

Using Fidelity Funds For Dave Ramsey's Investing Plan

DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are my own and are not to be used as professional advice. These are my findings and can hopefully help you to make informed decisions on investing. Consult a Broker or Lawyer before making any investment.

The purpose of my blog is to help people find ways to invest successfully. I have tried most methods of investing, and some have been very rewarding. One, in particular, is investing in Dividend ETFs that use covered call options to bump the yield. Read about it in the next Link.

[Investing with High Yield ETFs that use Covered Calls](#)

We have articles on using Preferred Stocks (another of my favorites) and Business Development Companies. Another good returning investment type is Real Estate Trusts. (REITS)

But it does take time to research all these types of investments. I watch a lot of investment videos on YouTube. But the one podcast that has helped me the most is the Dave Ramsey show.

Dave Ramsey shows clearly that to get a good retirement, you have to have a change of mindset about money. You have to quit letting the world push you around and steal all your money by credit card offers. He has a simple 7 baby step program that works. You first set up an Emergency Fund of \$1,000 and cut up your credit cards so you never again use debt. Then you attack the debt with gazelle intensity. Read all about it in the review of his book:

[The Total Money Makeover by Dave Ramsey](#)

After you get out of debt, he recommends investing 15% of your money in 4 types of simple Mutual Funds. I recently watched a show where he explained the four types of funds. His meaning of Growth and Income is not like the standard definition but it works.

Large Growth Mutual Fund

Large Growth and Income

Aggressive Growth Fund

International Fund

In his explanation, he said the Large Growth Fund is the Large Cap stocks in funds such as an S&P index mutual fund.

The Large Growth and Income encompass some mid-sized companies and includes Mid-Cap Stocks.

The Aggressive Growth Fund is about Small-cap companies and tech stocks that are very volatile, but offer substantial upside in good years.

International Mutual Funds are made up of all the non-US companies with varied contents. I have found that the US seems to have one of the stronger companies with high profits, so I lean towards buying Global Funds which include foreign and US companies. Realize that while they may do better than straight International if America has a bad year and Japan and China do well, you could be better off in International.

He urges you to look at the charts on these and be sure they are above the line of the average. On the top two, look at the S&P 500. On the small cap you probably want to compare to the Russell 2000 small cap graph. If you are using Fidelity, they do that for you. Your goal is to get managed funds above the 'average' for that stock group.

Of course, on international funds, you have to look at the average of all the International fund averages. He says to focus on the 10-year returns, not the hottest thing this year. If they haven't been around 10 years you probably need to look for another. There are many, many well-managed mutual funds. Use the stock/mutual fund screeners to narrow your focus.

What is great about this is you are not limited to owning just 4 mutual funds, but Dave Ramsey wants you to be 25% into each category. The larger ones are less volatile and more steady. The bottom two may be rocky some years but may really do well in other years. Each year he recommends selling off and resetting the balances to keep the four categories about equal.

So if it is this simple, how do we do it? Well you have to find those kind of stock funds. Then the next thing that came up when I started looking at the funds was the minimum investment. A lot of the great 5-star funds are great, but they have \$2500 or \$10,000 minimum investment.

Having an account at Fidelity, I began my search there. I found that most if not all Fidelity Mutual Funds have no minimum investment restrictions. So I want to give you the list of the ones that I chose for myself and my wife that fall into the Dave Ramsey categories. Some have done better than others, but all this year are doing well.

If I accidentally left an ETF in these I apologize.

FCNTX - Fidelity Contrafund Large Cap	Large Mutual Fund		
FFIDX - Fidelity Fund	Large Mutual Fund		
FZROX - Fidelity Zero Total Market Index	Large Mutual Fund Index		
FSKAX - Fidelity Total Market Index	Large Mutual Fund		
FSMVS - Fidelity Mid Cap Growth Fund	Mid Mutual fund		
FSPGX - Fidelity Large Cap Growth	Large Mutual Fund		
FXAIX - Fidelity 500 Index Fund	Large Index		
FZILX = Fidelity ZERO International Fund	International		
FSELX - Fidelity Select Conductor	Large Mutual Fund Tech Sector		
FBGRX - Fidelity Blue Chip Growth	Lg/Growth*		
FCPVX - Fidelity Small Cap Value	Small Value Mutual		
FDRXX - Fidelity Government Cash	Mutual-Bonds		
FDSVX - Fidelity Growth Discovery Fund	Mutual-Growth		
FEQTX - Fidelity Equity Dividend Fund	Lg Growth *		
FEXPX - Fidelity Export and Multipational	Mutual-Intl		
FFNOX - Fidelity 4 in one Rund	Mutual-Income		
FIVFX - Fidelity International Cap Appre.	Mutual-Intl		
FLCEX - Fidelity Large Cap Enhanced Index	Mutual-Growth		

Do you need this many? Of course not. But we have holdings in all of these, and you can find at least one of the types of funds he recommends on each category. If you want to just start with one, I would recommend going to with the S&P 500 Index fund or the Blue Chip Growth.

Last week US News did an article on 8 great Fidelity Funds to own. These are all really good ones. I try to seek those showing a 10 year average growth of 12% or more. ALL of these do.

[Link to US News Article on 8 Great Fidelity Funds](#)



8 Top-Performing Fidelity Funds

FIDELITY FUND	10-YEAR ANNUALIZED RETURN
Fidelity Trend Fund (FTRNX)	14.9%
Fidelity Growth Discovery Fund (FDSVX)	15.2%
Fidelity Nasdaq Composite Index Fund (FNCMX)	15.2%
Fidelity OTC Portfolio (FOCPX)	16.2%
Fidelity Blue Chip Growth Fund (FBGRX)	16.6%
Fidelity Select Software and IT Services Portfolio (FSCSX)	17.2%
Fidelity Select Technology Portfolio (FSPTX)	19.2%
Fidelity Select Semiconductors Portfolio (FSELX)	26.9%

So can we find 4 or 5 Fidelity Funds to accomplish what Dave Ramsey recommends? I think the answer is clear that we can.

