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Hidden secret in the entire world ➔ **Dividend COMPOUNDING!**

FED — Heute lernen Schüler und Schülerinnen teils bereits ab der dritten Klasse Englisch. Diese Sprache begegnet uns inzwischen überall. SALE ist heute das Äquivalent für Ausverkauf oder einfach für Billigangebote. Die Musikszene wird schon seit der Zeit, als die Beatles ihren Siegeszug begannen, von der englischen Sprache dominiert, ebenso die grossen Filme. Die fünfte Landessprache in Bern ist Englisch. Deshalb schreibe ich heute über das **Verborgene Geheimnis erfolgreichen Investierens in Englisch und spreche damit ganz speziell Junge und Jugendliche an.**

Compounding is the ability of an asset to generate earnings, which are then reinvested in order to generate their own earnings. In other words, compounding refers to generating earnings from previous earnings…also known as "compound interest". Read more explanation on the following: http://www.investopedia.com/terms/c/compounding.asp#ixzz3j47EFFVj

The process of **earning interest** on a **loan** or other fixed-income instrument where the interest can itself earn interest. That is, interest previously calculated is included in the calculation of future interest. For example, suppose someone had the same certificate of deposit for $1000 that pays 3%, compounding each year. The interest paid is $30 in the first year (3% of $1,000), $30.90 in the second year (3% of $1,030), and so forth. In this situation, the more frequently interest is compounded, the higher the **yield** will be on the instrument.

The average people's goal is to secure long-term wealth. But only sophisticated investors ever really achieve this end. Why? Of course, they know something the average investor does not: The only way to make a fortune is to compound wealth over a long period of time! Nevertheless, poorness is the ultimate end the way western politician acting for as long as over 40 years now and ahead. Do you know the results? Actually, you get only 1/3 of interest your grandfather got in the early seventies. Also retirement pay has been steadily reduced. The German expression names it Umwandlungssatz, a term only few truly know what consequences it really has for you as retirees.

Compounding is THE KING of all investment ideas

You don't mention it: Compounding works best with stocks! If you are not obsessively focused on safely compounding your capital it's unlikely you will ever be a successful investor! In the financial world, what does compounding mean at all? What does it have to do with stocks and how can you begin using it to secure income streams that never get broken? That's exactly what an unadvertised retirement program does! This picture, first investment started as little as $984.99, gives you an idea what sophisticated investors can produce when they put their ideas at work.

The great advisory writer Richard Russell popularized what might be the most powerful example of how compounding over time works. Please intensively read the following! It goes like this:

Investor A starts investing in a locked retirement account at age 26. There, he deposits $2,000 at the beginning and each year thereafter and he continues these contributions until he retires at age 65. He invests this money in a portfolio of save stocks that pay 8% dividends annually. —Still today, even you don't believe in, this kind of investment is feasible. You only have to have either the skills in research and/or you have to find accurate and sustainable expert advice.

Investor B starts investing in an equivalent retirement account at age 17. He also deposits $2,000 each year and invests in the same 8% dividend portfolio. But, investor B only makes nine contributions. After he turns 26, he makes no more payments. **Please remember:** No more payments at all. With a 3% average inflation rate implied, it would take at about 2 more years of contribution, saying Investor B has to start at around age 15 instead of age 17. For better understand below calculation we don't apply any inflation.

Both of their stock portfolios show no share-price appreciation as well. They just crank out 8% dividends each year being reinvested. On their 65th birthdays, the two investors compare the balances in their retirement accounts.

	Investor A	**Investor B**
Account Balances	$516,113.	$542,572
Less Contributions	–$78,000	–$18,000
Net Earnings	$438,113	$524,572

Imaging what's happening when contribution already would start at one's first birthday! At age 65 funds will end up on $3,990,075 which is huge and securing you a wealthy retirement. Now, if you are a working person who get its monthly wages, please take your salary sheet and watch what amount is pouring into your official retirement account each month. Then put the numbers into this calculation sheet and compare what current governmental enacted retirement system is stealing off your wealth. It's amazing what you may see displayed!

