RENAISSANCE
WEALTH MANAGEMENT BN℠

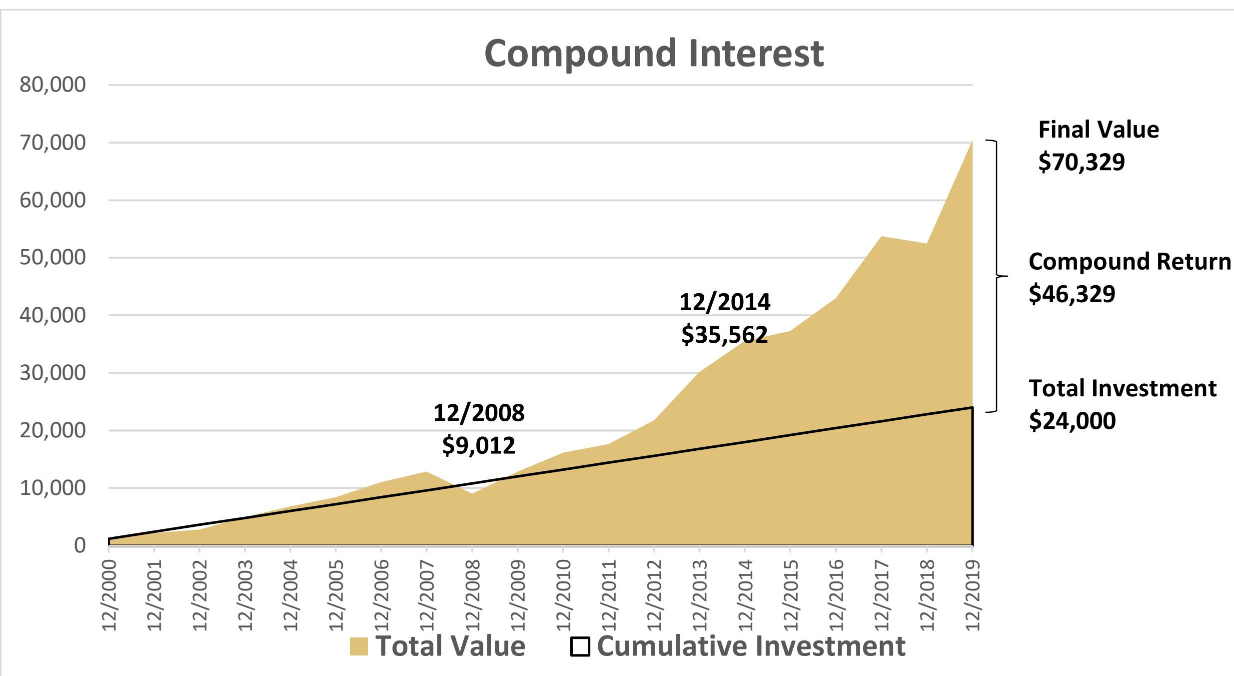
The Power of $100

"The power of compound interest is the most powerful force in the universe" -Albert Einstein

It is usually best to start investing sooner rather than later regardless of the size of your initial investment. With the help of compound interest, your minimal initial investment could grow to thousands of dollars if invested effectively. Compound interest is the result of reinvesting the returns you accumulate rather than having it paid out to you.

As the investor, you can choose your risk tolerance and either place your funds in a low risk investment like a money market account or invest it in the stock market at a higher risk. As stated by *The College Investor* (1), it is important to determine whether your investment will be short term or long term, as this will determine the type of account to open. For short term goals, one can save in a bank account or a money market fund. For long term goals, such as retirement, you can use accounts such as Non-Deductible Roth IRA or Traditional IRA…or simply a personal account in your own name. With your longer-term goals, you should consider taking on more risk to potentially earn a higher return over time.

Using American Fund's Hypothetical Illustration Calculator, **$100** deposited **each month** into the S&P 500 total return index starting on January 31, 2000, would have grown to **$70,329**. In this example, dividends and capital gains are reinvested. The total amount invested was **$24,000**, so the accumulated compounded return over the original investment was **$46,329** over 20 years. The average annual return on the investment from inception to through December 31, 2019 is **9.41%**.



Farrington, Robert "How To Start Investing With $100 or Less." *The College Investor*, 10 May 2018