WIN MAKE GIVE

WEALTH SERIES

PART FIVE

STUDENT OF WEALTH

B benkinney
TRAINING

BECOME A STUDENT OF WEALTH

"Formal education will make you a living; self education will make you a fortune."

- Jim Rohn -

Part Five - Student of Wealth

You've made it more than halfway through the Wealth Series! We've already covered financial health, the reality check, retirement planning and saving like crazy. Now you need to learn to become a student of wealth in order to build it for yourself, because if you don't, there's no one else coming to save you.

They don't teach you about money in high school, most leadership books don't cover it, and apart from an accounting class here or there, it's not usually covered in college either. Therefore, in order to figure out the right path for you, you need to make it your job to research and understand topics like retirement, money management, savings, where to invest your money, and how to legally reduce the amount of taxes you pay.

This might be your favorite lesson. It's mine, because this content changed my life. It helped me understand how easy it is over time to build real wealth. Compound interest is the secret of the wealthy. Now it will become a tool for you to use to build massive wealth.

For instance, if you could find a way to save $400 per month and invest it for 30 years, you would end up with over $1,000,000 dollars in your retirement account. Use this lesson to do the math based on the numbers you have already calculated in workbooks one through four.

I encourage you to read and learn more about building wealth, as it's a subject that pays dividends to those who take the time to understand it.
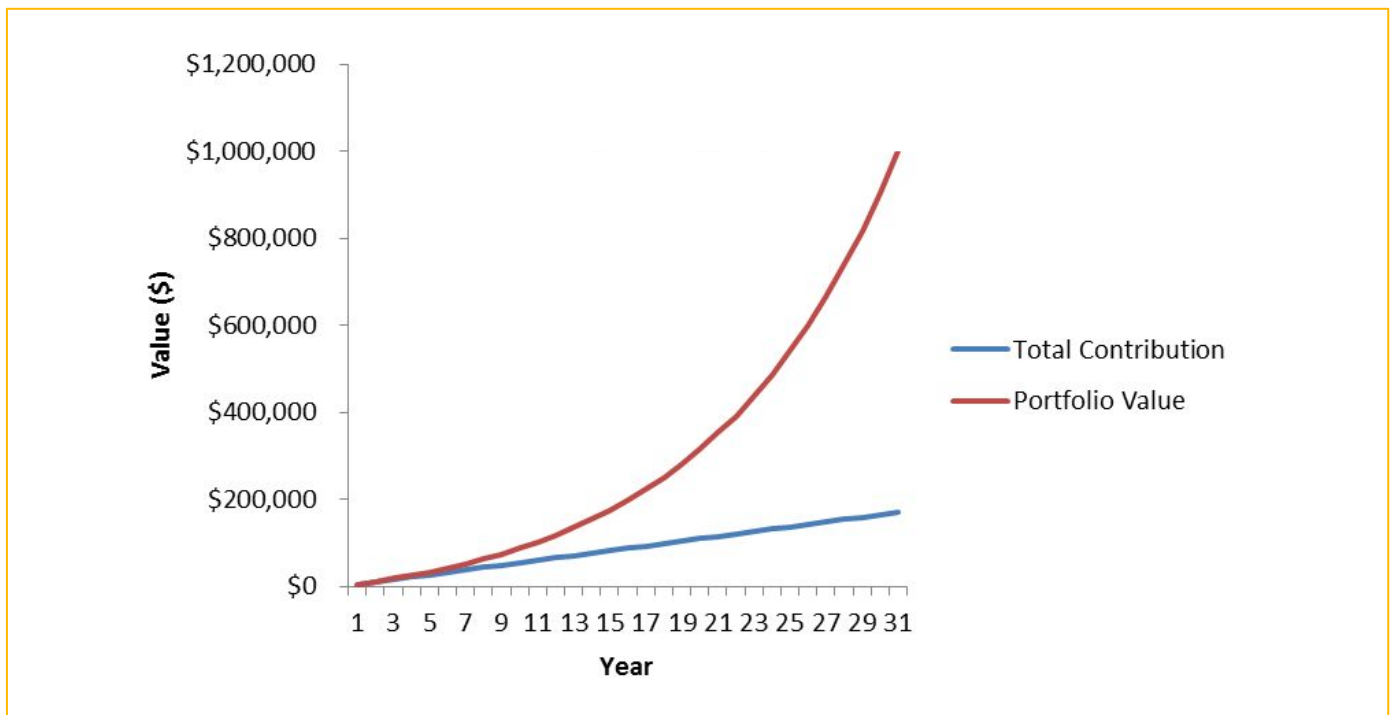
Ben Kinney
Ben Kinney Companies Founder

