

Franklin's Investing

How would you like to invest only \$8,000 and have it grow to over half-a-million dollars with a yearly return of over \$46,000?

Or invest \$2,000 and end up with the same tremendous sum and yearly income?

It can be done through the power of compound interest.

Ask any capitalist—even one who helped found our country. Ben Franklin used the power of compound interest. Back in 1783, when Ben was 77, he added a new section to his will. He set up a codicil that was to last for 200 years after his death. Ben allotted \$5,000 each to his favorite cities of Boston and Philadelphia. The money was to provide loans to needy young people. The borrowers were to pay back the loans at 5% interest over 10-year periods.

Each city's fund, according to Ben's will, operated for 200 years. After 100 years, each city could withdraw \$500,000 from their funds and use the money for public works. The rest of the money would still be working for another hundred years.

Five thousand dollars isn't a lot of money today, but stop and think: How much was each fund worth at the end of the 200 years (1991)? Need an aspirin? How about more than \$20 million! And that was after each city took out half-a-million for public works.

That's right: In 200 years Ben's investment of \$5,000 for each city grew to more than \$20 million apiece because Ben used the Miracle-Gro of compound interest.