

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals. If you have any comments regarding our newsletter, please call at 202-419-1440 or e-mail ida@caab.org.



Start On Your First \$1 Million at Age 16

by **Scott Burn** Source: www.moneycentral.msn.com

Here's a simple recipe to become a millionaire:

- Work four summers, starting at age 16
- Save the income in a Roth IRA account
- Invest it in a simple, low-cost equity portfolio
- Simmer slowly for 47 years and serve ungarished and untaxed at age 67.

This is the first recipe in my new Small Change Millionaire Cookbook, an occasional series of columns with a single purpose -- demonstrating different ways small amounts of money can be turned into a large amount of money. Just as a mere 10 calories a day of additional food can pack on a pound a year, small change can become large amounts of money.

The good news is that money grows faster than fat. Calories don't have the benefit of compound annual growth.

Many people fail to diet because the end goal seems so far away. So it is with saving and investing: Most people fail because it is nearly inconceivable that a few

dollars a day or a well-timed gift can be turned into that magical sum. Start investing with \$100.

Fast-food millionaires

A million dollars. It has such a nice sound. So let me show you how four summer jobs can become your first million.

Let's suppose that you are 16 years old, in high school, and willing to work. Let's also suppose that you can clear about \$2,000 over the course of a summer, if only because a doting grandparent puts money in the Roth while you take your earnings to school. If you invest in a Roth IRA, it will grow, tax-free, for as long as you have the account. All withdrawals from the account after age 59 1/2 will be tax-free.

If your money is invested in common stocks and you achieve the average compound annual rate on large-capitalization U.S. stocks, 10.7%, your account will grow to \$9,378 at the end of the fourth year. You will be 20 years old. Invested in the same way, with no additional savings, the account will grow to: \$25,917 by the time you

are 30, \$71,625 by the time you are 40, \$197,943 by the time you are 50, \$547,037 by the time you are 60, And \$1,114,423 by the time you are 67. And you will have started and finished all of your saving before turning age 21.

Worth the risk

Note that this plan does not require investment brilliance. It does depend on two things, an early start and tenacity. If you invested in small company stocks, whose long-term annual return clocks in at 12.5 percent annually, you could have much more money. (Try \$2.4 million.) Similarly, you could diversify to reduce your risk and make your 47-year ride more comfortable. But you would do it at the expense of a somewhat lower return.

The "Yes, but" crew will be happy to tell you that \$1 million isn't what it used to be. I can remember people telling me this in the '60s. It is as true now as it was then. Millionaires are, well, just dreadfully common.

CONGRATULATIONS!

The following savers have made asset purchases in the month of September. Will you be next?

Shonette Balton
Education

Andia Evans
Education

Andrea Howe
Education

Jamal Lee
Education

Danielle Owens
Education

Janay Perry
Education

Katrina Randolph
Education

Kea-Iyonna Simmons
Education

James Sullivan
Education

Robert Sullivan
Education

Tuan Van Vu
Education

Crystal Williams
Education

Jian Zheng
Education

Even so, the number of millionaires is relatively small. And being a millionaire is a better choice than being a pauper. All you've got to risk is four summers. ♦



PROGRAM NEWS



NEW EMPLOYEE ANNOUNCEMENT

We are excited to welcome Pat Philippe as our new Financial Education Counselor at CAAB! He facilitates CAAB's money management and credit workshops and conducts one-on-one financial counseling to assist clients in setting and achieving savings, homeownership, business and credit goals. Prior to joining CAAB, Pat served as the Financial Management Consultant with Operation HOPE, Inc, where he provided group and individual financial counseling to DC Metropolitan area residents to assist them in resolving any credit, debt and budget issues. Pat also has a background in workforce development, small business development and banking.

One-on-One Credit Counseling Now Available!

With the addition of our new Financial Education Counselor, clients will now have the option of 1-on-1 credit counseling. These sessions are confidential. During the 1-on-1 consultations, clients will receive a free copy of their credit report as well as a comprehensive credit, debt and budget analysis. Together, you and Pat will map out strategies to decrease debt, increase savings and get on the road to long term wealth. Remember, it's not how much money you make, but how well you manage what you have!

UPCOMING EVENTS

Financial Literacy

Management: 101 Workshop Series”

Saturday mornings
10 am—12pm
November 4, 11, 18,
December 2, 9

CAAB
1801 K Street NW,
Suite M-100

Free

Contact Us:

Capital Area Asset Building
Corporation
1801 K Street NW, Suite M100
Washington, DC 20006
Phone: 202-419-1440
Fax: 202-419-1447
Website: www.caab.org

D.C.'s General Election

The General Elections will be on Tuesday, November 7th 2006. The polls are open for the general election from 7 a.m. to 8 p.m. If you're a registered voter and would like to find out your polling place, call the Board of Elections at (202) 727-2525. You can also go online to <http://www.dcboee.org/> and click on the link called "Find Your Polling Place".

Ward 8 Education Council Meeting

Tuesday, October 24, 2006 @ 6:30p.m.
P.R. Harris Education Center
Livingston Road and South Capitol
Street, S.E.
Washington, D.C.

How to Become an LSDBE(Local, Small, and Disadvantaged Business Enterprises)

Friday, October 27, 2006 @ 10:00 a.m.
Ward 8 Constituent Services Office
2100 MLK Jr. Avenue, S.E.
3rd Floor Conference Room
Washington, D.C.

Job Training

Goodwill of Greater Washington
www.dcgoodwill.org
"Job Training & Placement Services"
Ongoing
Visit website for all locations
Free

The Government of the District of Columbia

Dept. of Insurance, Securities and Banking

DISB'S MONEYWISE

A Consumer Information Fair

WHEN: Friday, October 27th, 2006, 10am-3pm

WHERE: One Judiciary Square, 441 4th street, NW
Old Council Chambers
Lobby Level, South
(Metro: Judiciary Square on the Red Line)

COST: Free, Free, Free

A one-stop financial information fair featuring mini workshops and a broad range of resources for managing your personal finances.

Learn About....

- ◆ YOUR INSURANCE NEEDS:
Health, life, home, auto
- ◆ FINANCIAL FRAUD:
Detect it, prevent it, avoid it
- ◆ CREDIT COUNSELING:
Managing your debt
- ◆ WISE INVESTING:
Sensible strategies to wealth building
- ◆ NON-DEPOSITORY FINANCIAL INSTITUTIONS:
check cashers, payday lenders and mortgage lenders..

For more information, contact Lucy Drafton at 202.442.7775, email: Lucy.Drafton@dc.gov or visit DISB's web site at www.disb.dc.gov

CAAB CORNER

- CAAB plans to offer a retirement workshop in the Fall 2006 but first we need to hear from you! The workshop will discuss topics like: Learning about the latest retirement plans, the best amount to save with your current budget, and how to get started preparing for your future. If you would like to attend or know someone who would be interested, please call us at 202-419-1443 or e-mail info@caab.org and we will schedule the workshop according to the feedback we receive from you and other IDA and MDA savers. We look forward to hearing from you!

SHARE YOUR STORY!

- Congratulations to the *Saver of the Month* for October 2006! Nekia Walker is an IDA saver learning more about the homebuying process through the Manna Inc. Homebuyers Club. Read about how she's able to keep up with her savings goals online at www.caab.org. We know that all of our savers have great stories to share and we want to hear from you now! Learn more about the program and nominate yourself or a friend to be the next *Saver of the Month* at <http://caab.org/programs/saver-stories/saver-launch.php>. You can also sign up by calling Donna V.S. Ortega at 202-419-1440.