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Compound Interest

Definition = _____ _____ on _____ .

It is the result of reinvesting interest, rather than paying it out, so that interest earned in the next term is then earned on the principle sum and any previously accumulated interest.

"Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't... pays it."

Compound Interest - $A = P(1+R)^t$

A = Total money in account   **P** = Principle (initial investment)

R = Annual interest rate   **t** = Time invested

Example: $1,000 invested at 11% for 3 years

Initial Investment = $1,000

R = 11% rate of return

t = 3 years

Year One.   A = $1,000 principle balance + $110 in interest earned
Year Two.   A = $1,110 principle balance + $122.10 in interest earned
Year Three.   A = $1,232.10 principle balance + $135.53 in interest earned

Ending Balance = $1,367.63 ($1000 of initial investment plus $367.63 return)

These numbers may not change your life, but if you left that same $1,000 invested for 30 years that $1,000 would turn into $22,892.

"My wealth has come from a combination of living in America, some lucky genes, and compound interest."

- Warren Buffett -

Power of Compounding Interest

Let's look at this another way. Ben, Chad and Bob all contributed $1,000 a month for 10 years to an investment account with a compound interest rate of 7%. Ben started saving at age 25 and stopped at age 35. Chad started saving at age 35 and stopped at age 45. Bob started saving at age 45 and stopped at age 55.

Each person then let the money sit in their accounts until they turned 65.

By the time they were 65:

