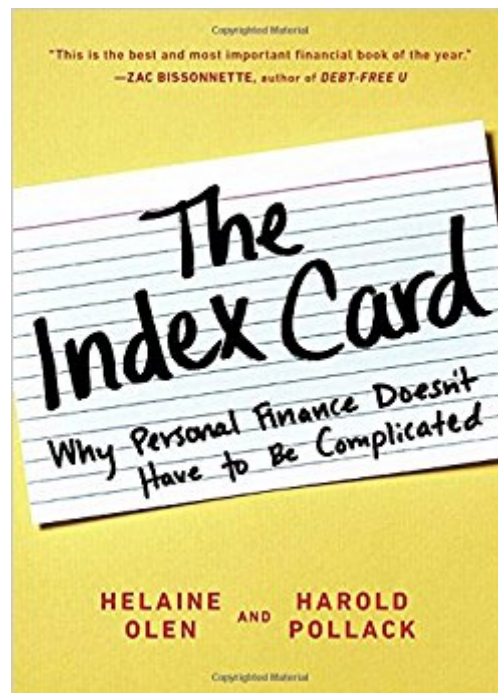




The book was found

# The Index Card: Why Personal Finance Doesn't Have To Be Complicated



## Synopsis

“THE MOST NOTABLE PERSONAL FINANCE WRITING OF 2013 . . . WAS A HANDWRITTEN 4 " x 6 " INDEX CARD.” •MINNEAPOLIS STAR TRIBUNE TV analysts and money managers would have you believe your finances are enormously complicated, and if you don’t follow their guidance, you’ll end up in the poorhouse. They’re wrong. When University of Chicago professor Harold Pollack interviewed Helaine Olen, an award-winning financial journalist and the author of the bestselling *Pound Foolish*, he made an off-hand suggestion: everything you need to know about managing your money could fit on an index card. To prove his point, he grabbed a 4" x 6" card, scribbled down a list of rules, and posted a picture of the card online. The post went viral. Now, Pollack teams up with Olen to explain why the ten simple rules of the index card outperform more complicated financial strategies. Inside is an easy-to-follow action plan that works in good times and bad, giving you the tools, knowledge, and confidence to seize control of your financial life.

## Book Information

Paperback: 256 pages

Publisher: Portfolio; Reprint edition (March 7, 2017)

Language: English

ISBN-10: 0143130528

ISBN-13: 978-0143130529

Product Dimensions: 5 x 0.7 x 7 inches

Shipping Weight: 7.2 ounces (View shipping rates and policies)

Average Customer Review: 4.3 out of 5 stars 111 customer reviews

Best Sellers Rank: #5,691 in Books (See Top 100 in Books) #9 in Books > Business & Money > Personal Finance > Retirement Planning #29 in Books > Business & Money > Investing > Introduction

## Customer Reviews

“The most important financial advice is stunningly simple and fits on an index card. The newbie investor will not find a better guide to personal finance.” •BURTON G. MALKIEL, author of *A RANDOM WALK DOWN WALL STREET* “Ten simple, amazingly effective rules unencumbered by the agendas of fee-sucking fund managers or reckless business-media pundits. Highly recommended.” •NOMI PRINS, author of *ALL THE PRESIDENTS’ BANKERS* “The Index Card offers engaging stories,

persuasive explanations, and fascinating data. It's realistic, honest, wise, and compassionate, as well as socially and politically astute.

• JOE CONASON, editor in chief at THE NATIONAL MEMORIAL

“All parents should buy The Index Card for their children. If they refuse to read it, consider disinheriting them.”

• ROBERT H. FRANK, professor of economics, CORNELL UNIVERSITY

“In a world of relentless financial noise, Helaine and Harold are here to help. This is the best and most important financial book of the year.”

• ZAC BISSONNETTE, author of DEBT-FREE U and THE GREAT BEANIE BABY BUBBLE

HELAINE OLEN is the acclaimed author of Pound Foolish: Exposing the Dark Side of the Personal Finance Industry, which was featured on The Daily Show with Jon Stewart and PBS Frontline. She writes the Spread the Wealth personal finance column for Inc. Her work has appeared in numerous publications, including The New York Times, Salon, Slate, where she wrote the popular column The Bills, and the Los Angeles Times, where she wrote the popular Money Makeover column.

HAROLD POLLACK is the Helen Ross Professor of Social Service Administration at the University of Chicago, where he researches health and urban policy concerns and is a nonresident fellow at the Century Foundation. He writes regularly for the Washington Post, Politico, Atlantic Monthly, healthinsurance.org, and other publications.

Olen and Pollack have written a quick easy to read book on personal finance. (This is ironic given that Olen previously wrote Pound Foolish, which lambast most of popular personal finance books.) In Pound Foolish, Olen criticizes personal finance gurus for overemphasizing financial gimmicks, such "The Latte Factor" or the "Dogs of the Dow." and financial advisors for selling overly-complicated self-serving investment and insurance products. After being so critical of other people's financial advice, one wonders what Olen would recommend people do with their money? Well in The Index Card, Olen joins with Harold Pollack (a social science professor, but not an economist, at the University of Chicago) to answer the question, "What should middle class Americans do with their money?" As the title indicates, Olen's and Pollack's answer fits on an Index Card.