Back to calculation: Earnings growth around 6-fold for A against 29-fold for B. Huge difference, but it's not the end of the story. Investor B made nine contributions. He ended up with more money than investor A, who made 39 contributions. Amazing results, right? The trick is, Investor B started nine years earlier than investor A and when he turned 26, its portfolio was throwing off $2,157.85 interest due his fund has been growth to $26,973.13 over time. To remember, first bill investor A will receive comes off $2,000. That's the reason why A never ever can overtake B.

As you can see, time is the most important ingredient in compounding. The more years you give it, the more your money mushrooms. That's why this strategy is used by sophisticated investors. They always think five...10...20 years or even more down the road. They don't care about tomorrow nor next week. They know power of compounding is proven over time. They are patient.

One thing you never should forget: Compounding doesn't have a lot sex appeal.

You won't hear about compounding neither on CNBC nor in "Finanz und Wirtschaft" and even not from your broker or in the Wall Street Journal. That's why the average investor doesn't know about this powerful idea. Plus, the least successful investors are too looking for hot tips and "get quickly rich ideas" instead to care about compounding. They're impatient and always looking for action. So they end up gambling their money away without investing wise and sustainable.

The best way to compound in the stock market is not to worry about what the market is doing or what a company's share price was eight years ago. It's to buy elite businesses like World Dominating Dividend Growers at great prices and let the reinvestment of dividends snowball your money. One of these WDDGs is **ALTRIA**, one of the most powerful Stocks in recent decades…It's not the only one. **Abbott Labs**, Wal-Mart, Coca-Cola, Sysco, Becton-Dickinson, Nestlé, Microsoft and Johnson & Johnson are only a few to name.

Dividend reinvestment is how you compound income you earn from WDDGs. When you reinvest dividends, those dividends earn more dividends and those dividends earn even more dividends. It's like buying new shares of stock every three months without having to put another dime into your investment. It's as close to free money as the stock market will ever get you.

Reinvesting dividends is simple. All you have to do is to sign up for a Dividend Re-Investment Plan or DRIP. That's the official name for this "unadvertised retirement program" probably you have never heard of. Once you enroll your shares, all the dividends you receive from a business are automatically used to buy new shares of the same stock and WDDG shares are growing over time.

Through DRIPs, companies sell their stock directly to the investing public. It's like buying a pair of sneakers from a factory direct outlet instead of going to Foot Locker at the mall. So the absence of broker fees is a popular benefit of this plan. Some brokerage firms will enroll you in a DRIP at your request. I've done this with one of my accounts. I just told my broker to automatically enroll any stock I buy that I register for a DRIP. So if I buy a dividend-paying stock that qualifies for a DRIP, my broker immediately begins reinvesting its dividends, for no charge, until the day I sell the stock. Most of the companies I named above should be eligible for DRIP. — Ask your broker!

However, not all brokers offer this service. If your broker is one of them, to sign up for the plan, don't contact the company directly. Instead, contact the company's DRIP administrator you may find on their website. Many companies use Computershare to keep track of their stock and handle all DRIP transactions. If a business you own uses this transfer agent, to enroll you simply have to call Computershare at 1-800-442-0077, or go to its website at www.computershare.com.

In coming times, when inflation is going to rocket and the Euro will go under along with the U.S. Dollar, many more currencies will fall in trouble too. You only will survive having WDDGs, Gold, Silver and Rare Earths. Those always will be needed due they are heroes in their business, WDDGs can raise prices along inflation.

On November 28, 2012, Abbott's board of directors declared a special dividend distribution of all of the outstanding shares of common stock of **AbbVie Inc.** (AbbVie), the company formed to hold Abbott's research-based proprietary pharmaceuticals business. For each Abbott common share held at the close of business on December 12, 2012, Abbott shareholders received one share of AbbVie stock on January 1, 2013. Abbott has received a ruling from the Internal Revenue Service that the separation qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes.