
THE 3% SIGNAL
THE INVESTING TECHNIQUE THAT WILL CHANGE YOUR LIFE
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THE NEATEST LITTLE GUIDE TO STOCK MARKET INVESTING

Quick Start

Quick Start Your New Investing Plan

***The 3% Signal** helps you achieve stock market success with minimal stress—and NO stress from indecision. All actions are determined by a formula on a set schedule.*

*This Quick Start guide will direct you to key points of the plan from **The 3% Signal**. It includes page number references from the book for easy further reading. Let's get you started!*

1. Choose Your Funds

The 3% Signal (3Sig) uses only two funds: a stock fund for growth, and a bond fund for safety. It's best if these are a small-cap stock index fund and a total bond market index fund, but variations will work, too. For example, an S&P 500 index fund could work for the stock side, and a government bond fund could work for the bond side.

What funds are available in your account? Check your 401(k) and IRA information to see. Find the lowest-cost stock and bond index funds available to you. No small-cap stock index fund? Go with a different stock index fund. No index funds at all? Go with the cheapest stock fund of any type that's in your plan.

Once you've identified the best stock and bond funds in your account, you're ready.

See "Small Companies for Growth" on page 80 and "Bonds for Safety" on page 84.

2. Allocate Your Capital

For most of your working life, your target allocation between the stock and bond funds will be 80/20.

The actual allocation will fluctuate as the market moves around, which is fine.

You won't need to rebalance unless your bond fund allocation exceeds the rebalance trigger, which is 30% for most of your life (i.e. a 70/30 division of capital between the stock and bond funds). The target allocation and rebalance trigger will change when you are within ten years of retiring. See "Adjusting Your Bond Balance as You Grow Older" on page 152.

To begin your initial allocation, find your distance from retirement in the table, and your target allocation. It includes info for people already retired, as well. Move the correct percentage of your capital into the stock fund you selected and the remainder into the bond fund.

For example, let's say you're more than ten years away from retirement, with $85,000 in your Roth IRA, and your account offers access to iShares S&P SmallCap 600 (IJR) and iShares Barclays Aggregate Bond (AGG). You would sell whatever it is you currently own to free up all $85K, then buy $68,000 worth of IJR and $17,000 worth of AGG.

3. Follow The Procedure

Once you complete your initial purchases, sit tight until the end of the current calendar quarter. If you start your plan on September 10, you won't do a thing until the end of the month or beginning of October as the third quarter ends and the fourth begins. If you start your plan on February 10, you won't do a thing until the end of March or beginning of April as the first quarter ends and the second begins. No matter when you begin your plan, click onto the quarterly schedule thereafter.

Not that there's a lot to do each quarter. Just follow the five steps in "The Quarterly Procedure" on page 160.

4. Add More Cash

Want to add cash to your plan? Good for you, and no problem. 3Sig can handle both regular contributions and one-time lump-sum injections. All new cash, whether from your contributions or dividends paid by your funds, should go into your bond fund first. At the end of each quarter, you'll incorporate half of their value into the stock-fund balance goal that will guide your action, the one that uses 3% quarterly growth as its base.

See "The Modified Growth Target" on page 137, particularly the formula on page 139.

Three Resources

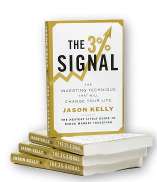
The 3% Signal: The Investing Technique That Will Change Your Life is available everywhere books are sold

The 3Sig Calculator is free. Just plug in your own numbers and it tells you what to do, at jasonkelly.com/3sig

The Kelly Letter is sent to subscribers every Sunday morning. It costs $19.97 per month or $236.97 per year. There's a two-minute video at jasonkelly.com/letter

I wish you well with this extraordinary investing plan!

Yours truly,



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