The Laboratory Letters

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Abstract

The Index Card Newsletter

In this month's newsletter I write my own take based on the book 'The Index Card Why Personal Finance Doesn't Have To Be Complicated' and give my version of the index card. Simple rules, simple results.

Thank you and enjoy!

Contents

1 Never buy individual securities **2**

2 Save a bit of your money **2**

3 Never leak out money **2**

4 Appendix **3**

5 Disclaimer **4**

1 Never buy individual securities

One topic that my friends and I enjoy debating is which stocks might represent the next major opportunity. Personally, I'm most excited about NioCorp; my friend Michael prefers Snapchat or Valmont; Luke introduced me to Bill Ackman's SPAC; and Connor enjoys tracking how each of our picks performs over time. Yet, there is one thing we never need to debate: SPY, IVV, and my personal favorite, VOO. These are all S&P 500 ETFs which, while not a perfect reflection of the broader economy (as I elaborate in the appendix), have -aside from brief turbulence during the interest rate and regional banking concerns, as well as the tariff scare- consistently trended upward over the past five years.

As JL Collins explains in The Simple Path to Wealth, the S&P 500 functions as a 'self-cleansing' portfolio: weaker companies are naturally phased out, while stronger ones rise in prominence. Representing roughly 80% of the total US equity market, the index weights its constituents by market capitalization, ensuring that larger and more stable companies carry greater influence. He also discusses how fees consume a lot of progress. VOO has a low expense ratio and that will not eat up your profits.

So why spend time trying to identify individual winners and risk picking a company that falters or has a poor quarter when you can simply invest in the collective strength of the American economy? Sometimes the smartest move is also the simplest: buy the ETF, hold it, and stop worrying.

2 Save a bit of your money

Saving is the foundation of every long-term financial strategy. Without consistent savings, investing becomes impossible, and even the best portfolio cannot compensate for a lack of capital. Make saving something that happens without thought or friction. Whether it's 10% of each paycheck or a fixed dollar amount, setting up automatic transfers into a high-yield savings account (which are all the rage now a-days) or investment account ensures that you are always paying yourself first.

Wealth is not defined by income, but by how much of your income you keep. The compounding effect of consistent savings is profound: money saved early and allowed to grow over decades can easily outperform later, larger contributions. In essence, saving is not about depriving yourself today. A strong savings habit gives you options: the option to invest aggressively, to handle emergencies calmly, and to retire with confidence.

3 Never leak out money

It's not enough to earn and save. You must also protect what you've built. Financial "leakage" happens in small, often unnoticed ways: unused subscriptions, credit card interest, fees on investment accounts, or lifestyle creep as income rises. These slow leaks can quietly erode long-term wealth. As Morgan Housel notes in The Psychology of Money, people don't go broke from one bad decision; they go broke from a thousand small ones that compound in the wrong direction. Death by a thousand cuts.

Avoiding leakage means being intentional with every recurring expense and investment. Review your budget quarterly, eliminate unnecessary spending, and be skeptical of anything that promises convenience at a recurring cost. Even minor cuts like lowering insurance premiums, switching to low-cost index funds, or cooking at home compound just like savings and returns do.

Finally, remember that avoiding leaks isn't about frugality for its own sake; it's about maximizing efficiency. Every dollar you prevent from leaking is another dollar that can be saved, invested, and compounded. Protecting your capital is the silent partner of building wealth.

4 Appendix

Why am I scared? Labor market is cooling. Policy uncertainty. Shutdowns. Changing tariff regimes. Inflation stickiness. Debt and fiscal constraints. The U.S. is already highly indebted; fiscal flexibility is limited. Slower population growth and labor force participation issues. Just to name a few.

5 Disclaimer

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