3 Easy Steps to Maximize Your Wealth Building

When I was young, I wanted to be a millionaire.

I read every book about millionaires I could find. (You may have heard about me reading Think and Grow Rich when I was 10 years old). It's true.

Soon, I could see a pattern of things, steps, millionaires did in common to create their wealth.

One thing stood out to me as the most crucial of all: **the RATE at which you compound money.**

Understanding how compounding rates worked made me realize if I wanted to become a millionaire, an 8% or 10% average annual return would take about 30 to 40 years to make my dream happen!

By then I'd be too old to enjoy it and I'd be out of time…

That clarity – and the fact that's NOT what I wanted – led me on a different path that would change my life.

I would have to look for a more powerful "money engine" to grow wealth.

The stock market got my attention when it went up about 30% in one year.

Hmmm, what if there was a way to get that rate of return again and again?

I happened to pick up a book and start reading about buying individual stocks.

The irony is, I worked in the investment industry and it was my job to represent professional money management - having your money managed by someone else.

They strongly discouraged individuals from buying stocks on their own.

They said it was “too risky”, like it was a bomb that would explode.

That’s probably why I was so scared, literally terrified, to buy my first stock. I was SURE I was probably going to lose all my money.

But something else happened. My stock began to go up. So did the next one.

I kept following my book and buying more stocks and it kept getting better and better. It wasn’t long before the stock market became an all out mania. Stocks were jumping $5, $10, $25 dollars in a day.

And my compounding went through the roof. The portfolio grew so fast I started tracking the increase every day on a piece of notepaper.

I felt a huge sense of accomplishment and frankly, surprise, when it crossed $1 million. When it doubled the next year to $2 million, I was in utter shock. I was 39 years old.

Bubbles are like that. They can rise exponentially. Kind of like real estate in 1999 - 2007 did too.

Going through this experience, changed the way I looked at investing.

It made me want to learn more about investing in bubbles. It turns out, they are not a once-in-a-lifetime phenomenon. They happen all the time throughout history.

It starts as a little known trend and then goes mainstream and soon everyone wants to invest in it.

The reason it's important to know about bubbles and understand how they work is they can grow and compound your money at high rates for years at a time.

Think back in history about powerful trends and the fortunes that have been made in steel and railroads, cars, trucks, planes, oil, defense equipment, commercial real estate, communications, computers, internet, residential real estate, alternative energy, smartphones and online business.

Lots of fortunes were made in these areas – at the right time.

It's not over. There's more to be made…and research is showing me we are early in another bubble that will be tremendous and a second one that is underway that no one is expecting.

So if you are looking to create more wealth 1) be aware of your rate of compounding, 2) look ahead with your investments and not in the rear-view mirror, and 3) search for technologies that will create massive positive shifts.

Be aware of your rate of compounding because that is the most important factor in building wealth.

It determines whether you become wealthy while you're still young or if it will take until you are at retirement age! The greater your rate of compounding, the faster you build wealth.

Looking ahead is important because most people look in the rear-view mirror and buy an investment that's done well in the past.

It may or may not repeat that performance because the circumstances that caused it to perform well may have changed.

For example, it might be the peak of a bubble, or interest rates may have changed direction, the rate of inflation may have changed, a recession may be setting in, etc.

There's all kinds of reasons why an investment might do well for several years and then not do well.

It's called a cycle.

You want to keep your eyes open to what the cycle is doing - is inflation increasing or decreasing? Are corporate profits rising or falling?

Look forward to the future trends, not the past.

Lastly, you want to keep your eyes open for technologies and products/services that you are starting to use. Not that long ago Microsoft software was installed on computers for the first time, Google surpassed other search engines, and Apple introduced smart phones.

There's all kind of technology still being developed. It's only just begun.

Are you going to tap into it and build wealth?

Keep your eyes open and look for the big trends.

To your prosperity,

Linda