- Ben earned **$1,515,186**
- Chad earned **$753,951**
- Bob earned **$349,871**

The lesson here is the amount of time invested matters. Compound interest works when the investment account is allowed to grow without any withdrawals.
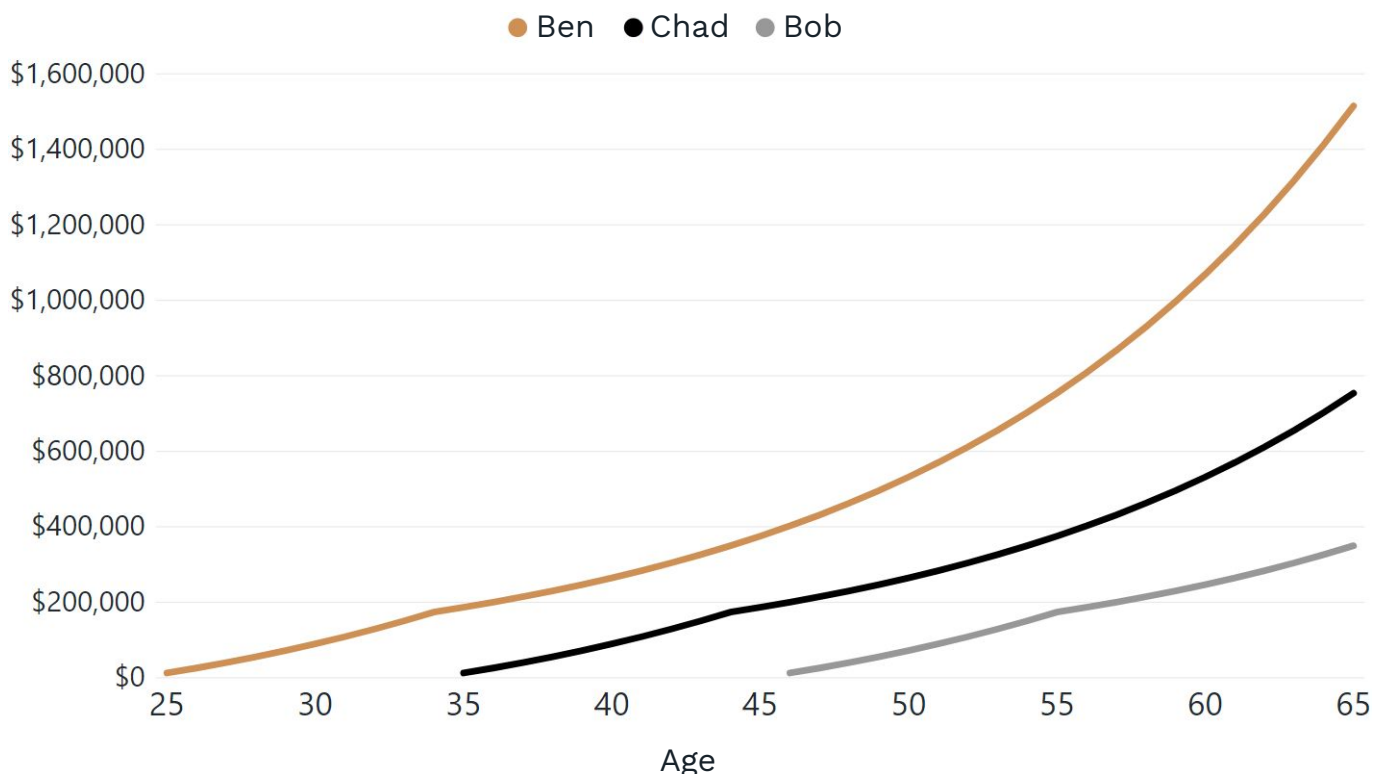
How $1,000 Grows

In the chart below we look at $1,000 invested over time at different rates of return. We learn here that **rate of return** and **time invested** both matter. See what happens to $1,000 over time when you don't add another penny and it is compounded monthly at various rates of return and over different periods of time.

Years	Annual Interest Rate					
	5%	**8%**	**10%**	**12%**	**15%**	**20%**
1	$1,051	$1,083	$1,105	$1,127	$1,161	$1,219
2	$1,105	$1,173	$1,220	$1,270	$1,347	$1,487
3	$1,161	$1,270	$1,348	$1,431	$1,564	$1,813
4	$1,221	$1,376	$1,489	$1,612	$1,815	$2,211
5	$1,283	$1,490	$1,645	$1,817	$2,107	$2,696
6	$1,349	$1,614	$1,818	$2,047	$2,446	$3,287
7	$1,418	$1,747	$2,008	$2,307	$2,839	$4,009
8	$1,491	$1,892	$2,218	$2,599	$3,296	$4,888
9	$1,567	$2,050	$2,450	$2,929	$3,825	$5,961
10	$1,647	$2,220	$2,707	$3,300	$4,440	$7,268
11	$1,731	$2,404	$2,991	$3,719	$5,154	$8,863
12	$1,820	$2,603	$3,304	$4,191	$5,983	$10,807
13	$1,913	$2,819	$3,650	$4,722	$6,944	$13,178
14	$2,011	$3,053	$4,032	$5,321	$8,061	$16,069
15	$2,114	$3,307	$4,454	$5,996	$9,356	$19,595
20	$2,713	$4,927	$7,328	$10,893	$19,715	$52,828
30	$4,468	$10,936	$19,837	$35,950	$87,541	$383,964
40	$7,358	$24,273	$53,701	$118,648	$388,701	$2,790,748
50	$12,119	$53,878	$145,370	$391,583	$1,725,914	$20,283,868
100	$146,879	$2,902,859	$21,132,415	$153,337,557	$2,978,778,867	$411,435,302,214

Get our **Compound Interest Calculator** at winmakegive.com

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The Effects of Compound Interest

Write down items that you often spend money on that are **not** required to survive or to operate.

