Your Flight Plan

Handout from Smart Is Not Enough presentation, AAII RTP Chapter meeting, July 11, 2026

You've flown in clear air for years. Markets eventually turn stormy, where feel fails even the best pilots. A system is your instrument panel, and its first job is to protect. **Read the whole instrument panel, not one gauge** — these three steps help you start to build yours.

STEP 1 KNOWLEDGE GAP

See your risk — find your number

Your attitude indicator — *which way is up when you can't see it yourself.*

Pull up your account statement, circle your three largest holdings, look up each one's worst peak-to-trough percentage drop **since 2000**, and what $ amount that would equal.

My three largest holdings, and each one's worst drop since 2000:

1. _____ drop: _____ % = $ _____ today
2. _____ drop: _____ % = $ _____ today
3. _____ drop: _____ % = $ _____ today

In a real market downturn, holdings usually fall **together.** Picture that happening and estimate the potential dollar hit to your portfolio: **$**_____

(The "worst so far" is a reference, not a floor — the next drop could be deeper.)

Now turn that into **time:** how many months or years of your spending is it? _____

In a drop, you'd have to sell more shares to fund the same spending: that's sequence risk.

If that drop hit the year you retire (or this year, if you're already retired), would it reach into money you're counting on to live on? **Yes / Not sure / No**

Circled "Yes" or "Not sure"? That's your signal — and it's what your rule (next page) is for.

STEP 2 CONSISTENCY GAP

Set your rule — one statement, two blanks

Your compass — *steady direction held over time; the instrument that punishes drift.*

A pre-set signal triggers a rule that snaps you out of autopilot and forces the move you already decided on, like the low-fuel light on a dashboard. **It is not a prediction.** It is a pre-decided response to something you can look at.

*Pick a trigger you can literally look at: a price level, a percentage drop from a recent high, a moving-average cross (like the **40-week line** from the talk) · a scheduled review calendar date · a range band.*

Write one rule for your own portfolio, in calm weather:

If _____ happens,

I will _____.

The test: could a stranger read this and know the exact moment to act, without asking you what you meant? **Circle one: Yes (that's a rule) / No (still too unclear)**

(Why write it as "if ___, then ___"? Research on if-then plans found the form itself lifts follow-through two to three times over a vague intention.)

STEP 3 BEHAVIOR GAP

Follow it — decide who you are before the drop

Your throttle — *the one instrument that needs a hand on it; it turns knowledge into action.*

Write it down, sign it, date it, and keep it where you'll see it when markets are ugly:

I am a _____ who acts on my rules, not my fear.

When my portfolio falls_____, I will _____.

Signature: _____ Date: _____

Three steps. No cost. Start this week.

What you've just built is a **systematic approach** — not a full system yet, but the hardest part of one. A full system adds structure on top: clear objectives, entry and exit rules, limits sized to you. You've built the behavior; the structure is the easy part from here.

Protect what you built, then grow it.

Educational only. Not individual investment advice. Past performance does not guarantee future results. Consult with a professional before making any financial decisions.

For more on these topics and a free chapter, go to www.smartisnotenoughbook.com