



Lew Nason

LIVING DEBT FREE AND TRULY WEALTHY

Found Money Consultants Of Paulding County

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HELPING FAMILIES TO TURN ALL THEIR DREAMS INTO REALITY...



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Compound, Simple Interest & the Real Rate of Return...

Compound interest is critical to investment growth. Whether you just have a simple bank account, risky investments, life insurance, annuities, etc... your rate of return is dramatically improved by compounding Interest.

With simple interest, interest is paid just on the principal.

With compound interest, the return that you receive on your initial investment is automatically reinvested. In other words, you receive interest on the interest.

But, just how quickly does interest compounding make your money grow? The easiest way to work that out is by using what's known as the "Rule of 72." Sim-

ply, the "Rule of 72" allows you to determine how long it will take for your money to double. You divide 72 by the interest rate to get the answer.

For example, if you invest \$100,000 at 10% compound interest, then the "Rule of 72" states that in 7.2 years you will have \$200,000. You divide 72 by 10 percent to get the time it takes for your money to double. The "Rule of 72" is a rule of thumb that gives approximate results. It is most accurate for hypothetical rates between 5 and 20 percent. If you invest the same \$100,000 at 10 percent simple interest, it would take 10 years to double.

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Why Purchase Life Insurance?

We've all heard about the importance of having life insurance, but is it really necessary? Usually, the answer is "yes," but it depends on your specific situation. If you have a family who relies on your income, then it is imperative to have life insurance protection. If you're single and have no major assets to protect, then you may not need coverage, but there are many reasons why you should want it!

Death is inevitable, but when you die, your beneficiaries can use the money they receive from a life insurance policy for funeral and burial expenses, probate, estate taxes, any number of everyday expenses. Funds can be used to pay for your children's education and take care of

debts or a mortgage that hasn't been paid off. Life insurance funds can also be added to your spouse's retirement savings or used now to live on.

If you have no one that depends on you or will require the money from your policy, you can donate the proceeds of your policy to your favorite charity.

Permanent life insurance can also be used as a source of cash in the event that you need to access the funds during your lifetime. Many types of permanent life insurance build cash value that can be borrowed from or withdrawn at the policy

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Interesting Facts:

Armadillos, opossums, and sloth's spend about 80% of their lives sleeping.

The deepest part of the ocean is 35,813 feet (10,916 meters) deep and occurs in the Mariana Trench in the Pacific Ocean. At that depth the pressure is 18,000 pounds (9172 kilograms) per square inch.

Velcro was invented by a Swiss guy who was inspired by the way burrs attached to clothing.

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Simple Money Saving Tips

Every month you sit down to pay the bills and every month you wonder how in the world you're spending so much. This is a common scenario for most families. The good news is there are a few things you can do to cut your monthly bills down.

Shop Around – Always shop around. Utility companies are in fierce competition with each other, use it to your advantage and shop around for the best savings. Don't think you have to stick with a supplier you're not happy with.

Turn Off the Lights – Your father was right. Turn off the lights you're not using to save electricity. If you're just relaxing, try lighting candles instead, this will save money and create a nice atmosphere (make sure you follow all safety guidelines).

Change the Setting – Set your thermostats a couple of degrees lower in the winter and a couple of degrees higher in the summer for a big savings on your utility bills.

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Compound, Simple Interest & the Real Rate of Return...

While compound interest is a great ally to an investor, inflation is one of the greatest enemies. The "Rule of 72" can also highlight the damage that inflation can do to your money.

Let's say you decide not to invest your \$100,000 but hide it under your mattress instead. Assuming an inflation rate of 4.5 percent, in 16 years your \$100,000 will have lost half of its value.

The real rate of return is the key to how quickly the value of your investment will grow. If you are receiving 10 percent interest on an investment but inflation is running at 4 percent, then your real rate of return is 6 percent. In such a scenario, it will take

your money 12 years to double in value. This does not include the possible tax implication on your investment.

The "Rule of 72" is a quick and easy way to determine the value of compound interest over time. By taking the real rate of return into consideration (interest less inflation), you can see how soon a particular investment will double the value of your money.

The real key to making your money grow is time and a rate of return that outpaces inflation. For more information on how to make your money double or how to out pace inflation, then contact my office today!

Why Purchase Life Insurance?

owner's request income tax free. Of course, withdrawals or loans that are not repaid will reduce the policy's cash value and death benefit.

When considering what type of insurance to purchase and how much you need, ask yourself...

- What would happen to your family without you?
- Will your children be able to go to college in your absence?
- Would you like to leave money to your favorite charity?
- Do you want to leave your family or loved one in debt?

Life insurance will be able to help you meet these objectives and give you

the peace of mind that your family will be taken care of financially.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Purchasing life insurance is not something you want to do blindly online, it is one product you need to speak with an insurance professional about!