1. Daily (Products or Services that you buy more than once per week)

	ITEM	FREQUENCY	COST	TOTAL
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

2. Weekly (Products or Services that you buy approximately once a week)

	ITEM	FREQUENCY	COST	TOTAL
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

3. Monthly (Products or Services that you buy monthly or bi-monthly)

	ITEM	FREQUENCY	COST	TOTAL
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

TOTAL = $ [   ]

Compound Interest Example

Here is where it starts to hurt. In the 'Save Like Crazy" workbook, you calculated how much you spend on optional items. In this exercise, look at what $1,132 saved every month and invested at a **10% rate of return** would be worth over time. Then use the online compound interest calculators to see how much you could earn if you invested instead of spending on optional items each month.

Optional Item Cost Table

Item #	Item/Title	Frequency	# times you spend per interval	Amount per spend	Monthly Expense *or* Monthly Deposit
1	Coffee	Daily	1	$4	$122
2	Dining Out	Weekly	3	$40	$520
3	Entertainment	Monthly	2	$50	$100
4	Projects	Monthly	1	$50	$50
5	Trips/Adventure	Monthly	2	$35	$70
6	Car upgrades	Annually	1	$250	$21
7	New Toys	Annually	4	$750	$250
8					$0
9					$0
10					$0
					$1,132

Optional Item Investment Value

Item #	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	50 Years	75 Years
1	$1,542	$9,501	$25,133	$50,853	$93,170	$277,348	$2,125,599	$25,791,022
2	6,588	40,600	107,399	217,304	398,132	1,185,158	9,083,057	110,209,566
3	1,267	7,808	20,655	41,792	76,570	227,933	1,746,876	21,195,778
4	634	3,904	10,328	20,896	38,285	113,966	873,438	10,597,889
5	887	5,466	14,459	29,255	53,599	159,553	1,222,813	14,837,044
6	264	1,627	4,303	8,707	15,952	47,486	363,933	4,415,787
7	3,168	19,521	51,638	104,481	191,424	569,831	4,367,190	52,989,444
8	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0
	$14,349	$88,426	$233,915	$473,288	$867,131	$2,581,275	$19,782,906	$240,036,531

Try the **Compounded Value of Optional Expenses** tool at winmakegive.com

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How Your Money Grows Annually

In the below worksheets you will be able to see what you would able to earn over time based on a specific rate of return if you are starting with a balance of zero and contributing monthly.

3% Annual Return

Monthly Deposits	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years	50 Years
$50	610	3,240	7,005	11,377	16,456	29,210	46,419	69,640
$100	1,220	6,481	14,009	22,754	32,912	58,419	92,837	139,280
$150	1,830	9,721	21,014	34,131	49,368	87,629	139,256	208,919
$200	2,439	12,962	28,018	45,508	65,825	116,839	185,675	278,559
$250	3,049	16,202	35,023	56,885	82,281	146,048	232,094	348,199
$300	3,659	19,442	42,027	68,262	98,737	175,258	278,512	417,839
$400	4,879	25,923	56,036	91,016	131,649	233,677	371,350	557,119
$500	6,098	32,404	70,045	113,770	164,561	292,097	464,187	696,398
$750	9,148	48,606	105,068	170,655	246,842	438,145	696,281	1,044,597
$1,000	12,197	64,808	140,091	227,540	329,123	584,194	928,375	1,392,796
$1,500	18,295	97,212	210,136	341,310	493,684	876,291	1,392,562	2,089,195
$2,000	24,394	129,617	280,182	455,080	658,246	1,168,387	1,856,749	2,785,593
$3,000	36,590	194,425	420,272	682,620	987,368	1,752,581	2,785,124	4,178,389
$5,000	60,984	324,042	700,454	1,137,701	1,645,614	2,920,969	4,641,873	6,963,982
$10,000	121,968	648,083	1,400,908	2,275,401	3,291,228	5,841,937	9,283,746	13,927,964
$20,000	243,936	1,296,167	2,801,815	4,550,802	6,582,455	11,683,875	18,567,493	27,855,928

