

My Personal Investor Journey

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September 14, 2022

Early Exposure to Investing: None

- Little to no experience in Personal Finance, let alone investing.
- Parents owned a small business, were savers, not investors.
- They regularly bought US Savings Bonds (Series E, EE, H), taught us to buy Savings Bonds as children. (Post World War II trend?)
- Established “passbook savings accounts” for us at the local bank and taught us about earning compound interest (fascinating).
- Encouraged us to save from part-time jobs as well as paid internships.
- Nothing on investing was taught in HS or college (EE major).
- Read my first book on the stock market my freshman year (1965).
- Investment reality hit with first job post graduation (1970) – it was time to learn something about investing. (I was now a GS-9 engineer working for the US Department of Defense.)

Investing Journey Shaped by Employers

- Career history spans 45 years (Defense & Intelligence):
- US DoD 1970-1977 [Federal CSRS]
- Booz Allen 1977-1981 [401K]
- Westinghouse 1981-1982 [401K]
- Booz Allen 1982-1983 [401K]
- TASC 1983-2015 (32 years, multiple corporate owners and Plans)
 - The Analytic Sciences Corp (Privately held until 1991) [401K + PSSOP]
 - TASC bought by Primark (1991) [401K + PSSOP]
 - TASC sold to Litton Corp. (1998) [401K]
 - Litton/TASC bought by Northrop Grumman (2001) [401K]
 - Northrop Grumman divested TASC to KKR/General Atlantic (2009) [401K]
 - Consortium sold TASC to Engility Corp. (Feb 2015) [401K] (Ret Aug 2015)
 - Engility/TASC sold to SAIC (current owner) (2018)

A Few Basics – Part 1

- Working years' investments were passive and boring.
 - Choosing from offered funds (Fidelity, SSGA, Vanguard, Schwab): no-load mutual funds, index funds; auto reinvest dividends & cap gains.
 - Traditional choices of large, mid, small cap US and int'l; from broad market as well as sector-focused funds (e.g. Fidelity Select Family).
- Regrets during working years:
 - Not doing proper due diligence on fund holdings and investment objectives (ultimately saw diversification overlaps as well as gaps).
 - Placed too much emphasis on growth vs. balanced or income funds.
- Positives:
 - Easy to manage, required very little time.
 - Stayed the course through some very volatile markets.
 - Saw portfolio growth through DCA and company 401K matches.
 - Discovered Schwab's PCRA which significantly expanded options.

A Few Basics – Part 2

- Retirement years: actively managing investments as if I'm running a business. Mindset: I'm the CIO.
- Commitment: Portfolio management requires effort to stay current on news, follow markets, sectors, holdings, valuations, yields, and maintain watchlists.
- Retirement goals: To realize growing passive income, maintain SWAN holdings, and cash flow while I sleep.
- Key: I chose to become a student of dividends.
- Portfolio's dividends are used for “dry powder,” annual RMD obligations, and organic growth.
- Place focus on quality, fundamentals, dividend growth history, dividend safety and diversification.

Game-Changers

- OLLI Investment Forum was clearly a game-changer.
- Restructuring retirement portfolio to take focus off growth and place it on income.
 - Shift from Mutual Funds to Index Funds to ETFs, to individual stocks, REITs and BDCs.
- Retirement goal: create a growing income stream to supplement SS and pension; and delay as long as possible liquidating or in-kind-transfers of equities to cover RMDs. (Goal: cover RMDs by dividends, with excess dividends reinvested for organic growth.)
- Tapping the vast experience represented in the Forum – a clear and present *Mastermind Group*.

Importance of a Mastermind Group

- There's synergy created through a formal or informal, real or perceived Mastermind Group.
 - Concept of the Mastermind Group first described by Napoleon Hill in his 1937 book "Think and Grow Rich."
- Like-minded people tend to attract when it comes to investing.
 - Found this to be true pre-retirement, although just funds.
 - Found this true in retirement via the Investment Forum.
 - Acknowledging some key Forum regulars: Tom, Al, Lou, Brenda, David, Hugh, Bob, Alan, Jim and Sy; and two previous Forum members Ed Swoboda and Ludwig Benner, for their knowledge, experience and insight.

More Game-Changers: 1

- Taking full advantage of Schwab's PCRA (Personal Choice Retirement Account) offering when it was made available as part of the Northrop Grumman's Retirement Savings Plan (2006).
- "PCRA is a self-directed brokerage account that resides within the employer-sponsored retirement plan. PCRA lets you invest in a much wider range of investments."

