

Exclusive Bonus Chapter From

# MAKE TIME

HOW TO FOCUS ON  
WHAT MATTERS  
EVERY DAY

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# The Someday Fund: Money to Make Time

by John Zeratsky

In 2017 my wife Michelle and I left our jobs, gave up our apartment in San Francisco, moved aboard our sailboat, and began cruising the Pacific Coast from California south toward Panama. It wasn't an impulsive decision or a rebellious escape from the status quo. Our choice to leave "normal life" and become full-time cruisers was the result of a decade-long project to reclaim control of our time.

We started small, with an old sailboat that we fixed up bit by bit, taking short weekend sailing trips away from home. We loved the freedom and sufficiency that came from traveling by boat, so we made more time for it, taking a week-long trip in 2014 and a two-month trip in 2015. The more time we spent sailing, the more we wanted to do, so we used the ideas that would eventually become *Make Time* to slowly build energy and focus for our passion. The changes compounded over time, and eventually we decided to take the plunge—swapping the defaults of urban professional life for a lifestyle that offered true flexibility while demanding complete responsibility.

This transition required us to rethink how we used our time, but it also forced us to change our relationship with money. We could only make so much time for sailing before our efforts ran into a solid brick wall of financial reality: **How were we going to pay for it?** Full-time travel wouldn't leave much time for making money, so we'd need another way to fund our life.

This is the story of how we answered that question, and about how you can use the same process to create your own Someday Fund for whatever it is you dream of doing... someday.



As we left California and sailed down the Mexican coast, we met dozens of fellow cruisers in fishing towns, at seaside resorts, and on remote beaches. We had a lot in common with these travelers—most were Americans or Canadians from the West Coast, and all had chosen to step away from normal life at work to travel and sail full-time. But there were some notable differences between us and the folks we met: Most were older, having retired from their careers after decades of work. And most of their boats were a bit older and smaller than ours.

These conspicuous contrasts often led our new friends to ask a question that was both alarmingly personal and refreshingly direct:

***How are you able to afford to do this, on your boat, at your age?***

I suspected they were looking for a simple answer, like “it’s my parents’ boat,” or “I sold my company to Facebook,” or even “we won the lottery.” And it’d certainly be easier to offer a succinct response that answered all the questions and satisfied all the curiosities.

The reality is, we were able to afford it because we had great jobs, we created multiple income streams, we spent less than we earned, we aggressively saved the difference, we invested in the markets instead of sitting on cash, and we put most of our money in non-retirement accounts so we wouldn't have to wait until we are 59½ years old to access it. Oh, and we started with little student debt. And we don't have a mortgage. Or kids.

Piece by piece, it's all simple stuff. But it's not the simple answer that most people are looking for.

**Still, I think the most important parts of our financial plan can be described in three simple steps. First, create a surplus. Second, buy a piece of prosperity. Third, sell it to spend it.** Some of the details are a bit unusual—it's not stuff you'll read in a Dave Ramsey book or an issue of *Money* magazine. I've spent 10 years researching and creating this plan, and while it's too early to declare success, it does seem to be working (knock on wood).

I call it **The Someday Fund**.

This plan can help you build a financial foundation that enables dramatic changes in how you spend your time. It'll require a number of years, and a bit of good luck, but with the steps described here you can accumulate the resources necessary to pursue your “someday” project. Together with the tactics from *Make Time*, you'll have two powerful tools—control over your time and solid financial footing—that give you the opportunity to make someday today.

Let's start with a simple but essential question.

## **How Much is Enough?**

If you want to plan a sailboat cruise of your own, or travel the USA in a van, or take a year off work to become a full-time volunteer, or sponsor a community garden—or pursue any other “someday” project that requires ongoing funding—how much do you need in your Someday Fund?

It seems like an easy question to answer. Just figure out what your project will cost per month (or year), then multiply by the number of months (or years) you want to do it! Simple, right? When Michelle and I began saving to go cruising, this was the money plan we had in mind. Then an unexpected change in plans led us to discover a different approach that would give us more flexibility and more freedom. It took a bit longer, but it would prove to be worth the time.

### **Beyond the Fixed Pot**

We left our jobs in 2017, but that wasn't our original timeline. We had planned to go in 2015, but in late 2014, as the one-year countdown approached, we found ourselves considering new opportunities at work. For Michelle, it was a promotion to a global marketing job—a new team with more responsibility and more overseas travel. For me, it was the opportunity to write *Sprint* with Jake, Braden, and the rest of the team at Google Ventures.

