? Let's read a description first. Vanguard 2040 Fund invests in four Vanguard Index Funds, holding approximately 90% of assets and equities, 10% in bonds. You may wish to consider this fund if you're planning to retire between 2038 and 2042.

All right. What are the four funds that one's in? Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total Bond Market Index Fund, and the Vanguard Total International Bond Index Fund, as well. The exact same underlying funds as the one that you're in now, a little piece of everything, every stock, every bond around the world. What are the differences between the two? Expense rate shows the same. They cost the same. The one that you're in now, the primary difference is an 80/20 split, 80% stocks, 20% bonds. Whereas this target date fund is 90% stocks, 10% bonds.

The target date fund that I picked, it's just slightly more aggressive, slightly riskier. The target date fund, that's also going to do automatic asset, reallocation, re-balancing as you approach your retirement date. Those are the differences between the two. If you switch, you just don't have to do the re-balancing, and assuming you're retiring at age 55, you're going to be in a slightly more aggressive, riskier portfolio right now. A different consideration is looking at what's going on in your wife's 403B and considering that in the whole big picture.

For example, let's say you look at the 403B, and all the investments are 100% bonds, and then over here, you've got your Vanguard fund, target date fund or your life cycle fund, whichever that you happen to be in. Your asset allocation, your split between stocks and bonds for your entire portfolio would be out of whack because of the 403B. This would be true if you had access to a 401K, would have maybe had poor investment choices. Your starting point would be the 403B, look and see what the best available options are in there. Maybe you're lucky and you get one low-cost S&P 500 Index Fund, and you would build around that, so maybe everything, 100% in the 403B, would go just in that one index fund.

Then, in your other stuff, we would try to figure out how I am going to get to my preferred asset allocation from the stocks and bonds based on my risk tolerance. Say we're going to do 80/20, 80% stocks, 20% bonds. We're going to try to duplicate what is in the Lifestrategy Growth Fund. I'm looking at that prospectus on Vanguard. It's got 50% in the total stock market, 30% in international stock market, 14% in domestic bonds, and then 5% in international bonds. You might say, "Okay, I like those percentages. I understand them. I agree with that philosophy from that fund to funds, what they're trying to get at. I need to try to duplicate that on my own between what is available to me in the 403B and what I can piecemeal together on the Vanguard site."

Let's say in the 403B, you got one total stock market index fund. It's the best, everything in it. It has an actively managed mutual fund with high fees, so we're going to whack it out, and this is a little bit harder. I know we're going along here. It's a little bit hard to explain without a picture. Let's pretend I have $10,000, and I'm trying to make up my own target date fund. I can look on Vanguard, and we already went over what those 4 funds are. I've got $5,000 over here in the 403B, and then I've got $5,000 in the Roth IRA. The reason I divided those in two, just for simple math, is because when I'm looking at this target date fund, half the money, 50%, if you're looking at how they divide it up within the fund to funds, half the money is in the total stock market index fund.

My $5,000 over in the 403B, I would hopefully have available a total stock market index fund with low fees. That's what I'm going to buy in the 403B. I've got $5,000 left over, and I'm going to go out and buy those other 3 funds directly from Vanguard in the same percentages that are in the target date fund, so $3,000 in the total international stock index, $1,400 in the total bond index, and then $6,000 in the total international bond index.

What I've done is I have invested in 4 different things split between 2 different places, some in the 403B, some on my own in 3 different Vanguard funds in the exact same percentages as these target date funds, so I've accomplished the same thing. It's just a little more work and I'm taking advantage of the good stuff that's in my 403B, and I'm supplementing that with the good stuff that I can get elsewhere so that I can stay out of the bad stuff in the 403B. By bad, I mean the actively managed high expense mutual funds that you'll typically find in the 403 B. I know that's a lot to digest. It's a little more challenging to get through it without a whiteboard and drawing on it.

