

## Small Can Be Large in Wealth Accumulation Plans

Many investors think they have to make large yields in order to accumulate enough money for their retirement. In order to accomplish this goal, many investors turn to the stock market to reach for higher yields. As we know, this can turn out to be a recipe for disaster.

There is of course a better way to achieve stock market type returns with little or no risk!

Leverage is the answer as long as the right safe investment is utilized. By using other people's money, { borrowed money } an investor can achieve high yields without taking on inordinate risk. And the amazing thing about this strategy, a positive yield { the yield of the asset minus the cost of the borrowed funds } of just one percent compounded annually, can produce a very sizable retirement pool.

If an investor borrowed \$1,000,000 at 6% and invested it in a safe earning asset at 7%, that 1% positive spread would accumulate to about \$600,000 in 10 years, \$1,200,000 in 15 years and \$2,100,000 in 20 years. And these figures are computed after deducting the loan repayment and the cost of the interest. So, 1% positive spread can produce more of a retirement pool than most persons would have guessed!

Now let's look at a 2% spread, in 10 years it would produce \$800,000, in 15 years about \$1,600,000 and in 20 years \$2,900,000. And let's consider a 4% spread, in 10 years it would be \$1,200,000, 15 years \$2,600,000 and in 20 years it would provide \$5,000,000. So, a small positive spread, over a reasonable number of years, can add up to a very comfortable retirement for the participant. Now you have some understanding of how Donald Trump has accumulated so much in his lifetime. Achieving the success of Trump may not be in the cards, however; a happy retirement is certainly in reach for those who plan well. And there are investments which are safe and can provide a 1-4% positive spread!