

The Intergenerational Wealth Mindset

By Sure Dividend

Imagine if your ancestors invested generations before you...

\$10,000 invested at 9% will grow to this amount after the following time periods:

- 10 years: \$24,000
- 20 years: \$56,000
- 50 years: \$744,000
- 100 years: \$55,200,000
- 150 years: \$4,100,000,000

This growth *does not include* saving *anything else*. It also assumes you do not sell your initial investment amount.

You and your family can generate similar results over generations by:

1. Investing in great businesses for the long-run
2. Understanding the power of compounding
3. No selling your principal

Invest In Great Businesses for The Long-Run

“The single greatest edge an investor can have is a long-term orientation”

- Seth Klarman

Warren Buffett (a multi-billionaire), Seth Klarman (a billionaire), and many other successful investors all have one thing in common: They invest for *the long-run*.

Investing for the long-run means thinking in terms of decades rather than months. Most investors suffer from short-term thinking. This limits their investing success because they incur more frictional costs like: capital gains tax, brokerage fees, and slippage.

When you invest for the long-run you will naturally invest in great businesses. Businesses with strong and durable competitive advantages are suitable for long-term investing because they will be (very likely) *around* for a long time – compounding your money the whole time.

Understand The Power of Compounding

Compound interest produces phenomenal results over the long-run. **The longer your money has to compound, the more it will grow.**

Compounding is so powerful because it grows your wealth *exponentially* while time passes *linearly*. This means that every year has the same amount of time, but the more money you have, the larger (in \$ terms) it will grow every year thanks to the power of compounding.

Do Not Sell Off Your Principal

Dividend growth stocks combine the power of compounding (that's the *growth* part) with current income (the *dividend* part). If you can build a portfolio of high quality dividend growth stocks that pay you enough in dividends to replace your income, you will never need to touch your principal. This means you (and your children, and their children) can benefit from the effects of compounding principal indefinitely.