

# TAX FREE WEEKEND

State Wide Tax Free Weekend  
Clothing and Footwear Less than \$100  
August 2-4



## More than Money

August 2019

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Thank you for allowing me to partner with you in pursuing your financial goals. I'd love you to share this newsletter with friends and family. You can learn more about our approach to investing at my [website](#).

John

### The Power of the Compounded Life



If you have spent any time around money, you have likely heard about the power of compound interest.

Albert Einstein called compound interest "the greatest mathematical discovery of all time". The reason it garners so much attention is based on the attractive idea of doubling your investment on a regular basis.

Of course, if you keep investing long enough, al-

most any amount can grow, sometimes into an impressive sum (depending on the return of the investments you hold). There is even one of those great math rules called the Rule of 72. Simply, it states that if you divide 72 by any assumed rate of return, the answer you get is the number of years it takes the original sum to double in value. Pretty handy, really.

As a financial advisor, one of the problems I see is that this powerful concept of compounding is confined to its effect on investment account balances. I will be the first to concede that, too a point, having more financial resources is better than having a shortage, especially if you plan on retiring. But after working with hundreds of families over the last twenty-plus years, the amount of money they amassed had little to do with the quality of those families' lives, or the impact they had on those around them.

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## The Power of a Compounded Life — continued

**So, maybe the real compounding power can be found in our lives, and not in our investment accounts.**

To harness the real power of compounding we need to understand these three basic things: (1) the amount of time we have is finite, (2) nothing happens until you start, and (3) most of the really amazing growth happens in the last third of your life.

The first one is easy. We all know we only get a certain number of trips around the sun before our time here is over. The real challenge starts with understanding what that means. It means, whatever you want to invest your life in, whatever you want to build and leave behind, you only have a fixed number of years (or compounding periods) to invest your energy and skill (compounding rate) into. And, just as it is with saving money, the compounding doesn't start until you actually begin.

The real wisdom comes from understanding the power of the last several compounding periods. Assuming the choices you make in your life are positive ones, the amount of personal growth over the last several periods has the potential to be astounding, and at that point the outcome of your life's work has little to do with what you can still physically add to the equation. Those early years, while seemingly less productive, provided the time and foundation needed for the compounding that drives future growth.

Now, take a moment to think about a family you might know that seems to have a very strong identity: grandparents married for 50-plus years, successful children, involved in the community, respectful grandchildren, all seeming to have bright futures. What you are seeing is the result of people making good decisions early and seeing those decisions through for a long period of time. Just like monetary wealth, these kinds of families can often take generations to build.

The same is true with almost any endeavor - career, marriage, ministry, community service, or raising great kids. It takes goals, effort and time. And while life will inevitably try to derail our plans, our ability to intentionally choose to move forward with those goals gives us the opportunity to experience the highest number of positive compounding periods.

A great life is intentionally built over time. And just like with money, the most important period to invest is today. If we invest our lives in the good things today and each day, the growth will take care of itself.

Of course – As it is with money and life, no strategy assures success or protects against loss.

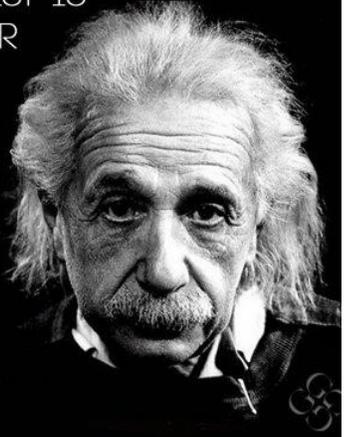
### Relationship Tip:

#### Look for the right time

The heat of the moment may not be the best time for constructive comments. Look for a quiet and private moment when speaking *and* hearing have a chance.

“COMPOUND INTEREST IS THE EIGHTH WONDER OF THE WORLD. HE WHO UNDERSTANDS IT, EARNS IT ... HE WHO DOESN'T ... PAYS IT.”

-ALBERT EINSTEIN



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