We decided to delay our cruising plans and take the work opportunities, which we thought would be fun, interesting, and challenging. And they were! But this change in plans presented another kind of opportunity—not a professional one, but a financial one. Two more years of paychecks and bonuses, a promotion, and a new stream of passive income (from the book) would add to our financial stability. Michelle and I are quite conservative with money, and we loved the idea of saving more before we left.

In those two years, as we built our Someday Fund, we invested in productive assets that would support a level of sustainable spending. Our perspective on money changed: Instead of a “fixed pot” mentality, where we'd save a bunch of money, then spend it till it was gone, we started viewing our Someday Fund as a sort of miniature endowment, to be drawn down slowly over the course of many years.

I'll explain these two perspectives in more detail, plus talk about one more, below. But first, let's cover a couple of assumptions to keep in mind as you read.

## What is a “Someday” Project?

Let’s assume that your Someday Fund will be used to support a new project or chapter that:

- Takes you away from your existing professional work (i.e. it causes you to make less money; maybe a lot less).
- Requires ongoing expenses to maintain or pursue.
- Isn’t a one-time or one-off thing.
- Is, or could be, open-ended (i.e. you could keep doing it forever if money and interest allowed).

What kinds of pursuits fit this description? You could move aboard your sailboat and begin an open-ended cruise, of course. You could pursue some other kind of long-term travel: cycling, backpacking, or old-fashioned touring.

But your Someday Fund can be used for less romantic purposes. You could use it to switch careers, from something that pays well to something that doesn’t (or doesn’t yet). You might keep everything else about your life the same, but instead of continuing in your career, start working as a volunteer, tour guide, barista, or artisan—while your Someday Fund helps pay the bills. Your Someday Fund could support a charitable or social cause, from city farming to global health initiatives, or it could give you the flexibility to dial back your work hours and spend more time with your family.

I’m also going to assume that you know (or you can figure out) how much your Someday Project is going to cost. This isn’t always easy to determine, but it is possible. In our case, we blended information from other sailors, our previous short-term cruising experiences, and our expenses in San Francisco to come up with an annual cruising budget.

For setting your own budget, I have two pieces of advice: First, **learn from the experiences of others**. Find people with similar tastes, preferences, and styles who have done what you’re planning. Sec-

ond, **remember that you'll still be the same person.** For example, if you like nice clothes and restaurant dinners, your Someday Project budget probably needs to be higher than for someone who goes shopping twice a year and loves cooking at home.

Now, let's look at a few money models you could use to figure out how much you need in your Someday Fund.

### **Model 0: Earn On the Side**

I call this "Model 0," not because it's a bad idea or a worse plan than the others, but because there's really no fund here at all. Instead of saving to build up a Someday Fund, you find a way to **earn money on the side while you focus on your Someday Project.** The people who succeed with this model are either:

1. Able to make a lot in a small amount of time, by specializing in a lucrative niche type of work. (This is how Jake funded his "someday" transition from designer to full-time writer: He teaches workshops on the design sprint process, but this only takes up a few days a month.)
2. Able to spend a lot less money in their new lifestyle. This is the case for many travelers, who might venture to Central America or Southeast Asia in search of beauty, culture, and really really cheap food. Homesteading and other DIY lifestyles also cost less than urban professional life, enabling the Earn On the Side approach to funding your someday.

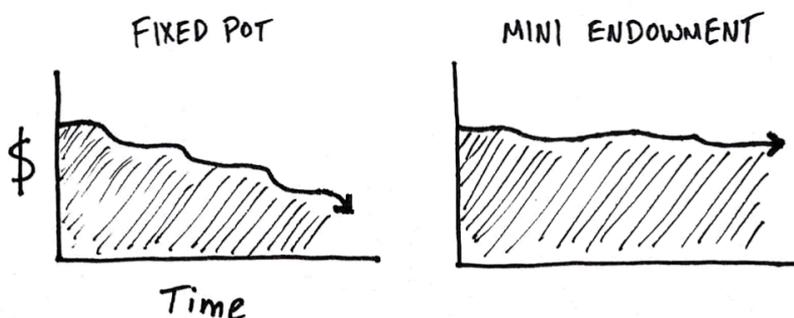
To be honest, Michelle and I didn't really consider this model. We're too conservative (financially) to be comfortable with an earn-as-we-go approach. Even before we planned to go cruising, we began building up a Someday Fund that we could pull from for at least a few years.

