

FROM: PORTER STANSBERRY "THE AMERICAN  
*Elite Businesses Allow You to Harness the Power of Compounding*  
*Sub. sec*

Robert opens a tax-deferred retirement account at age 26. He invests \$3,000 per year in this account for 40 consecutive years. Robert stops contributing at age 65. His account grows at 9% per year.

Sally opens a tax-deferred retirement account at age 18. She invests \$3,000 per year in this account for eight consecutive years. After those eight years, she makes no more contributions to her retirement account. Her account grows at 9% per year.

The results of these two approaches are below... and they are extraordinary:

Robert			Sally	
Age	Contribution	Year-End Value	Contribution	Year-End Value
16	\$0	\$0	\$0	\$0
17	\$0	\$0	\$0	\$0
18	\$0	\$0	\$3,000	\$3,270
19	\$0	\$0	\$3,000	\$6,834
20	\$0	\$0	\$3,000	\$10,719
21	\$0	\$0	\$3,000	\$14,954
22	\$0	\$0	\$3,000	\$19,570
23	\$0	\$0	\$3,000	\$24,601
24	\$0	\$0	\$3,000	\$30,085
25	\$0	\$0	\$3,000	\$36,063
26	\$3,000	\$3,270	\$0	\$39,309
27	\$3,000	\$6,834	\$0	\$42,847
28	\$3,000	\$10,719	\$0	\$46,703
29	\$3,000	\$14,954	\$0	\$50,906
30	\$3,000	\$19,570	\$0	\$55,488
31	\$3,000	\$24,601	\$0	\$60,481
32	\$3,000	\$30,085	\$0	\$65,925
33	\$3,000	\$36,063	\$0	\$71,858
34	\$3,000	\$42,579	\$0	\$78,325
35	\$3,000	\$49,681	\$0	\$85,374
36	\$3,000	\$57,422	\$0	\$93,058
37	\$3,000	\$65,860	\$0	\$101,433
38	\$3,000	\$75,058	\$0	\$110,562

39	\$3,000	\$85,083	\$0	\$120,513
40	\$3,000	\$96,010	\$0	\$131,359
41	\$3,000	\$107,921	\$0	\$143,182
42	\$3,000	\$120,904	\$0	\$156,068
43	\$3,000	\$135,055	\$0	\$170,114
44	\$3,000	\$150,480	\$0	\$185,424
45	\$3,000	\$167,294	\$0	\$202,112
46	\$3,000	\$185,620	\$0	\$220,303
47	\$3,000	\$205,596	\$0	\$240,130
48	\$3,000	\$227,369	\$0	\$261,742
49	\$3,000	\$251,103	\$0	\$285,298
50	\$3,000	\$276,972	\$0	\$310,975
51	\$3,000	\$305,169	\$0	\$338,963
52	\$3,000	\$335,905	\$0	\$369,470
53	\$3,000	\$369,406	\$0	\$402,722
54	\$3,000	\$405,923	\$0	\$438,967
55	\$3,000	\$445,726	\$0	\$478,474
56	\$3,000	\$489,111	\$0	\$521,536
57	\$3,000	\$536,401	\$0	\$568,475
58	\$3,000	\$587,947	\$0	\$619,637
59	\$3,000	\$644,132	\$0	\$675,405
60	\$3,000	\$705,374	\$0	\$736,191
61	\$3,000	\$772,128	\$0	\$802,448
62	\$3,000	\$844,889	\$0	\$874,669
63	\$3,000	\$924,199	\$0	\$953,389
64	\$3,000	\$1,010,647	\$0	\$1,039,194
65	\$3,000	\$1,104,876	\$0	\$1,132,721
<b>Less Total Invested</b>		<b>-\$120,000</b>		<b>-\$24,000</b>
<b>Net Earnings</b>		<b>\$984,876</b>		<b>\$1,108,721</b>
<b>Return on Money</b>		<b>8-fold</b>		<b>46-fold</b>

Sally made just eight contributions of \$3,000, for a total of \$24,000 invested. Robert made 40 contributions of \$3,000, for a total of \$120,000 invested.

However, Sally started at 18 years of age and Robert started at 26 years of age. Sally started eight years earlier. And those eight extra

In order to put your compounding plans on "autopilot," consider using something called a "dividend reinvestment plan," also called a DRIP.

A DRIP is just what it sounds like. It's a plan that takes the dividends you earn and reinvests them into buying more stock.

Once you set up a DRIP, you don't have to do a thing. Again, think of a DRIP as a way to put your compounding plan on "autopilot."

You can ask any stock broker to institute a DRIP for you. Any reputable online broker will do it for you. It's a simple process. You can find directions on your broker's website or call the customer service department.

years of compounding are worth more than all of Robert's 32 years of extra contributions.

Despite a much smaller total contribution, Sally ended up with more money... and a much, much bigger return on her investment.

This example shows why compounding is such a powerful idea to teach children. They have the ultimate advantage of TIME.

*This piece of knowledge is one of the greatest financial gifts you could ever give your children.*