

MANAGING YOUR MONEY



Using Time And Money To Grow Wealth

by John Buckingham

(NAPSA)—While he once described it as “the greatest mathematical discovery of all time,” you don’t have to be Einstein to take advantage of the benefits of compound interest.

The process of compound interest—letting money and time work for you to build wealth slowly—is an approach that has generated excellent returns over the long term for those with the patience and discipline to implement the program.



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However, using the miracle of compounding, money can grow rapidly when double-digit percentage returns are posted.

Consider that recently Pablo Picasso’s “Boy with a Pipe” fetched a record \$104 million at auction at Sotheby’s. Actually, the painting sold for \$93 million, but the auction house charged a commission of \$11 million.

The painting was previously bought by John Hay and Betsey Whitney in 1950 for \$30,000. Not surprisingly, this fact caused breathless news anchors to shake their heads in amazement at the couple’s fantastic return on investment.

While we certainly recognize that very few have ever been able to parlay \$30,000 into \$93 million the annualized compounded rate of return on “Boy with a Pipe” over the past 54 years was only 16.1 percent, not including insurance, storage and other costs that the Whitney’s would have undoubtedly incurred.



The process of compound interest uses money and time to build wealth slowly.

Clearly, the passage of time can do wonders for a nest egg if that money is allowed to compound.

Even the relatively modest 10.4 percent return that Ibbotson Associates has calculated for Large Cap Stocks since 1926, means that money will double every seven years, allowing the average long term oriented investor to indeed grow wealthy slowly.

I put my own money where my mouth is, via the Buckingham Portfolio. This real money, newsletter model portfolio has gained more than 35 percent since its inception on January 6, 2003—using the compound interest approach—and its contents and any changes are made readily available to our subscribers.

John Buckingham is president, chief portfolio manager and director of research for Al Frank Management as well as editor of The Prudent Speculator newsletter.

To learn more, call 1-888-994-6827 or visit the Web site at www.alfrank.com.