This is something you want to start thinking about, but you don't have to run out and do it today. It's beyond the question you asked, but it's the next thing that you need to start thinking about, as well. Go back, listen to this a couple more times if you need to, ask more questions, and you'll definitely get to where you're trying to get to. Thanks for the question.

Is it a good idea to sell your car instead of trading it in? Lots of times when you go out to get a new vehicle, you've got an old one. Hey, what are we going to do with it? Not going to leave it sitting in the garage, and for the majority of people, they go into the car dealership and say, "Hey, what can I get for my trade?" Many times, it's just a bunch of funny money. I've seen this over and over again. If you want to get the most value out of your trade in, you've got to treat it as two separate transactions. One, as a trade in, and, two, as a new vehicle purchase because when you start rolling them together, that's where the funny money comes in.

Just ask the salesperson, "Hey, I want to treat this trade in as a separate transaction." It's still going to be funny money involved, but it helps you from getting overwhelmed during the whole process of dealing with two different things. You got a trade in, just expect you're going to be at that car dealership at least three hours minimum because they're wearing you down, wearing you down, getting you emotionally excited to get into that new vehicle or new used vehicle to you. If you want to get the most out of your existing vehicle, private sell it on Craigslist, Autotrader, whatever.

Yeah, it takes more time. It's going to take more effort. The result is you'll get more money out of it, even for a cheap car, minimum I would say $1,000 you come out ahead than what a dealer's going to offer you because the dealer, they got to take it in, get it to the auction, and then make up numbers on this, too. "Oh, it's going to cost us at least $600 to send it to the auction." No, it's not. That's just what they're telling you. Make you feel bad and give you less money on your trade in. The rare exceptions, you own a vehicle that you know has mechanical issues that you know a new buyer might potentially want you to fix.

What do I mean by funny money? Funny money in the sense of a dealer might give you more on the trade in than your car was even worth than what you paid for it is what happened when I bought my first new vehicle, my jeep. The trade in value was more than the car was initially purchased for, and that car was a piece of junk, but they do that so they can keep the price of the vehicle they're selling the same, and not reduce the price of the vehicle, the new car, and they offer more for the trade, even though the net net is you end up saving money during the negotiating process. Funny money. Funny money. That's what I mean by that.

If you have concerns about selling a vehicle yourself, I would just encourage you to try it anyway. You can post a free ad, I think it's free, on Craigslist, and see what happens, or a Facebook group. See what happens, or pay the whatever dollar amount to Autotrader.com and see what happens, which is cheap, less than 100 bucks I would imagine. See what kind of phone calls you get. See what time people want to come over. See what kind of deals you get because you can always say, "No. No, I'm not going to sell the car for that price." It's just like doing a for sale by owner for your house. You can go to Home Depot, spend 10 bucks for the sign, you stick it up in your front yard and see what happens. You're out 10 bucks. Then like most people, you realize, "This stinks, I'm not a real estate agent. I'm going to go find a real estate agent." You pull up the sign, throw it in the trash, done. Just encourage you, give it a shot. You never know. You could come out ahead. Back to your questions.

Gail from Lockport, Illinois, asks what to do with an annuity. She says,

Gail: "I've stopped contributing to a 403B annuity a few months back once we got serious about paying off debt. I've looked into this tax-sheltered annuity and all its fees and restrictions. There's about $17,000 in there. I've no intention of ever adding more money to it now that I know how fee ridden it is. Even if the money in there does well until retirement, I don't think I'll get very much per year from it upon retirement. We have other money in retirement already, about $120,000 in Roths and we'll continue to add to those. My question is what to do with this annuity. The impatient part of me wants to liquidate it, pay the taxes and fees, I know like 40%, and just add it to my emergency fund to get that in place faster, but the teacher's pet rule following part of me feels like taking money out of retirement funds regardless of the type is stupid."