I will give you a pick of two for each of his categories if I could only buy 4 funds.

Large Growth:

FBGRX – Fidelity Blue Chip Growth Fund

FSKAX – Fidelity Total Market Index

Growth and Income:

FSELX – Fidelity Select Semiconductors Portfolio

FSVMS – Fidelity Mid Cap Growth

Aggressive Growth:

FOCPX – Fidelity OTC Portfolio

FCPVX – Fidelity Small Cap

Foreign Fund:

FZILX – Fidelity Zero International Fund

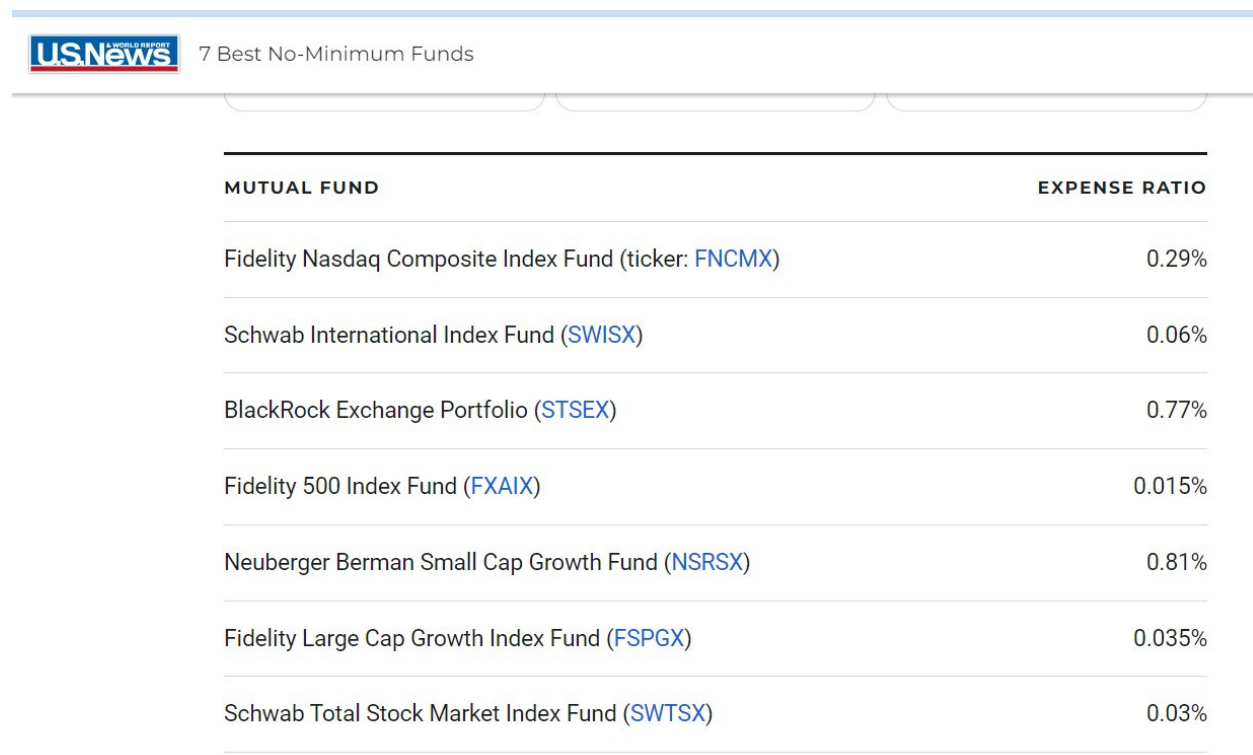
FIVFX – Fidelity International Cap Appreciation

Another good option might be to buy all 8 of these which will give you even more diversification. You could if you desire buy 3 or 4 of each category as I have done. If I have learned anything from Dave Ramsey, it is that knowledge is only 20% of success. DOING IT is 80%. So don't sit on the sidelines but get in and consistently invest month after month. Time is on your side.

Remember that you can divide the return into 72, and it will tell you how long it will take for your money to double. So if you get an 8% return, it just takes 9 years to double your money. But if you can average 12%, it is every 6 years.

[Article on the Rule of 72](#)

Another article came out last week that relates to my plan. It was also by US News Investing and it was about the [7 best mutual funds to own that have no minimum investment](#). So you could consider using some of these rather than the Fidelity Funds if you prefer these companies.



The image shows a screenshot of a table from U.S. News. The table is titled "7 Best No-Minimum Funds" and lists seven mutual funds with their respective expense ratios. The table has two columns: "MUTUAL FUND" and "EXPENSE RATIO".

MUTUAL FUND	EXPENSE RATIO
Fidelity Nasdaq Composite Index Fund (ticker: FNCMX)	0.29%
Schwab International Index Fund (SWISX)	0.06%
BlackRock Exchange Portfolio (STSEX)	0.77%
Fidelity 500 Index Fund (FXAIX)	0.015%
Neuberger Berman Small Cap Growth Fund (NSRSX)	0.81%
Fidelity Large Cap Growth Index Fund (FSPGX)	0.035%
Schwab Total Stock Market Index Fund (SWTSX)	0.03%

No matter if you are trying to use the Dave Ramsey plan or your own, mutual funds are good investments and require minimal maintenance on your part. Each year you should look at the graphs on the growth of your fund and if it is lagging the industry average, then sell it and move into another fund that is above the average line.

I hope this helps and gives you the incentive to get started in mutual fund investing.

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