- 1-Strive to save 10%-20% of your income.
- 2-Pay your credit cards off every month (and minimize other debt).
- 3-Maximize your 401(k) and other tax-advantaged savings accounts.
- 4-Never buy or sell individual stocks.
- 5-Buy inexpensive well-diversified indexed mutual funds and exchange-traded funds.
- 6-Hire a fee-based fiduciary (avoid commission-based financial

salespeople). 7-Wait to buy only as much home as you can afford (remember homes are usually highly-leveraged investments with high maintenance costs). 8-Buy term life insurance, auto-insurance (especially liability), home insurance or renter's insurance, and disability insurance. 9-Support the social safety net (government programs, such as Social Security, Medicare, Medicaid, and student loans, because 96% of American depend on such programs for financial assistance, even though 40% deny obtaining help from the government.) 10-Keep doing the first 9. Much of this advice falls under easier said than done, but these are achievable goals for someone in a stable financial situation. The authors repeatedly tell readers how to take care of their money during good times, so that they will have money during bad times. The first principle, saving ten to twenty percent of your income will be difficult for people who have gotten used to spending what they make, which the authors acknowledge, but one should at least save as much as possible. Likewise with the second principle, payoff your credit cards every month, easier said than done, but the Olen and Pollack suggest that if you can't pay them off, then stop using them altogether. Psychologically cash is harder to spend than credit. Principle 3 harkens back to principle 1, save 10-20% of your income, only try to save as many pre-tax dollars as possible to reduce your taxes and you're less likely to miss what you never got. Principle 4 is simple, playing the stock market is like playing poker, unless you are exceptionally skilled and lucky (and rich) you will lose more often than you win. Instead, principle 5 suggest that you bet with the house and just try to match the market, since most stock-pickers and fund managers do worse than the market over the long run. The last two principles stress protection for disasters that are too big for you to self-insure with your savings. Finally, like staying in physical shape, staying in financial shape requires frequent repetition. Through trial and error as well as research, I have come to many of the same conclusions. Recently, I have been able to implement all ten principles. They work well for me, but I wish the Olen and Pollack had said more about costs that seem destined to set one back, such paying for college and home renovations. Nonetheless, I would recommend this book to recent high-school or college graduates just beginning their careers. P.S. I have taught college courses and published papers on the sociology of money. I have also obtained licenses to sell life and health insurance and mutual funds. Thus, I have been on both sides of the table.

Unless you are Warren Buffet, you should read this book. It will only take a few hours. Although, you will likely re-read sections once you start applying the many thoughtful suggestions offered by financial journalist Helaine Olen and University of Chicago economist Harold Pollack. Because I have known Harold for nearly two decades, I was curious to see what he and his co-author had to

say. I must say the from my own perspective, being retired, they hit every nail smack on the head. The authors assert that you can list everything you need to know about personal finance on the back of an index card. However, until now, most of us have not had access to such a list, much less know how to implement it in our personal lives. This little book definitely fills that void. Even if you are making a six-figure income, that does not ensure that you are managing your income wisely and building wealth for the future.

Personal finance does not have to be complicated, and that is what I like most about this book. A lot of friends and family members seem a bit lost when it comes to what to invest in (should I invest in Chinese banks? stocks? tech? buy a house?) and this simplifies it a lot. It is hard for anyone to save 20 percent of your income, I agree. But it is something to shoot for. I disagree in part that you should keep your money in a company's 401k after leaving your job, some plans have crappy fund options, and after leaving a job I wanted to get the heck out of them and into Vanguard. I also think it's wise to have a clearly-written will and maybe living trust too even at a young age, in case you die or are incapacitated.

Highly recommended. Great book for anyone trying to improve their money management skills. The information is applicable for everyone, from 18yr olds fresh out of high school to seasoned investors. The chapter breakdown follows the 10 steps making it a great reference. The author even includes a "tear out" Index Card in the back of the book.

A simple first guide to financial planning for those just starting out. Should be read and followed for anyone just starting a career and needing help how to organize and plan their financial future. There are too many financial advisors and stock/mutual fund companies that it is too confusing to know where to start (unless you want to learn to study corporate annual reports, industrial trends and read the Wall Street Journal every day and Barron's every week - much more than most people can spend the time to do right). This book gives simple guidelines for organizing personal finances and simple instructions to begin investing (until you want to be your own "Cramer"). Investment guidelines explained here are basically conservative (i.e. John Boogle and Vanguard instead of hedge funds and futures).

LOVED this book. This is the first book regarding finance that I've ever purchased. Heard about this book on some radio program. But I absolutely adore this book, and found it super helpful. There is

some humor and a good tone between both authors. I would recommend for anyone. It is not bogged down with heavy terms you have to trudge through. It is easy and light to read, speaking as this being my first finance book that I've ever purchased.

Great introduction for people just starting to invest (young and old!) and a reminder for those who think they know everything already. Get this as a High School graduation gift - it will set them off on the right path.

If you don't want to dive deep into personal finance topics but want a simple, accessible, and entertaining way to learn how to protect yourself and your family financially, this is the book for you. If you read the index card and say to yourself - "I already know this" - this book will not have much for you.

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