



Compound Interest: The 9th Wonder of the World

Well March certainly snuck up in a hurry, didn't it!? I was at dinner with some very dear friends this past week and the subject of taxes came up. What shocked me wasn't the fact that it's "that" time again, but just HOW fast the year seems to be flying by. The sun is already starting to set on the first quarter of 2011 and we are starting to plan for Q2! Now here is where my mind started to wander off into the ages of the future; the age where I would be sitting at the same dinner table, with the same group of friends but our conversation this time was different. We were still talking about how fast the time was flying by, but it wasn't taxes that brought us there. It was how we were enjoying retirement. As I began wondering what we would all be doing, and the lives we all had lived it struck me...time isn't going to slow down, and money isn't going to magically reinvent itself to appear around my yard. What on earth should know today



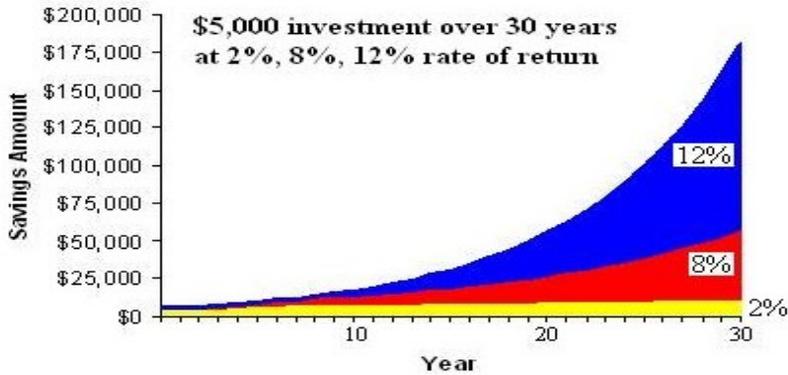
that will help paint a better picture for me tomorrow?

It was here that I discovered the absolute relevance of what some people may call the "9th Wonder of the World: Compound Interest." So here's the gist: When you save your money, it can earn interest just by sitting there in your account. The next year, while it is still sitting there, with both the original amount AND the interest it previously earned you will begin to earn interest on top of the entire amount. The year following it's the same story and the cycle can go on and on. In the beginning it may not seem as such a large increase

although as time goes on you will begin to see a larger effect. Something similar to rolling a snowball down a hill; the larger the hill the more time the snowball will roll, and the larger it will become.

Considering that time is the major component of compound interest, it would make much sense to start out sooner rather than later.

Here is a chart which shows a simple \$5,000 investment with interest gains of 2%, 8% and 12% over a 30 year period. To more completely understand the value of additional time, look at the difference of 27 years and 30 years on the blue



portion of the chart (12% interest). If you stopped the cycle and took your money out at year 27 you would have a little over \$100,000. Now look at the difference in amount if you wait another 3 years. Your account would have grown to about \$180,000. That's huge, but that is only one example. There are umpteen ways to develop and benefit from a structure which builds upon compounding interest.

Here's another one, just for fun: ever wonder how you could turn \$33,500 into \$4 million? Of course you have, who doesn't sit on the porch on a sunny Saturday afternoon and say to themselves, "Gee, I would like to turn \$33,500 into \$4 million"...and yes, we all just happened to use those EXACT numbers! Start in IRA for your child when he

or she is born. With an annual contribution of \$500 (less than \$50 a month) for 67 years (for a grand contribution total of \$33,500) at a 10% rate of return every year, would generate a grand total of approximately \$4 million around the time of your child's retirement. To add just a touch of extra emphasis of the value of time, if you were to wait until your child's 21st birthday before beginning to invest in this same manner...the total sum would only grow to around \$500,000. Big difference, right? Many investors get so caught up in the day to day analysis of a particular position, goal or need, they tend to forget that time can be one of their biggest fans.

With that thought, I gracefully returned to the dinner table with my friends last week, and

as my mind began to refocus on the conversation of the speed at which our world seems to turn, I want to make it a point to remember the "9th Wonder of this World" and to be certain I give myself enough time to reap the most benefit as possible.

Remember, we cannot bring yesterday back or change it's outcome however today we can start or improve our daily habit of investing more wisely than the day before.

For all of you who have only just started to hear about our new Educational Program, check out the website: www.MacianEdu.com New classes start in April.

I wish you a wonderful month ahead and look forward to hearing from you! Have a Happy March!

Sincerely,

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