



# JACK REACHER SCALE PART II

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Or how to implement simplicity and declutter our lives

My previous note called Jack Reacher Scale got a great response from my friends and clients. (If you have not read it then you can find it in your mails on 28th August) Many of you wrote to me with comments and ideas about the need for simplicity in our lives. I am indeed very happy that many of you felt like writing to me. But as they say no good deed should go unpunished and so I decided to write a follow up note to my Jack Reacher note.

How do we move to the Jack Reacher level of 1 on the simplicity scale? I have listed below a few suggestions.

- 1] Always have friends in your life who will invite you over to dinner. So once a week you can eat out without having to go to a restaurant.
- 2] Similarly never stock liquor in your house! This way most friends will not ever want to come over to your home! Instead you will hopefully get invited over.
- 3] Always have friends who own holiday homes across India despite your advice to not own them. This takes care of your vacations!
- 4] Always have friends who are from different regions of India so you never lack for a filter coffee or dosa or parathas etc... You get the drift.
- 5] Communicate regularly and maybe write a blog. This way, at least some friends think it is worth their while to invite you to their homes despite you never inviting them home!

Okay Okay... Before you defriend me, let me assure you that I am only kidding. I am not serious...at least about some of the stuff that I wrote.

Simplicity was never about NOT spending money. In fact in the real sense, simplicity demands that you spend a little more on what you really want while letting go of the inessentials. So if you do any of the above mentioned things then whether your life becomes simple or not you will definitely find yourself alone in your life.



Like I said before simplicity is not about leading a Spartan life. Simplicity is about decluttering your life so that you can concentrate only on things that seriously matter. So let me tell you what I have already done to achieve some of this

Let me write about things I have done in life in general.

1] I had a huge collection of books. Many of them I have not read for years. I have already started giving them away and in a couple of weeks will pare it down to single digits or less.

2] Same about my DVD collection. I could have easily started a library. Now I am giving it away.

3] Same with all the electronic items and old mobiles and cameras etc.

4] My wife and I have rigorously started questioning the need of each and everything in our home that we have not used even once for the past one year.

There are more things that I need to do. But this is definitely a start.

Simplifying my INVESTMENTS is the area where I have done the maximum work.

1] I believe that investments can be made simple. In the process of investments, we should get the big picture right. So the first thing I decided is how much money I need for say 6 months of expenses. That money I have invested in a short term debt fund which generates more money than a Fixed Deposit

2] After this is I have taken a macro bet that the current market scenario (the PE of Nifty and the 10 year Govt bond yield) is such that the total amount of equity in my investments should be 40% or lower. Once I have taken this macro bet based on my study of the market, the only question that I had to answer was which category of the equity mutual funds allow me this kind of debt equity ratio.

3] Equity Savings Funds are the category of funds which allow the fund manager to invest maximum 40% into equities. I have therefore put all my money in 4 Equity Savings Funds. Basically, by first deciding on the asset allocation between equity and debt, I made my job very simple. I had to choose 4 Funds from only around 10 funds.

Instead if I had asked myself this question: Which are the best Mutual funds to invest in then I would have this intractable problem of choosing the best schemes from more than 100 available



schemes. It is an impossible task and the only way of doing it that is looking at past performance which is a recipe for disaster.

4] My entire long term investment is now in only 4 mutual fund schemes. The only other investment I have is the debt fund for my 6 months of expenses and the apartment that I live in. It does not mean that from now on I will passively continue to only hold these funds. I will review my overall macro bet of debt equity allocation (currently 40% equity 60% debt) on a regular basis. If there are any changes to implement, I will do so. But in the end I will still end up owning 4 to 5 funds. Not more.

5] I am seriously tempted to sell that apartment and live on rent. It simplifies my life. I only have to get a complete buy in from my wife!

All this I am not saying for effect. I really think that this is the way to go. I am on the path of simplifying my life and doing what is most essential to me. I want to take more vacations, I want to read more books, watch better serials and plays. I want to run more and I want to spend more time with my friends and clients. For all this to happen, I will focus on the essentials and remove all other distractions in the form of unnecessary possessions and worries of those possessions from my life. An important part of simplification is simplifying my investments. This I have already done. Well begun is half done and I am already on the “Well begun” part.

Just imagine! All this and more you can get from me all for the price of a coffee or a dinner invite