Scott A. T.: There's a website called Finance for Teachers, which is created by somebody who lives in your state. I'll include the link in the show notes. They have this analogy. It says, "I want an account that will save you a small amount in taxes now, but you'll have to pay taxes later when you're retired. Out of the $100, I'll take $3.50 out of every $100 for letting me use this account. In choice number 2, in the other account, you won't save anything in taxes right now, but you'll either pay a minimum amount of taxes or no taxes in the future, and I'll only take 50 cents from every $100 you want to invest. Which one sounds better to you? The first option is your typical insurance company, 403B. If you don't know how to analyze a 403B to figure out if it's good or not, the chances are you're using an expensive one."

That was the analogy that they gave. Gail, your 403B, as you found out, is expensive. Something to consider is really a 10% penalty. People say, "Oh, when you cash out your 401k, 403B, whatever, there's a 40% penalty that you're paying." You've got to pay the taxes now or later. If you're in a lower income tax bracket later on, the taxes could be less or even zero depending on your income inductions for any given year, so the taxes are going to be between 0% and let's just say 30% if you're in that tax bracket, or, in your case, Gail, zero dollars and $5,000 if you were to say retire tomorrow and then have lots of deductions for the year, didn't have to pay any taxes on it.

However, here's something else to think about beyond the just 10% penalty. Some annuities have what is called surrender charges. Many 403B plans, whether they got fixed or variable annuities in them, if you withdraw the money too soon, they have their own penalties and fees, and they call them surrender charges. They can range from 7-10% and they can last from 7-10 years. It's separate from the income tax on the annuity. It's separate from the IRS early withdrawal penalties of 10%. It's just another way they get you with these bad investment things that they've stuck teachers with. You've got to do some research and figure out that, as well.

Here's from the SEC website, Security Exchange Commission. If you withdraw money from a variable annuity within a certain period after a purchase payment, it could be within 6-8 years, sometimes as long as 10 years, the insurance company will usually assess a surrender charge. Generally, these surrender charges are a percentage of the amount you sell or exchange and will decline gradually over a period of several years known as the surrender period. For example, a 7% charge might apply in the first year, 6% second, 5% third, and so on until it goes down to zero. Once you're in that annuity, may or may not be the case with the one that you got through your plan provider, you've got a few options if you decide, "You know what? I just want out of this."

It depends on if there's a surrender period. You can wait until the surrender period is zero before you cancel it, so you don't have any of those surrender fee charges. You can wait for a period time so the surrender charges are something that you're willing to accept, maybe goes from 7 down to 2%, and you can live with that. You can pay it all, just cancel the contract and get out from it, pay whatever those surrender charges are, or you can look at getting into a different type of contract if that is an option. That's going to involve calling up the plan provider and seeing if there's anything else available that just might be better. Maybe that's something that's not listed that you can get into.

So before you say, "I want to get out," probably need to do a little more research before making the decision. See if there's a lower cost alternative you can roll into, see if any surrender charges are there that you're going to be paying on top of the 10% penalty on top of the taxes, and last thing, you just got to run the numbers. Let's say, "All right, I'm going to cash it out. I'm going to pay the income taxes now, going to pay the IRS 10% penalty fee, going to pay any surrender charges if there are any, and then I'm going to get whatever is left over." Let's say it's half, so you got $8,000 left over.

If I take that 8 grand and I were to go put that into a Roth IRA with some good investments, what is that investment going to look like in 20 years compared to if I leave it in the 403B? Which one comes out ahead? Is it the 403B if you just stuck it out 20 years down the road? Is that going to get you more money? Or is it the Roth? That is really going to help you decide one way or the other I think. If there's a clear winner, then you've got a clear decision on what you can do. Thanks, Gail, for the question. Back in a moment. You're listening to Scott Alan Turner.

