The Edge: How to "Do Nothing" and Build a Fortune Using the Power of Compound Interest

In this Special Report you will learn:

- **Why Einstein called compound interest the "Eighth Wonder of the World"**
- **The way to double and triple your money without doing a thing**
- **The mental attitude you need to do nothing and get rich**
- **The best system for taking advantage of the power of compound interest**
- **How to make your children and grandchildren millionaires**
- **And much, much more**

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Why would Albert Einstein insist that one of the most powerful forces in the universe, indeed the Eighth Wonder of the World, is compound interest? Because it's true! Compound interest expands money…. infinitely. It grows investments exponentially. It harnesses the power of time, itself.

No quick fix, get rich quick idea or secret formula can produce the result of compound interest. Consider the ancient Chinese tale of the chessboard and the grain of rice:

The Emperor of China loved the game of chess…so much so that he rewarded the inventor with one wish. The inventor seized upon the opportunity and "invented" compound interest, on the spot. He replied that he wanted one grain of rice on the first square of the chessboard, two grains on the second square, four on the third and so on through the 64th square. Little did the Emperor realize the power of this seemingly modest request. But by the time he would reach the last square, he would need 18 million trillion grains of rice--more than enough to cover the entire surface of the earth. The clever inventor did not gain all the rice in China; he lost his head. But he did give us the power of compounding in the process.

Let's make this more practical…..say you start on February 1 with only a penny saved. Let's say you double it every day. So you have 2 cents on February 2 and 4 by February 3. How long do you think it will take to have *$1 million*? Did you say 100 years, 10 years, and 1 year? Starting with a penny and doubling every day, you would have over $1 million – $1,342,177.28, to be precise – in only 28 days! And if it were leap year…..the month of February would produce an unbelievable $2,684,354.56!

Simply stated, compounding interest refers to the fact that the interest you receive will be calculated not only on the principal amount that you invested, but also upon prior interest amounts added to your investment. That is, the interest you earn will also add interest and the interest upon interest upon interest will keep adding to your principle, forever.

Wealth Principle #1 - Compound interest is a fundamental component in the laws of money.

If people were taught it at school as part of a money management unit, I doubt that as many of us would be relying upon Social Security for retirement support as we have today.

No, we do not expect to double our money (or our rice) every day. However, the power of compounding will double our holdings over time. What period of time? For that we go to one of the lesser known mathematical fact about compounding; the "Rule of 72."

The Rule of 72 says that compound interest will approximately double your money within a calculable time period: that period is determined by dividing the interest rate you receive into 72. The result will be the period, in years, that it will take to double your money. Earn 8% interest, and your money will double in 9 years (72/8=9). Earn 10% and your money will double in 7.2 years (72/10=7.2)

Of course, the power of compound interest is most relevant these days when it comes to managing our personal finances. There is nothing easier than doing nothing. That is exactly what compound interest requires. If your grandfather or great grandfather had done only one thing and nothing else, you would be set for life! Imagine that in 1927 he put $100 in a trust fund for you. And suppose that the principle and the interest remained untouched for the next 81 years. If the trust fund earned 10% per year which is approximately the average rate of return of the stock market, how much money would you have today from that initial $100 investment?

Knowing what we now know about compounding, the answer is no longer unbelievable. The single act of starting a trust fund in 1927 for $100 and then doing nothing else would produce a legacy by the end of 2007 of over $225,000. From a mere $100 gift from your grandparents you could draw down that account upon retirement in the form of annual payments that would virtually match or even surpass what you can expect from Social Security.

Wealth Principle #2 - Make your children multi-multi millionaires.

What about the next generation. Consider that in 1950, when they were beginning their adult life in earnest, if your parents put away $1,000 in a mutual fund at a 10% rate of return, when they retired in 1997 that $1,000 would have grown to $251,637. That assumes they never saved an additional penny for the rest of their lives.

All of this required only a single act - a beginning seed, like a grain of rice on a single square of a chessboard.

Now begin considering how you can harness the power of compounding by taking additional action, by fueling the fire and stoking it periodically. How? Fuel it by adding to the initial investment and stoke it by increasing the rate of return.

If starting in 1950 your parents had added another $1,000 every year into the same stock mutual fund, they would be very rich today. That stock fund would be worth $2.75 million. Your parents could have a more than sufficient income just by living off the interest from this account and they could leave the entire $2.75 million to you.

What's that? Your parents did not do that for you? Well you can do that for your children and grandchildren, and the government will help! That's right. Today, you can leave an IRA or other tax deferred account, to your children, which defers the tax throughout their lifetime. This is called the stretch out IRA. It is the most powerful tool in all of generational wealth building. Combine it with compound interest and you will build a dynasty.

Wealth Principle #3 - It is the steady investment plan that makes this work.

So far, all of these numbers are based upon a rate of return of 10%. This may seem like a relatively high rate, considering that in all of the examples, there was no tweaking, no looking for a higher rate, no work of any kind. But this rate is justified and correct.