<i>A Look at Your Savings Plan Investment Choices</i>	
Current Core Funds	+ PCRA
Stable Value Fund	More than 3,000 mutual funds
U.S. Fixed Income Fund	More than 300 fund families
High-Yield Bond Fund	Individual stocks and bonds
International Bond Fund	
Balanced Fund	
Equity Index Fund	
U.S. Equity Fund	
International Equity Fund	
Small Cap Fund	
Emerging Markets Equity Fund	
Northrop Grumman Fund	

More Game-Changers: 2

- Learning the real-time Schwab trading platform “StreetSmart Edge” for broadening 401K (now IRA) investment choices for funds and individual stocks.
 - In-person workshops at Schwab’s Tyson’s office.
 - SSE now my “go to” tool for trading, initiating research, and now facilitating the weekly Buy & Sell List.
 - SSE serves as the fine-granularity viewer to real-time portfolio activity for management during the trading day.
- Making a strategy shift: using volatility to advantage:
 - Trim selected equities’ capital gains (in IRA) when yield goes lower (below comfort threshold) to buy/add quality “on sale” offerings with higher yields. (Benner Theorem)

More Game-Changers: 3

- Discovered the tool and service “Simply Safe Dividends” in 2016.
- Confer with SSD founder, Brian Bollinger, to vet ideas for enhancements to their platform.
- Served as SSD beta tester.
- Recommended for interview with Barron’s for March 2021 cover story on retiring on dividends.



Resources Along the Journey

- Brokerage: Schwab
- Real-time Trading Platform: StreetSmart Edge
- Business News, Research & Analysis Resources:
 - Wall Street Journal
 - Morningstar
 - CFRA/Argus
 - FinViz
 - Seeking Alpha
- Dividends Research / Dividends Portfolio Management
 - Simply Safe Dividends
- Paid Subscriptions:
 - Simply Safe Dividends
 - Seeking Alpha
 - Barrons

Favorite Books Over the Years

- The Intelligent Investor – Benjamin Graham
- One Up on Wall Street – Peter Lynch
- Dividends Still Don't Lie – Kelley Wright
- The Intelligent REIT Investor – Brad Thomas
- Educated REIT Investing – Stephanie Krewson-Kelly, Glenn R. Mueller
- Get Rich Carefully – James J. Cramer
- The Little Book of Value Investing – Christopher H. Browne

Mastermind Moment: “Benner Theorem”

From Ludwig Benner’s Investment Forum Presentation
“Knowing When to Sell”
March 29, 2017

Benner Theorem

*“Track prices, and sell when
profit gains far exceed expected dividend returns
for your personal time horizon”*

Baker Corollary

“Don’t get emotionally attached to your profit winners”

Thanks for Listening!

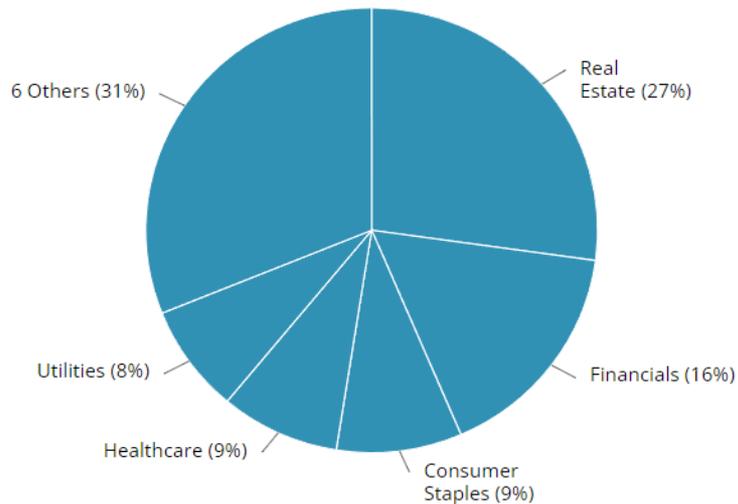
Now Manage my Own Diversification

Diversification

Sectors

Income

Here's how much your account is invested in each sector. Since Baker's R/O IRA is just one of your investment accounts, you should probably look at your [overall portfolio's diversification](#) to get the complete picture.



All Sectors

Real Estate	27%
Financials	16%
Consumer Staples	9%
Healthcare	9%
Utilities	8%
Energy	7%
Communications	6%
Information Technology	6%
Consumer Discretionary	5%
Industrials	4%
Materials	3%