Hey nation, Scott Alan Turner here to tell you about my good friends, Brad and Carolyn. Katie, is this Carolyn or Caroline? Line? You sure? You talked to them on the phone? Are they nice? Hey nation, Scott Alan Turner here to tell you about my good friends, Brad and Carolyn. If you're looking for ... Did I mess it up again? Line, line, line. I'll write that done. Line, L-I-N-E. Hey nation, Scott Alan Turner here to tell you about my good friends, Brad and Caroline. If you're looking for a new cap, visor, scarf, do-rag, gardening hats, ski hats, check out Hat Heads. They even carry earmuffs for those chilly days. All their caps are manufactured right here in Mexico. Hat Heads, found in malls everywhere. Ask for my good friends, Brad or Caroline. Tell them Scott Alan Turner sent you.

Lili, from London, needs to know what order to attack goals. He says,

Lili: "I just finished high school, and next September, I'm going to be starting a 3-year apprenticeship where I'm paid to study to do work experience with a guaranteed job at the end. I'm 18. I don't have any debts, like student loans, so I was hoping for some advice on saving and building wealth. My long-term goal is to buy a house in my city, which is London, where the average 1-bedroom flat is around 330,000 pounds, and, of course, retire a bit early. My salary will be around 21,000 growing to 30,000 pounds when I graduate my apprenticeship with lots of opportunities for promotion, increasing my income. I'll also have a good pension plan where my employer matches 15% of my contributions. What order should I attack these goals? I'd really appreciate your opinion or advice you have for someone just starting out. My dad keeps telling me just to put all the money I can towards my pension and forgetting about saving for a home for a few years, but I'm scared I'll never save enough for a deposit for a home."

Scott A. T.: Congratulations, Lili, on graduating high school and starting out on totally the right foot, figuring out the finances early on. This is amazing. I am super impressed. Let's talk about dad's advice. It's sound advice. He's trying to help you out. Save for the future. Save for the future. It's what everyone should be telling their kids, but let's pick through the math behind it. I am going to begin with the end in mind, and without knowing your exact end, I'm just going to give you some numbers that I threw together based on just some random dates in the future I picked.

Mortgage is a little different in the UK. Let's say you borrowed 250,000 pounds for 25 years, 25 years seems like a common mortgage term over there. You got it at 4.1%. That's from a company called Nationwide. I've looked it up on the Telegraph website, and that's assuming a 10% down payment. There's some built-in assumptions there, but it gives us a starting point. Number 1, you're not buying a house today. You don't have the down payment, and 4.1%, that may not be available in the future when you do buy a house, but using those numbers, your mortgage would be 1,617 pounds a month, half your income at your graduate level once you get out of your apprenticeship.

You'd need more down payment to drive that down because that would be half your income going towards that mortgage. You got to look at how many years until you want to buy a house. Let's say 5 years from now. All right, how long is it going to take you to save that 10% down payment over 5 years? How much per month, basing on what you're earning, what your expenses are? You've got to get that number, and you've got to factor that into your spending plan and see what is left over to invest after that if you're going to make saving for the house priority number 1. Then saving for retirement and investing would be priority number 2.

Or you flip flop it and say, "All right, how much do I want to start investing starting out?" If your goal is early retirement, which you mentioned it is an early retirement, that means different things for different people though. Is it retiring in 10 years? We got to put away 70-80% of our income for a frugal lifestyle on your starting out income, and there will not be much left over house savings after that. If it's 30 years, that's a much different story. You have to save much less, the 15 or 20% to get your employer match, that 15%. From there, you say, "All right, after I put away the 15%, what's left over for the house savings? What do I need to have extra per month to save up for X number of years to get that 10% down payment?"

You got to run the numbers for both of those goals, see what they are, and you may settle on a comfortable medium between the two. I'm going to put some money away for investment and I'm going to put some money away for the house savings, but you got to pick some dates in the future that you're shooting for and then work backward based on what your salary is going to be, what you're expenses are going to be, where you're living, how much you're going to spend on going out, food, all the other stuff associated with life, and then you'll get those target dollars amounts that you need to shoot for in your spending plan.