Jeremy Siegel, author of Stocks for the Long Run (McGraw Hill, 1997), researched this and concluded that from the day the New York Stock Exchange opened its doors, through the end of 1997, the average annual rate of return on stocks has been more than 10 percent. Siegel finds that there has never been a 40-year period in American history when the markets have deviated significantly from that long-term trend.

Do better than that rate of return, and the power of compounding can appear nuclear. Look at the now famous case of Ted Johnson, a UPS Driver who never earned more than $14,000 per year. He plowed every penny of savings he had back into UPS stock, and when he reached the age of 90 he shocked his relatives and friends by announcing that his net worth was a cool $70 million.

The important thing to remember about the power of compound interest is that it depends for its effectiveness upon only one thing: leaving the interest alone and letting the interest earn interest. All of the other factors, the rate of return and the amount of time, merely affect the bottom line. Without the "let it ride" factor, the power melts away to nothing. Just look at an easy example, comparing the power of compounding to the modest result of simple interest, where the earned income is not held but is withdrawn.

It is a simple investment of $10,000 at a high rate of return, 15%, held for 15 years. Here's how much money it would make when at the end of 15 years given both scenarios:

	Interest Paid Out Option		**Interest Re-Invested Option**	
End Year	Amount Invested	Plus Interest Paid Out	Amount Invested	Plus Interest Re-Invested
1	$10,000	$1,500	$10,000	$1,500
2	$10,000	$1,500	$11,500	$1,725
3	$10,000	$1,500	$13,225	$1984
4	$10,000	$1,500	$15,209	$2281

5	$10,000	$1,500	$17,490	$2624
6	$10,000	$1,500	$20,114	$3017
7	$10,000	$1,500	$23,131	$3470
8	$10,000	$1,500	$26,600	$3990
9	$10,000	$1,500	$30,590	$4589
10	$10,000	$1,500	$35,179	$5277
11	$10,000	$1,500	$40,456	$6068
12	$10,000	$1,500	$46,524	$6979
13	$10,000	$1,500	$53,503	$8025
14	$10,000	$1,500	$61,528	$9229
15	$10,000	$1,500	$70,757	$10,614
Total Interest Credited:		$22,500		$71,371

Interest Paid Out Option Total Return upon maturity (15 years)		**Interest Re-Invested Option** Total Return upon maturity (15 years)	
Initial Amount Invested	$10,000	Initial Amount Invested	$10,000
Interest Credited	$22,500	Interest Credited	$71,371
Total Return	$32,500	Total Return	$81,371

Simply by re-investing his interest, and making use of the power of compounding, the result is $48,871 in additional income. Put another way, if we had chosen to have the interest paid out we would have tripled the initial investment after 15 yrs. By reinvesting income, we are able to multiply it 8 times!!

The longer the period of time, the greater the benefit. Below is the comparative table for the same investment with 5 more years:

Interest Paid Out Option Total Return upon maturity – 20 years		**Interest Re-Invested Option** Total Return upon maturity – 20 years	
Initial Amount Invested	$10,000	Initial Amount Invested	$10,000
Interest Credited	$30,000	Interest Credited	$153,665
Total Return	$40,000	Total Return	$163,665

The difference now, given just 5 extra years, is a staggering $123,665.

Wealth Principle #4 - You need the proper attitude to make this work.

I cannot emphasize this enough; attitude is everything in doing nothing and getting rich. We are trained early in our lives to think that the overnight success is the real success. Nonsense! This notion is very dangerous to your wealth and well-being. Once again, the real secret to investment riches is to be patient with your strategy over a long time frame. The Follow the Fed investment strategies are designed to do just that.

The power to compound interest allows anyone in our prosperous nation to become financially free given sufficient time, but there are a few things that can give you The Edge:

1. Invest what disposable income you have
2. Invest at a reasonably good interest rate (i.e. well above the rate of inflation)
3. Start as soon as possible to put time on your side
4. Use an investment strategy that does not require you to pay ridiculous fees and commissions that only reduce your returns. For example, the Follow the Fed strategies require only low cost Index Funds and/or ETFs.

A twenty year old starting out investing just $100 per month at a return of 15% should, by the time they retire at age 60, have accumulated a sum just over $3,100,000.

Can you cultivate the right attitude and be patient? If you can, you will be rich. Don't put it off – the key to compounding is time. If you wait until you're 30 to start doing this, you'll only have around $700,000 by age 60 instead of $3,100,000.

If you're 40 or 50 and you're reading this, don't be discouraged. You're obviously not going to be able to derive the same benefit from compounding compared to a 20 year old, but start now anyway – the sooner you start, the better off you'll be.

Wealth Principle #5 - Follow the Fed® makes compounding an automatic lifetime habit.

You need a system. I created Follow the Fed® to guide my own investment strategy, and it has changed my life.

I stay disciplined. Your funds, too, should only be accessed once you've accumulated a large enough sum that you no longer need to work.

