The $75,000 Investment Model – Part I

A practical look at what can happen when financially secure retirees decide to put a small amount of surplus money to work

There is a financial situation many retirees eventually reach that receives surprisingly little attention. After decades of working, saving and investing, some enter their seventies with their major financial obligations under control. With any luck, they should own their home outright, have **dependable retirement income**, adequate medical coverage, little or **no debt**, and **enough cash flow to cover normal expenses** without drawing heavily on their investments.

Then there is the money sitting in the bank (over and above any emergency funds everyone should retain just in case).

Perhaps it is $50,000, $75,000 or more. It is not needed for retirement, emergencies or planned purchases. It is simply surplus money accumulated over the years. Keeping it in a savings account feels safe, but inflation gradually reduces its purchasing power.

So what if a financially secure retiree deliberately invested some of that surplus money for five, ten, or twenty years, simply to see what it could accomplish?

That is the idea behind the investment **model** outlined in more detail in Part II.

This is not a recommendation to copy a particular portfolio. It is a case study in what financially comfortable retirees might do with money they genuinely do not need.

The Original Portfolio

The portfolio consists of four holdings: Vanguard S&P 500 ETF (VOO), Invesco QQQ ETF (QQQ), Vanguard Information Technology ETF (VGT), and NVIDIA (NVDA).

The starting portfolio was approximately $76,640, consisting of 45 shares of VOO, 46 shares of QQQ, 85 shares of VGT and six shares of NVDA.

Although these appear to be four separate investments, the three ETFs contain considerable overlap. NVIDIA, Apple, Microsoft, Amazon, Alphabet, Broadcom, AMD and other major companies appear in multiple holdings.

The six NVDA shares represented only about 1.8 percent of the portfolio directly. After including NVIDIA's positions inside VOO, QQQ and VGT, its effective exposure was estimated at roughly 11 percent.

The result is broadly diversified underneath, but significantly concentrated at the top; broad U.S. equities, with additional exposure to technology, artificial intelligence, semiconductors and the digital economy.

The Artificial Intelligence Thesis

Part of the thinking behind the **model** portfolio is the belief that artificial intelligence, robotics and automation could become major economic forces over the next five to twenty years.

The thesis is not that NVIDIA will continue producing extraordinary returns indefinitely. It is that **AI** and automation could substantially increase productivity across many industries.

But economic growth does not automatically translate into stock-market returns. Competition, regulation and technological change can redistribute wealth, and today's technology leaders may not remain tomorrow's leaders.

That is one reason the index funds matter. Rather than trying to predict which company will dominate the future, the indexes allow the portfolio to evolve with the economy. As explained in Part II, index funds do not predict the future; they provide systematic ways to participate in it.

The No-Touch Rule

This **model** depends on one particularly important element; a **strict no-touch rule**.

Buy the portfolio, document the starting point and leave it alone for the agreed-upon period; at least five years.

No selling because NVDA falls. No buying because something becomes fashionable. No switching between QQQ and VOO because one temporarily outperforms the other.

The purpose is to remove one of investing's most unpredictable variables: investor behavior. Markets will provide endless reasons to interfere; the **no-touch rule** deliberately removes those decisions from the experiment.

The Retirement Paradox

Conventional investment advice appropriately becomes more conservative during retirement because retirees generally have less ability to recover from major losses.

But not every dollar owned by a retiree has the same purpose.

A financially secure retiree may have money essential to maintaining a comfortable lifestyle and other money that is completely discretionary. Those two pools do not necessarily need to be invested the same way.

The critical distinction is between taking risk with money you need and taking risk with money you can afford to leave invested for the long term.

This experiment is about the second category.

What Are the Odds?

There is no honest way to predict the outcome using this **model**; although the developer has seen exceptional returns over the past few years which tends to prove its viability.

The portfolio could be substantially higher after five or ten years, but it could also be substantially lower; also explained in Part II. The important question is whether the investor has the financial and psychological capacity to remain invested through up and down periods.

That is why the circumstances surrounding the money matter so much.

The Educational Value

Calling this an investment experiment is deliberate.

The portfolio is a course in economics, finance and human psychology. The tuition is the money at risk. The professor is the market. The brokerage account is the laboratory.

Understanding what is actually owned, recognizing concentration, maintaining discipline and documenting the results may ultimately be more valuable than the investment result itself.

If the portfolio loses money, the experiment has not necessarily failed. If it succeeds, that does not prove the thesis was correct.

The purpose is to understand what happened and why.

The Broader Lesson

The experiment illustrates a broader principle about retirement investing: financial risk should be considered in the context of an investor's entire financial life, not simply their age.

A seventy-five-year-old who needs $75,000 for next year's expenses should not treat that money the same way as a financially secure seventy-five-year-old with reliable income, substantial assets and no foreseeable need for it.

Age matters, but circumstances matter too.

For financially secure retirees, there can be a legitimate role for a pool of aggressive, long-term capital. The purpose might be legacy creation, participation in technological growth, curiosity or simply the satisfaction of seeing what happens when money is allowed to compound.

Final Thoughts

This portfolio is not a magic formula, a guaranteed path to wealth or a substitute for professional financial planning. It is an intentionally aggressive experiment built around broad index funds, substantial technology exposure and one top of class, individual-company position.

Its greatest virtue may not be the particular selection of VOO, QQQ, VGT and NVDA. It may be the circumstances surrounding the investment.

The investors this **model** targets are financially secure. Their essential needs are covered. They understand that equities can decline substantially. They are willing to leave the money alone once committed. And they have no foreseeable need for the capital.

Under those circumstances, taking a measured amount of additional risk can be a rational choice.

After decades of working, saving and worrying about whether there would eventually be enough money to retire comfortably, there is something enjoyable about reaching the other side and being able to say, *"We have enough. We don't need this money. Let's see what it can do."*

That may simply be what happens when financial security creates the freedom to take a measured swing at the future.

And, BTW, this **model**, which is covered in extreme detail in **Part II**, can easily be set up and put into motion by just about anyone via a simple self-directed investment account without hiring an expensive investment advisor or bean counter to deal with any of the dividends or tax ramifications generated as a side effect.

And, you can take that to the bank.

The $75,000 Investment Model - Part-II (PDF)