I do want to offer an alternative though that you may or may not have considered is getting a 2-bedroom flat, renting one of the rooms out to somebody, and the roommate ends up paying part of your mortgage. Without knowing what a 2-bedroom flat goes for over there or what people are willing to pay to rent out a room, but if you can get a 2-bedroom flat, 2,000 pounds a month mortgage, but then somebody else is paying you a $1,000 a month in rent to live there, they're paying off half the house for you. That's not bad. Or you get a 3-bedroom house with 2 roommates, and then they're suddenly paying off 2/3 of your mortgage or whatever the amount ends up being.

That changes the situation completely because much less of your income is being used for the mortgage, and then you've got somebody else who's paying down your mortgage for you, frees up your cash. You could find, in that case, it doesn't even make sense to contribute 15% and get the employer match because the faster you can get into the house, the faster you can somebody else paying down your mortgage for you. You can come out way ahead in the long run even giving up that free money from your employer. Something else to think about. Thanks, Lili, for the question.

Kelly, in San Francisco, is evaluating 529 options. She says,

Kelly: "I've got my investments for my kids in the Oregon College Savings Plan, but wanted to switch their funds to the Utah College Savings Plan as it is supposed to be the best out there. My kids are only 2 and 3 years old, but I wanted to find out what you recommend in terms of selecting their portfolios. Not being too savvy in the market yet, I am confused what the best choice is. Since they are so young, I suspect the age-based portfolios are best. However, there are 4 options, and I'm not sure which one is the wisest. The age-based aggressive global, age-based aggressive domestic, age-based moderate, or age-based conservative, or is it better to do the static investment options or the customized investment options?"

Scott A. T.: Lots of choices in the Utah plan, which often leads to lots of indecision. The Utah plan has 14 different investment options, 4 that are age-based, 8 that are called static, which I'll explain in a moment, and 2 customized, and each of them provides different investment styles and different levels of risk. The 4 age-based options take in account how old your child is, when they're expected to attend school, and over time, it goes from a more risky, higher-return types of investments until they approach fixed-income types of investments, basically cash as you get closer to the date of their expected enrollment.

There are 8 static options, different from the investment options. They do not change. They are mixed from stocks and bonds over time. Let me back up a second. Age-based starts out in more stocks, less bonds. Stocks, higher returns, more risk. As your child approaches age 18, it switches to more bonds, less stocks. Bonds have lower return, but lower risk so you don't have as great of a chance of losing your investments or a significant portion thereof. That automatically re-balances them over time. Static ones, it's just fixed. You can do an 80% stock, 20% bonds, and that's what it stays at until you manually go in there and change it to something else.

Within those static options, you can do 100% domestic stocks if you wanted to, very high risk compared to some of the other options, but the potential for higher returns, so you have that option. The static means you're in control. You can do 100% in domestic stocks for the next 10 years if you wanted to. Higher return, higher risk. Then after 10 years, you could switch it over to an age-based or some other custom plan. You could switch it all over to cash. You could decide, "You know, we've made enough money. We thought the stock market was going to do well, and it did. So lets just cash it all out and put it into cash, essentially at that point."

Then you've got the customized options. You can do custom age-based, custom static. You're doing your own asset allocation. You're picking your own mix of stocks and bonds, completely custom. If you think you're smarter than the professionals, that's what those custom options are for. We've got the simple and easy options. Those are the age-based. More hands on, the static options, because you're in charge of switching them up over time. Then you've got the total hands on, which are the custom options, which are not only switching them up over time, you're also picking your own mix of stocks and bonds based on the proportions that you think are going to achieve the goals that you want to achieve.