5% Annual Return

Monthly Deposits	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years	50 Years
$50	617	3,414	7,796	13,420	20,637	41,786	76,619	133,989
$100	1,233	6,829	15,593	26,840	41,275	83,573	153,238	267,977
$150	1,850	10,243	23,389	40,260	61,912	125,359	229,857	401,966
$200	2,466	13,658	31,186	53,681	82,549	167,145	306,476	535,954
$250	3,083	17,072	38,982	67,101	103,187	208,932	383,095	669,943
$300	3,699	20,487	46,779	80,521	123,824	250,718	459,714	803,931
$400	4,932	27,316	62,372	107,361	165,099	334,291	612,951	1,071,909
$500	6,165	34,145	77,965	134,201	206,373	417,863	766,189	1,339,886
$750	9,248	51,217	116,947	201,302	309,560	626,795	1,149,284	2,009,829
$1,000	12,330	68,289	155,929	268,403	412,746	835,726	1,532,379	2,679,771
$1,500	18,495	102,434	233,894	402,604	619,119	1,253,590	2,298,568	4,019,657
$2,000	24,660	136,579	311,859	536,805	825,493	1,671,453	3,064,757	5,359,543
$3,000	36,990	204,868	467,788	805,208	1,238,239	2,507,179	4,597,136	8,039,314
$5,000	61,650	341,447	779,646	1,342,013	2,063,732	4,178,632	7,661,893	13,398,857
$10,000	123,300	682,894	1,559,293	2,684,026	4,127,463	8,357,264	15,323,786	26,797,714
$20,000	246,600	1,365,789	3,118,586	5,368,053	8,254,926	16,714,528	30,647,571	53,595,427

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7% Annual Return

Monthly Deposits	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years	50 Years
$50	623	3,601	8,705	15,941	26,198	61,354	132,006	273,993
$100	1,246	7,201	17,409	31,881	52,397	122,709	264,012	547,985
$150	1,870	10,802	26,114	47,822	78,595	184,063	396,019	821,978
$200	2,493	14,402	34,819	63,762	104,793	245,417	528,025	1,095,970
$250	3,116	18,003	43,524	79,703	130,991	306,772	660,031	1,369,963
$300	3,739	21,603	52,228	95,643	157,190	368,126	792,037	1,643,955
$400	4,986	28,804	69,638	127,524	209,586	490,835	1,056,050	2,191,941
$500	6,232	36,005	87,047	159,406	261,983	613,544	1,320,062	2,739,926
$750	9,349	54,008	130,571	239,108	392,974	920,316	1,980,094	4,109,888
$1,000	12,465	72,011	174,094	318,811	523,965	1,227,087	2,640,125	5,479,851
$1,500	18,697	108,016	261,142	478,217	785,948	1,840,631	3,960,187	8,219,777
$2,000	24,930	144,021	348,189	637,622	1,047,931	2,454,175	5,280,250	10,959,703
$3,000	37,395	216,032	522,283	956,434	1,571,896	3,681,262	7,920,374	16,439,554
$5,000	62,324	360,053	870,472	1,594,056	2,619,827	6,135,437	13,200,624	27,399,257
$10,000	124,649	720,105	1,740,945	3,188,112	5,239,654	12,270,875	26,401,248	54,798,513
$20,000	249,298	1,440,211	3,481,889	6,376,225	10,479,308	24,541,750	52,802,496	109,597,027