## Model 1: Pull From the Pot

In our original 2015 plan, we had a simple approach to money: We'd stock a savings account with three to five years of cruising expenses and withdraw the money as necessary.

As mentioned above, we set our annual budget by reading reports from other cruisers and looking at our own spending. Whatever your Someday Project, there's probably a similar approach you can take to estimate what it'll cost. Multiply that number by your expected timeline (however many months or years you hope to continue your project), and that's how much you need. **Put the money in a bank account, and when you're ready for your someday, start spending it!**

Model 1 is simple and low-maintenance. Like a pot of soup, the level of your Someday Fund will go down as you draw from it. You might top it off by pouring in money from extra work on the side or a windfall of some kind. But when it's gone, it's gone.



And that's the big problem with the Pull From the Pot model for funding your someday: It puts a fixed timeline on your plans. And if it turns out your project costs more than expected, the timeline gets shorter. (The opposite is true, too. But when has anything ever cost less than you thought it would?)

Even before we left, this approach caused us anxiety—we didn't like the idea of a ticking countdown on our cruising timeline.

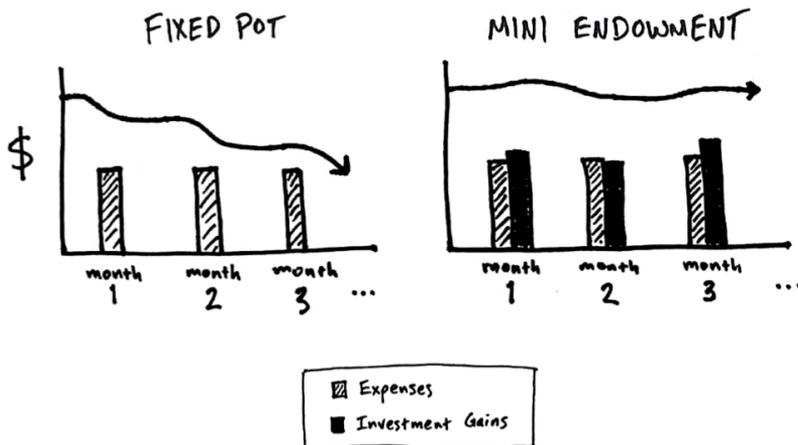
Around the time of our "one more year" deferral in 2014, my reading in the personal finance world led me to the FIRE (Financially Inde-

pendent, Retired Early) community. Those folks were pursuing a bigger goal—to retire from full-time work and never have to work again—but many of the principles were shared by my Someday Project: lower earnings, ongoing expenses, and a potentially open-ended timeline.

### Three Magic Letters: SWR

I realized that the financial requirements for retirement were the same as for cruising—only the timeline was different. And as I read more about early retirement, three little letters kept showing up: SWR. It's short for **safe withdrawal rate**, and it's the mathematical answer to the question of *How much is enough?* for retirees, cruisers, and anyone else who wants to maintain a Someday Fund that never runs out of money.

A safe withdrawal rate (or SWR) is the rate at which you can safely withdraw money from a portfolio, such that the investment gains from that portfolio will offset the withdrawals. In other words, **your investments make more money (on average) than you spend.**



Your SWR depends on how your portfolio is invested, as well as individual factors like passive income, future earnings, Social Security, and inheritance. But there are some general guidelines: Lots of research indicates that you can withdraw 4% per year from a portfolio of mostly stocks for 30 years and never completely run out of money. This 4%

SWR has become known as the “4% Rule”, but it really should be called the “4% Rule of Thumb.”

(Newer research points to a SWR around 3.25% or 3.5%, especially for early retirees who need their money to last a lot longer.)

## **Model 2: Endow Your Someday**

Our delayed timeline for cruising (leaving in 2017 instead of 2015) gave us more time to make—and save—money from our new opportunities at work. With the additional savings, and our new understanding of SWR, we became excited about the possibility of giving ourselves a lot less anxiety and a lot more freedom.

We began to wonder whether we could save enough to **fund our cruising with the SWR from our portfolio**. This is Model 2: Endow Your Someday. Much like a university or foundation who pays the bills from an endowment that never goes to zero, we wanted a Someday Fund that could pay for our cruising lifestyle without ever drying up. Did I mention that we’re financially conservative?

This led us back to that essential question: How much is enough? Having read about the 4% Rule of Thumb, we started there. In other words, we considered whether we could save 25 times (100% divided by 4) our annual cruising budget. (p.s. That’s a lot of money! Yikes!)