Let's answer the first big question. Which one is going to make the most money? Which one's going to make the most money? We'll know the answer to that question, for Kelly's case, in your case, Kelly, in 15 years and 16 years respectively because your kids are age 2 and 3. Which one is going to do best? We will know when your kids are ready to go to school which one is going to do best. Since no one knows what's going to happen over the next 15 and 16 years, we have to look at the past history of how stocks and bonds have performed over time, their risk and return levels during those types of periods, and we use that information to decide how much risk am I willing to take with my investments in order to maximize returns or how little risk am I willing to take.

Let's pick through the age-based options. There are 4 of them, and there's a link to these in the show notes. It tells you exactly what they're investing in for each of the 4 options, and they break it down to age groups they have here, so you're investing in age 0-3, 4-6, 7-9, 10-12, 13-15, 16-18. As you approach college, it shows you the different mixes that you're going to be in, different asset allocations. To get started picking with one of these, you really need to know first off what your risk tolerance level is. Can you handle big market swings early on? Or are you a more conservative investor? Are you looking for a more safer investment, which is still going to return money?

Going through these 4, I'm going to answer this from my perspective, right off the bat, I'm eliminating the age-based aggressive domestic because it doesn't have any international exposure. It's not investing it in anything overseas. Why is that important? When you look at the academic research, an investment portfolio that invests both in the United States and what's called emerging markets, other countries is what we're talking about, overseas, those portfolios that invest both domestically and in other countries achieve the same or slightly less returns than investments that are in 100% US companies, but the risk is lower because if the United States is doing poorly, other countries might be doing well and vice versa.

If other countries are doing poorly in their economy, the US might be doing well. It balances out. We'll say that. By investing in international stocks, I am diversifying. I'm spreading out my level of risk, so I'm going to eliminate age-based aggressive domestic for myself. That's off the table, which leaves me with 3 choices to pick from. We're left with aggressive global, age-based moderate, and age-based conservative.

Next one I'm going to eliminate is age-based conservative. I think it's too conservative of an investment. That option is heavily weighted towards investments that are outside of the United States. Typically, the investments that are inside the United States have much higher returns over time. While that option is low risk, it has lower return than the other 2 that we had to pick from, so I would take that one off the table for me. You might want to consider that one. The ones that we are left with, age-based aggressive global and age-based moderate, what are the differences between the two?

The aggressive global or if it's the aggressive portfolio is very heavily weighted early on in domestic US-based stocks, which typically return more, but again, they have higher risks. The difference between the two, the aggressive choice starts you out at 100% stocks, 0% bonds, goes down from there. The moderate choice starts you out at 80% stocks, 20% bonds, goes down from there over time. If you're thinking about this from ... Let's just take retirement planning. Let's say you went to a financial planner and said, "Hey, I'm retiring in 15 years from now, I'm retiring in 16 years from now," they would never put you in 100% stocks. There would always be some small portion of bonds there. If you want to look at it from that standpoint, then probably the moderate option would be the way to go.

But, again, we're trying to forecast the future based on the past, but I think that information will help narrow down your options, and then you can take it from there. Thanks for the question.

Leeh is debt free.

Leeh: "I'm now debt free, and I've set up my Vanguard Roth IRA Target Date Retirement Index Fund as you suggested."

Scott A. T.: Congratulations. Congratulations. Another person debt-free. "It's wonderful what we can do if we're always doing." That quote was from George Washington. Extra item for the day, hey, make that phone call you've been putting off. We've all got one. You know there's one. Make the call right now. Those are the words. Please share the show. It's all I ask. Help spread the word and get this message out there to your friends, family, coworkers, whoever you can think of. All you got to do is text the link GetFR.com or send send it in an email, post it on Facebook. Hey, it's all my cats ask, so they don't have to eat the cheap cat food.

That's it for this episode. I'm your host, Scott Alan Turner. Rockstar Katie is my producer. All the links mentioned in the show are available in the show notes on ScottAlanTurner.com. If you have a question you would like answered on the show, visit GoAskScott.com. Thank you for listening.