

I1 | A personal investment plan

WORKED EXAMPLES · Fictional people, accounts and prices · US dollars · October 2026

Use this document beside Chapters 1–9 of *Investing You Can Explain* by Evan Calder and Daniel H. Mercer. These plans show how decisions connect. They do not select an account, fund or allocation for you. The authors write under pen names.

Jordan | money with a long horizon

Purpose: retirement spending at least twenty years away. I can leave this money invested through a prolonged decline because current bills, irregular obligations, the planned move and emergency cash have separate funding.

Opening investment: \$5,000. Excluded cash: \$9,000 emergency reserve and \$2,400 moving fund. Monthly take-home pay of \$3,600 covers \$2,850 ordinary spending and required payments, \$250 irregular costs, \$300 cash reserves and \$200 long-term investing. I will recheck capacity if any of these jobs changes.

Account, holding and source

Teaching assumption: Jordan checked Roth IRA eligibility and contribution limits for personal tax circumstances before the modeled opening. A cash account holds one hypothetical diversified target-date fund. The account is the tax/legal container; the fund is the investment. This example is not an eligibility determination.

Chosen holding: fictional Profile One (2050), compared in Chapter 4. At selection: 48% US stocks, 32% international stocks, 20% investment-grade bonds. Policy: 50/50 in 2050, then 30/70 by 2060. Profile Two costs less but carries more stock exposure than Jordan wants. Profile One supports the \$5,000 opening and \$200 recurring purchases. Review its policy; do not manually force its internal mix back to 80/20.

Cost record

Fictional schedule, effective October 3, 2026: fund expense 0.10% annually; platform, custody, advice, commission, upfront and exit charges explicitly \$0. At a constant \$5,000, annual fund expense is estimated at \$5. The expense is embedded in fund value. A published return already net of this expense must not have it deducted again.

Evidence required in a real plan: exact fund/share class, prospectus fee table, account fee schedule, eligibility source and dates. Here those terms are scenario inputs, not offers.

Jordan | carry out and verify

The next contribution

Deposit \$5,000 in October 2026, then invest \$200 after each confirmed monthly pay cycle beginning November. October opening plus November and December contributions equals \$5,400 for that opening calendar year. The 120-month cost comparison is a separate scenario, not that calendar-year tally.

First-order teaching record

Review date: October 5, 2026. Correct cash account and hypothetical target-date mutual fund/share class verified against the example plan. Order amount: \$5,000. Pricing: the next applicable fund NAV after an accepted order, not a price selected from a headline. Commission: \$0 in the fictional schedule.

Teaching status: submitted October 5; confirmed filled October 5 at hypothetical NAV \$50, producing 100 shares. Execution amount: \$5,000. Settlement: October 6 in this fictional confirmation. The investor reads the actual confirmation for execution and settlement; this document did not submit an order.

Obstacle: the transfer arrived but nothing was invested

November 5: the \$200 transfer shows completed, but the account shows cash and no purchase confirmation. I initially assumed the transfer created a fund purchase. I checked activity, found no order, and changed the recurring instruction to include the purchase after funding. I then verified a purchase confirmation. I did not place a duplicate order while an existing order was open.

Review rules

Calendar: April and October. Review sooner after a job or housing change, changed dependents, a large expense, a new fee, or a different investment policy. Check contribution capacity, account eligibility, costs and whether the fund still does the intended job. A bad market day alone is not a new personal goal.

Dated decision log

October 3: chose the simpler all-in-one route because I can explain the holding and do not need the extra modeled service. October 5: reviewed the filled confirmation. November 5: corrected transfer-only instruction and checked the resulting purchase. Next review: April 2027, unless personal circumstances change.

Morgan | a different purpose

Second fictional plan. The different account and allocation follow the stated purpose; they are not age-based recommendations.

Purpose, capacity and account

Goal: fund a flexible work break about twelve years away, before normal retirement withdrawals are likely to be the right route. Initial investment \$10,000; planned monthly contribution \$200.

Emergency cash \$12,000 and a \$3,000 vehicle fund stay outside this portfolio. The work-break date is flexible, but it is not twenty years away.

Teaching account: taxable cash brokerage, chosen for access consistent with this goal. Morgan has checked account terms and understands that dividends, interest and sales can have tax consequences. A tax-advantaged account and this taxable goal are evaluated separately. Margin borrowing is not part of this plan.