10% Annual Return

Monthly Deposits	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years	50 Years
$50	634	3,904	10,328	20,896	38,285	113,966	318,839	873,438
$100	1,267	7,808	20,655	41,792	76,570	227,933	637,678	1,746,876
$150	1,901	11,712	30,983	62,689	114,855	341,899	956,517	2,620,314
$200	2,534	15,616	41,310	83,585	153,139	455,865	1,275,356	3,493,752
$250	3,168	19,521	51,638	104,481	191,424	569,831	1,594,195	4,367,190
$300	3,801	23,425	61,966	125,377	229,709	683,798	1,913,034	5,240,628
$400	5,068	31,233	82,621	167,170	306,279	911,730	2,550,712	6,987,504
$500	6,335	39,041	103,276	208,962	382,848	1,139,663	3,188,390	8,734,380
$750	9,503	58,562	154,914	313,443	574,273	1,709,494	4,782,585	13,101,571
$1,000	12,670	78,082	206,552	417,924	765,697	2,279,325	6,376,780	17,468,761
$1,500	19,005	117,124	309,828	626,886	1,148,545	3,418,988	9,565,170	26,203,141
$2,000	25,341	156,165	413,104	835,849	1,531,394	4,558,651	12,753,560	34,937,521
$3,000	38,011	234,247	619,656	1,253,773	2,297,091	6,837,976	19,130,341	52,406,282
$5,000	63,351	390,412	1,032,760	2,089,621	3,828,485	11,396,627	31,883,901	87,343,804
$10,000	126,703	780,824	2,065,520	4,179,243	7,656,969	22,793,253	63,767,802	174,687,607
$20,000	253,406	1,561,648	4,131,040	8,358,485	15,313,938	45,586,506	127,535,605	349,375,214

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15% Annual Return

Monthly Deposits	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years	50 Years
$50	651	4,484	13,933	33,843	75,798	350,491	1,570,188	6,985,901
$100	1,302	8,968	27,866	67,686	151,595	700,982	3,140,376	13,971,803
$150	1,953	13,452	41,799	101,529	227,393	1,051,473	4,710,563	20,957,704
$200	2,604	17,936	55,731	135,373	303,191	1,401,964	6,280,751	27,943,606
$250	3,255	22,420	69,664	169,216	378,989	1,752,455	7,850,939	34,929,507
$300	3,906	26,905	83,597	203,059	454,786	2,102,946	9,421,127	41,915,408
$400	5,208	35,873	111,463	270,745	606,382	2,803,928	12,561,502	55,887,211
$500	6,511	44,841	139,329	338,432	757,977	3,504,910	15,701,878	69,859,014
$750	9,766	67,261	208,993	507,647	1,136,966	5,257,365	23,552,817	104,788,521
$1,000	13,021	89,682	278,657	676,863	1,515,955	7,009,821	31,403,755	139,718,028
$1,500	19,532	134,523	417,986	1,015,295	2,273,932	10,514,731	47,105,633	209,577,042
$2,000	26,042	179,363	557,315	1,353,726	3,031,910	14,019,641	62,807,511	279,436,055
$3,000	39,063	269,045	835,972	2,030,589	4,547,865	21,029,462	94,211,266	419,154,083
$5,000	65,106	448,408	1,393,286	3,384,315	7,579,775	35,049,103	157,018,777	698,590,138
$10,000	130,211	896,817	2,786,573	6,768,631	15,159,550	70,098,206	314,037,555	1,397,180,277
$20,000	260,422	1,793,634	5,573,145	13,537,262	30,319,099	140,196,412	628,075,109	2,794,360,554