Fortunately, our situation doesn’t require a 4% SWR, for a couple of reasons: First, we don’t plan to be sailing nomads forever. We expect to work again. We don’t want to spend our entire Someday Fund, but we also don’t need it to last 30 years. Second, we have other income, from my books (*Sprint* and *Make Time*) and from my investments at Google Ventures. It’s not a regular paycheck, but it will help to offset our spending for years to come. Given those factors, we decided on a 5% SWR, at least for now.

Every month, we analyze our spending and compare it against our SWR to see how we’re doing. If our income is less than usual, or if the stock market declines, we cut back. And we try to spend less than 5% of

our portfolio per year—it’s an extra dose of caution that gives us even more flexibility.

The image shows two hand-drawn cards side-by-side, each titled 'MONTHLY REVIEW'. The left card is for 'January' and the right card is for 'February'. Each card has a horizontal line separating the top section from the bottom section. In the January card, 'SWR:' is \$10 and 'Spent:' is \$10, with a 'Difference:' of \$0 and a smiley face. In the February card, 'SWR:' is \$10 and 'Spent:' is \$11, with a 'Difference:' of -\$1 and a frowny face.

Month	SWR	Spent	Difference	Emotion
January	\$10	\$10	\$0	😊
February	\$10	\$11	-\$1	☹️

And that’s the ultimate goal of building a Someday Fund: flexibility. If your goal changes, or a year of travel becomes five, or your new career doesn’t pay as well as you had hoped... you’ve still got your Someday Fund. When you’ve thought carefully about your SWR and the size of your fund, you have the freedom and stability to keep traveling, exploring, volunteering, whatever—and spending from your portfolio—without running out of money.

But now we’re getting ahead of ourselves. Let’s return to the three steps Michelle and I used to build our Someday Fund: spending less than we made, investing the difference, and selling our investments when it was time for our “someday.”

### Step 1: Create a Surplus

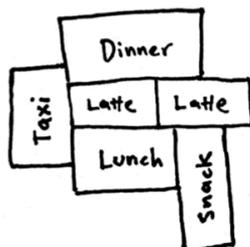
I know, I know... it’s the oldest advice in the financial planning books: “Spend less than you make.” Like everyone else, Michelle and I knew that saving was the right thing to do. And over the years, we had varying degrees of success. Sometimes we had money left over at the end of the

month; other times, we'd look back at our expenses and say, "we spent how much?!"

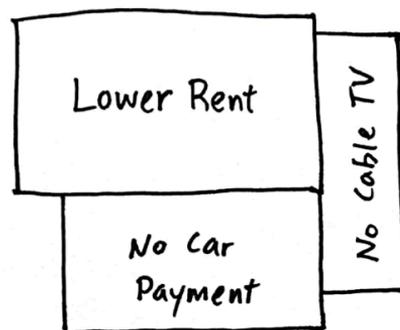
Eventually, two things helped us establish a strong saving habit. The first was **setting a goal**—to quit our jobs and travel—which gave us a stronger motivation to save than the vague notion that we *should* be doing it. We made spreadsheets to show how quickly different saving rates would get us to our goal. And we learned that every dollar saved had a double effect: It helped us build our Someday Fund, of course, but it also meant we were becoming comfortable with a cheaper way of life. In other words: Save more now, need less later.

The second key to our saving habit was to **keep our fixed expenses low**. This is different from a lot of money advice, which calls for cutting discretionary expenses like restaurant lunches and the much-maligned daily latte. But these expenses have a small effect on your saving rate, and a big effect on your feelings of scarcity, sacrifice, and self-deprivation. Reducing fixed expenses is more powerful because the numbers are bigger (rent, car payments, cable, etc) and the decisions become automatic: You don't have to decide to skip the latte *every day*; you can *decide once* to cancel cable (for example), then watch the savings add up.

#### DISCRETIONARY EXPENSES



#### FIXED EXPENSES



We put this principle into action by staying in our one-bedroom apartment, sharing one used car and parking it on the street, going

without cable, and fighting the gradual ongoing build-up of subscriptions, memberships, and delivery services. With this strategy, we worked up to a 50% saving rate. That's right: Most months we set aside half of our income!

(These specific spending decisions may not be right for you—after all, everyone has a different lifestyle and different priorities. But if you're interested in building a surplus by reducing expenses, I encourage you to look at the fixed savings you can make automatic. Don't beat yourself up about buying coffee or going out to lunch.)