For more information on this exciting opportunity, go to
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Praise for *Follow the Fed to Investment Success*

“This is a great strategy for investors who actually have a job, a family and interests – in other words, a life.”
Randall W. Forsyth – Editor, Barron’s Online

“*The Follow the Fed strategies defy the rules of conventional investing, and they work! Doug Roberts is right when he says we sometimes make investing way too hard. He has demonstrated that amazing returns that beat the market by large amounts can be made with only a trade or two a year. I recommend these strategies without reservation to anyone who wants to achieve superior returns while reducing the stress associated with investing*.”
Hilary Kramer - AOL / Finance Editor and Market Strategist

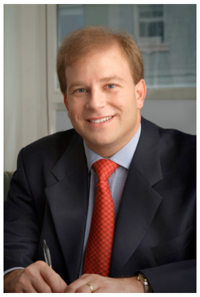
"When it comes to investing, Doug Roberts is the man to know. With his background at Wall Street firms like Morgan Stanley and Sanford Bernstein, he has learned all the tricks that allow those guys to literally print money. Now with his 'outside the box' way of thinking, he has a system that allows ordinary guys like me to get a piece of the action usually reserved for Wall Street insiders. The best thing of all is that I do not have to watch the market every day. I leave that to experts like Doug."
Eddie Hittinger, MD
Cliffside Park, New Jersey

"I have known Doug Roberts since his days at the Wharton School and have always considered him one of the smartest people I know. I have watched his rise through Wall Street. Over the years he has been kind enough to share his investing philosophy with me. These recommendations would have made me very rich, but I never had the minimums necessary for him to manage my money. Now Doug has developed a system that allows investors like me to invest like him, and I am jumping in with both feet."
Howard M. Gitten, Attorney
Fort Lauderdale, Florida

"Doug Roberts has been a lifetime member of the worldwide CEO Clubs for as long as me, and I am the founder…. Today, his business has blossomed because his wealth creating advice has made him a sought after expert on a topic most CEO’s do poorly managing…Creating Their Own Wealth!!"
Joseph Mancuso
CEO Clubs Worldwide
New York, New York

"In a world filled with empty promises, get rich quick schemes, and follow the herd stock tips, Doug Roberts offers a well-researched and proven strategy that simply works. Doug is a former Wall Street insider who has cracked the code to beating the market and has the guts to reveal his secrets to the world."
Barry Flanagan
Tap Consulting, L.L.C.
Granger, Indiana

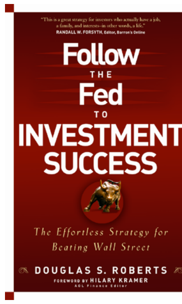
Doug Roberts
Biography



Douglas S. Roberts is the Founder and Chief Investment Strategist for the Channel Capital Research Institute. He is a Contributor to AOL's Money & Finance section and is frequently called upon by the media as an expert on the Federal Reserve Bank. His comments appear regularly on CNN/Money, MarketWatch.com, Reuters, and the Dow Jones Newswires, and he is a frequent guest on CNBC and the Fox Business Channel. Doug's new book, Follow the Fed to Investment Success, was published by John Wiley & Sons in May of 2008.

Doug was a Vice President and Portfolio Manager at Bernstein Investment Management and Research, a unit of Alliance Capital Management, L.P., from 1999-2001. In addition to his portfolio management responsibilities, he led his group's strategies focusing on quantitative investment analysis and sector allocation, as well as the evaluation of alternative asset investment vehicles.

From 1994-1998, Doug was a Managing Director of the Roberts Mitani Group, a New York merchant bank specializing in the investment of capital from Japan and East Asia. From 1992-1994 he served as a founding member of the Board of Directors of Benson Eyecare Corporation, which had been listed on the American Stock Exchange prior to its sale.



From 1985-1992, Doug was the Chief Operating Officer of the Flori Roberts/Dermablend Group, a family-owned pharmaceutical/cosmetic group of companies that were acquired for $22 million in cash and stock by IVAX Corporation (IVX-ASE) in 1992. Subsequent to the acquisition, he served as Chief Operating Officer of the Personal Care Products Group and Assistant to the Chairman-Special Projects from 1992-1994.

Doug began his career as an Associate of the Morgan Stanley Group working in the Corporate Finance department in both the New York and London offices from 1983-1985. He earned a B.S. and an M.B.A. from the Wharton School at the University of Pennsylvania in 1983.

He serves on the international Board of Governors of Sigma Phi Epsilon fraternity and the Board of Trustees of the Ranney School and is a member of the Explorers Club for his participation in the discovery of the U-869, a World War II German submarine, off the coast of New Jersey as featured in the book, Shadow Divers. He holds a second-degree black belt in the Imperial system of tae kwon do. Doug is married with two children.

**Special Bonus Report Data were obtained from the Kenneth R. French, PhD - Data Library (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/index.html) and Standard and Poor's (www.standardandpoors.com). Market indicies include dividends except where noted. Actual live signals issued from ChannelCapitalResearch.com were used since 2006.

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