Reader-chosen allocation

60% broad stock exposure and 40% investment-grade bond exposure, implemented by two hypothetical diversified funds. Stocks supply long-term growth exposure; bonds may moderate some risk but can lose value. The categories are counted once across the chosen scope. Two funds do not automatically mean diversification if their holdings overlap.

Costs and evidence

Fictional schedule effective October 3, 2026: each fund expense 0.10%; platform, custody, advice and commission \$0. At a constant \$10,000 total, the weighted expense estimate is \$10 annually, not \$10 per fund. Any transaction spread belongs in a separate estimate and is not deducted twice from a return already reflecting that trading cost.

In a real plan I would record both fund/share-class documents, dated holdings, account schedule and purchase pricing. A changed advice fee remains pending until confirmed. At \$5,000, Option B with unknown advice has \$72 known explicit charges plus \$5 embedded expense; known combined \$77. Its complete total is still pending.

Contribution and timing

Invest \$200 after the monthly capacity check. As the work break approaches, review whether money needed soon should remain exposed to a large market decline. The present allocation is not a promise that it will be right at the withdrawal date.

Morgan | maintain the plan

A contribution that helps but does not finish

Later review scenario, April 3, 2027, assuming the opening batch has since been completed: stocks \$7,000; bonds \$3,000; new dollars \$1,000 after any trading-cost allowance. Target is 60/40. The contribution method assigns \$0 to stocks and \$1,000 to bonds. After: \$7,000/\$4,000, total \$11,000, weights 63.64%/36.36%. Residual drift is 3.64 percentage points. It is not an exact rebalance.

With \$2,000 new, the same method assigns \$200 to stocks and \$1,800 to bonds, reaching 60/40. Without sales, \$1,666.67 directed approximately to bonds is the practical cent-rounded threshold near the exact mathematical requirement of \$1,666.666...; verify costs and holdings before treating that as an order.

Review rules

Calendar: April and October. Also review when a category differs from target by at least five percentage points. Before the \$1,000 contribution, 70/30 is ten points away and calls for review. Afterward, 63.64/36.36 is within the chosen threshold. A trigger calls for evaluation, not an automatic sale.

First-order review record

Fictional first batch October 5, 2026: cash account and exact hypothetical funds checked; \$6,000 to broad stocks and \$4,000 to investment-grade bonds. Confirm the pricing method, any spread and commission on the order ticket; verify submitted versus open versus filled. For an ETF limit order, a limit can remain unfilled. A transfer alone is not an investment.

This plan does not invent share counts for that batch because no execution prices are assumed. Status in this teaching record: planned, not submitted. A real log must add each execution price, shares, total, fees and settlement date from the actual confirmation.

Dated log

October 3: recorded the full portfolio scope, excluded reserves and five-point review rule. October 5: planned the two-fund opening batch; execution still pending in this illustration. April 2027: next scheduled review. Record any revised cost/source/date before comparing again.

Morgan | pause before reacting

Separate shock scenario. It starts from \$6,000 stocks / \$4,000 bonds, not the \$7,000/\$3,000 contribution snapshot.

The impulse

June 15, 2027: stocks fell 20% in this hypothetical shock while bonds stayed at \$4,000. Stocks are now \$4,800. Total \$8,800; weights 54.55%/45.45%. Morgan writes: “Sell the stock fund before things get worse.” The 5.45-point deviation calls for review, but does not itself tell Morgan to sell.

The correction

I checked purpose, time horizon, reserve cash and employment. None changed in this scenario. Selling because a headline feels urgent would replace the written plan with a short-term prediction. I canceled the proposed sale before any order was submitted and kept the planned \$200 contribution, directed to stocks by the contribution method.

After that contribution: stocks \$5,000; bonds \$4,000; total \$9,000. Weights 55.56%/44.44%, residual 4.44 points. No sale was required to bring the snapshot inside the chosen five-point review threshold. This does not guarantee the next market move.

A different fact produces a different action

July 12, 2027, contrasting scenario: Morgan loses employment. Capacity has changed even if the investment goal has not. Morgan pauses the next contribution effective immediately, checks cash reserves and essential spending, and sets an August 1 review of the new budget. The old \$200 instruction must not continue merely because it was once affordable. This capacity change does not silently rewrite the target allocation.

How to use Your Copy

Write a plan you can read aloud: why the money can stay invested, which account and holding serve it, what the costs mean, what you will do next and what would make you review it. Keep unknown facts visible. Save dated changes and verify transactions in the provider record. The separate Your Copy file gives room for this work; it is editable in Word and readable as a PDF.