## **Step 2: Buy a Piece of Prosperity**

When we first got serious about saving, we followed common advice like establishing an emergency fund and contributing to our retirement accounts. But with a 50% saving rate, we had money left over. So I began researching the best places to put our surplus, knowing we'd want to spend it in five or ten years when we left our jobs.

Again, I found great advice in the FIRE community (that stands for Financially Independent, Retired Early). While we don't consider ourselves retired, we have similar financial goals as early retirees: To build a medium-term portfolio that can support a years-long period of reduced income. Cash savings isn't appropriate for these goals, since it doesn't grow. (In fact, it's certain to lose value to inflation.) And retirement accounts weren't right for us either, because the money would be off-limits for a few decades.

We decided to use our surplus to buy index funds in an investment account at Vanguard. Using a regular non-retirement (sometimes called "taxable") account means we can get to the money any time. And Vanguard is the best place to do this kind of investing, because their fees are very low and the company itself is owned by customers and run as a non-profit.

Stocks—via index funds that hold shares of hundreds of corporations—are the foundation of our portfolio. And that's why I call this step "buying a piece of prosperity." I know it's cheesy. But when you buy

shares in a stock index fund, you're buying a piece of the wealth created by the companies in that fund. This is not just a nice sound bite or a handy mental model. This is literally how it works. **Stock prices go up and down, but over time the stock itself will become more valuable as long as the company lives on.**

We also bought bonds and real estate that are meant to offset rapid (and scary) changes in stock prices. For example, during the February 2018 sell-off that caused stock prices to drop about 10%, our portfolio fell only 5%. It's impossible to construct a portfolio that never loses value, but diversifying beyond stocks provides stability—and this was important to us, considering the 5–10-year timeframe for our money.

Now, the point of saving money is so you can spend it later. And that was our mindset all along. Which brings me to the third step...

### **Step 3: Sell It to Spend It**

It took me a long time to find good information on how exactly to spend our Someday Fund. This sounds like a weird problem to have. But most money advice is about helping people save, and there are some big questions about what happens on the other end! For instance: How often should we sell? How much should we sell? Should we wait to sell until we need spending money, or do it proactively? Should we try to time the market, selling when stock prices are high?

Once again, I turned to the FIRE community for advice. Blogger Darrow Kirkpatrick (of the cleverly titled [CanIRetireYet.com](http://CanIRetireYet.com)) was super helpful, with research on the best strategies for making withdrawals from a portfolio. We decided to sell every three months, as necessary, with the goal of keeping a year's worth of cash in our bank accounts at all times. Here's how it works:

1. Once a quarter, I create an estimate of how much we'll spend in the next 12 months.

2. From that number, I subtract how much we already have in the bank and any income that's coming our way, like a scheduled royalty payment from my publisher.
3. To make up the difference, I sell shares from our Vanguard account.
4. Then I transfer the proceeds to our bank account and spend it on tacos and boat parts!

QUARTERLY REVIEW	
Estimated expenses:	\$ 100
Bank balance:	\$ 40
Expected income:	\$ 40
<hr/>	
Need to sell:	\$ 20

I love getting nerdy about money. I love reading research and running the numbers. But after ten years of saving, and one year into the spending part of this plan, I've realized that these three steps are not *really* about theories and projections. For us, financial planning is about safety and freedom.

We knew we didn't want to follow the default path through 40 or 50 years of professional work. But we didn't want to step off that path without a plan for how we'd support ourselves. That's why we built a Someday Fund—so we could swap the defaults of professional life for the chance to create our own defaults, our own agenda, and our own way of life.

Michelle and I knew exactly what our Someday Fund was for, and maybe you do too. But even if you're not sure what your "someday" looks like, it's a worthwhile investment to start making changes in how you spend your time and your money. *Make Time* can help you with the time part, and I hope this chapter can help you get started on rethinking your relationship to money. These small changes will compound over time, creating the space you need to make your days less busy, more focused, and more joyful.

Now that I've stepped off the default path, I realize that the true power of my Someday Fund is not in reaching a specific goal—it's in being prepared for whatever comes next, no matter where my "someday" takes me.

*For more information about Make Time and a look inside the book, please check out [maketimebook.com](http://maketimebook.com).*

*For feedback or questions about this bonus chapter, get in touch with John Zeratsky on [Twitter](https://twitter.com/jazer) at @jazer.*