

\$2 Million Investment Charity Challenge

In 2008, Warren Buffett made a million dollar bet with a money manager of hedge funds that, over ten years, a simple low cost S&P500 index fund would outperform the fund-of-hedge funds. A large part of Buffett's premise in making this bet were the costs of managing the fund of hedge funds.

Wealthcare Capital Management, an SEC registered investment adviser, supports full disclosure of fees and the disclosure of the real risk to investors' wealth from attempting to outperform strategic allocations to capital markets that can be avoided by indexing and managing expenses. Its CEO, David B. Loeper, the author of [*Stop the Retirement Rip-off*](#), [*Stop the Investing Rip-off*](#) and [*The Four Pillars of Retirement Plans*](#) is donating the royalties from these books to this charity challenge.

The rules of the bet are simple. Each participant in the challenge, including Warren Buffett, should he choose to participate, shall commit to replicating the experience of real investors in whatever portfolios they suggest. Each participant is free to manage the portfolio however they see fit. The benchmark portfolio each participant is challenged to beat is the Wealthcare Capital Management "Growth" portfolio. It is a globally diversified portfolio currently comprised of the following:

77%- Wilshire 5000 Index Fund

13%- EAFE Index Fund

10%- Fixed Income/Bonds

Each participant in the challenge shall commit to making \$10,000 annual contributions to the account on the first day of each year for ten years starting in 2011, a more realistic scenario of what real investors experience than the original Buffett bet based on one initial lump sum.

The accounts will be assessed the maximum fees charged for investors of the applicable size of the selected portfolio. Our expenses will be based on the maximum fees and transaction costs real participants pay for this portfolio in our proprietary 401(k) platform. All money in the accounts will be donated at the end of the 10-year period to the charity of your choice, unless the **dollar value** is less than our simple indexed portfolio, net of our maximum charges, in which case the value of your portfolio will be donated to the Long Now Foundation, a charity established to foster long-term thinking.

If your portfolio should produce **more wealth** at the end of ten years than the simple, low cost, indexed Wealthcare Growth portfolio, your portfolio will go to the *charity of your choice*, and we will contribute an additional \$10,000 for the benefit of your charity at the end of the competition.

The following people/investment management firms were originally invited to participate in 2008 when the challenge was offered (none responded) but they are invited once again to participate in this challenge:

Warren Buffett- Berkshire Hathaway
Bob Doll- Blackrock
T. Boone Pickens
Henry Kravis of Kohlberg, Kravis and Roberts
Ken Fisher- Fisher Investments
American Funds
Dimensional Fund Advisors (DFA)
Jim Cramer- CNBC
Suze Orman
Dave Ramsey
Merrill Lynch
Smith Barney
UBS
Wachovia Securities
Morgan Stanley
Goldman Sachs
JP Morgan
T. Rowe Price
John Bogle- Vanguard
Fidelity