

The 8th Wonder of the World

Albert Einstein once said . . . “Compound interest is the eighth wonder of the world. He who understands it, earns it . . . he who doesn’t . . . pays it.”

No doubt Einstein is correct . . . time is the essential component to compounding your wealth over time. It’s something that every parent should be teach their kids, every grandparent should be teaching their grand kids and every school in this country should be teaching it in the classroom.

To illustrate the importance of this principle here’s a story of one of the greatest American’s that has ever lived, Benjamin Franklin . . .

Let’s take another look using an ETF (Exchange Traded Fund) that tracks the S&P 500, the SPY. If you were to invest in the SPY back in 2005 (10 yrs. ago) you would have a return of 75.37%, a very nice gain. However, if you were to include and re-invest those dividends received during that same time frame (called total return in the chart below), you would have a return of 115% . . . **a difference of 39.63%!**



As you can see, compounding your wealth is one of the keys to financial independence not only for you but for those around you as well.

To learn how to take advantage of the power of compounding for you or someone else, give us a ring or email Brett at brett@igga.dev.