Automated Allocations

The Strategy That Adjusts…
Automatically.

Video Script
Video 12
$3,000, $10,000, or $50,000?

We know what you're thinking.

You say, "It's nice to show that Automated Allocations can turn fifty thousand dollars in 2015 into more than seven hundred thousand dollars by the end of 2025. That's eleven years. But I don't have $50,000—and I can't go back and invest in 2015!"

Fair enough. So, let's take a look at what we CAN do. Here's one thing we know for certain: today will be eleven years ago in eleven years. And during those eleven years, the market will have its ups and downs. That's exactly what Automated Allocations was designed around.

There's an interesting thing about AA. It's very cold-hearted. The calculations don't know whether you started with three thousand dollars or ten or fifty. AA applies the same strategy to the numbers it's given.

Below this video, we've provided two PDFs comparing different starting investment amounts over two different time periods. Take a look at the results. Although the dollar amounts are obviously very different, the percentage gains were very similar. The percentage increases in the number of shares owned were also similar. The larger accounts didn't receive any preferential treatment.

Now, to be clear, there ARE some practical disadvantages to starting with a smaller amount. As the account gets smaller, the number of shares calculated for each buy or sell also gets smaller. At some point, a calculated trade may involve only a very small number of shares.

But remember, you don't necessarily have to start with your ultimate investment amount. AA Plus! provides a way to add money to an existing AA portfolio. That can mean adding funds when the portfolio has exhausted its available cash, making periodic additions as money becomes available, or adding a larger one-time amount later.

So, back to the title of this video: three thousand, ten thousand, or fifty thousand? We can't answer that question for you. But we can give you some tools to help you look at the possibilities. Below this video are two calculators.

With the first calculator, enter the number of years, an assumed annualized rate of return, and the amount you'd ultimately like to reach. The calculator will show the starting investment that would be required to reach that amount if the assumed return were achieved.

The second calculator approaches the question from the opposite direction. Enter your starting investment, the number of years, and an assumed annualized rate of return, and it will calculate the ending value if that return were achieved.

Neither calculator predicts what Automated Allocations—or the market—will actually return. They simply show the mathematical effect of different starting amounts, time periods, and assumed rates of return.

So take a look at the calculators. Look at the studies. Consider the amount of money you have available and the amount of time you have to invest.

And remember: Time passes. Markets go up and down. AA was designed around both.