20% Annual Return

Monthly Deposits	1 Year	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years	50 Years
$50	669	5,173	19,118	56,715	158,074	1,168,040	8,508,731	61,862,747
$100	1,338	10,345	38,236	113,429	316,148	2,336,080	17,017,463	123,725,495
$150	2,007	15,518	57,355	170,144	474,222	3,504,120	25,526,194	185,588,242
$200	2,677	20,691	76,473	226,859	632,296	4,672,160	34,034,926	247,450,990
$250	3,346	25,864	95,591	283,574	790,370	5,840,200	42,543,657	309,313,737
$300	4,015	31,036	114,709	340,288	948,444	7,008,241	51,052,388	371,176,485
$400	5,353	41,382	152,945	453,718	1,264,592	9,344,321	68,069,851	494,901,980
$500	6,691	51,727	191,182	567,147	1,580,740	11,680,401	85,087,314	618,627,475
$750	10,037	77,591	286,773	850,721	2,371,110	17,520,601	127,630,971	927,941,212
$1,000	13,383	103,454	382,364	1,134,295	3,161,479	23,360,802	170,174,628	1,237,254,950
$1,500	20,074	155,181	573,545	1,701,442	4,742,219	35,041,203	255,261,941	1,855,882,425
$2,000	26,766	206,908	764,727	2,268,590	6,322,959	46,721,604	340,349,255	2,474,509,900
$3,000	40,149	310,363	1,147,091	3,402,885	9,484,438	70,082,405	510,523,883	3,711,764,849
$5,000	66,914	517,271	1,911,818	5,671,475	15,807,397	116,804,009	850,873,138	6,186,274,749
$10,000	133,829	1,034,542	3,823,636	11,342,949	31,614,794	233,608,018	1,701,746,275	12,372,549,498
$20,000	267,657	2,069,084	7,647,271	22,685,898	63,229,587	467,216,035	3,403,492,551	24,745,098,995

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Compound Interest: The Rule of 72

The Rule of 72 is a way to estimate how long it will take to _____ your _____ _____ .

EQUATION

Years required to double investment = 72 / compound interest rate

PERCENT	YEARS	PERCENT	YEARS
1%	72 years	18%	_____
2%	_____	19%	_____
3%	_____	20%	3.6 years
4%	_____	25%	_____
5%	14.4 years	30%	_____
6%	_____	35%	_____
7%	_____	40%	1.8 years
8%	_____	45%	_____
9%	_____	50%	_____
10%	7.2 years	55%	_____
11%	_____	60%	_____
12%	_____	65%	_____
13%	_____	70%	_____
14%	_____	75%	_____
15%	_____	80%	0.9 years
16%	_____	85%	_____
17%	_____	90%	_____

The rule of 72 is a quick and easy way model. If you were getting a 15% return, it would take you 4.8 years to double your money. Calculate how long it would take if your rate of return was 18%.

72 / 18 = [_____] years

Food For Thought

- S&P Index average annual return was **9.8%** over the last 90 years.

- The average DJIA annual return with dividends reinvested is around **9.9%** over the last 30 years.

- The average interest rate earned/charged over the last 50 years was **8.21%.**

- Business growth depends on industry, economy, and capital invested. However, growth above **15%** is considered rapid growth.

Get our **Compound Interest Calculator** at winmakegive.com

WIN MAKE GIVE **WEALTH SERIES**

Student of Wealth - Reflection

What is my biggest AHA from this Wealth Series lesson?

How much do I need to invest per month in order to fund my retirement and at what average rate of return?

Compound interest works both ways. It's either something you earn or something you pay. Calculate your total cost of interest by looking at your average credit card balance and your average credit card interest rate.

Part Five Giveaway Question

For those of you participating in the giveaway, make sure to answer this question and save it somewhere you can access later, as you will receive a form at the end of the series with a question from each part. This is a requirement for entering to win up to $5,000 to fund your retirement and help you build wealth.

Question: (Use our compound interest calculator) what is the value of $100 invested monthly with a 7% annual rate of return after 30 years? $_____

Preparation for Part Six

☐   Get familiar with how a compound interest calculator works.

☐   Make a list of all your current sources of income.

☐   Find a copy of your tax return from last year so that you can prepare for upcoming lessons.