JEFFERSONIAN GROUP
CHAMPIONS OF FREEDOM AND SELF RELIANCE

INDEX FUNDS ARE NO MATCH FOR DRIP STOCKS

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A respected newsletter writer, who stated he only invested in Index Funds, wrote, "here's a fun one," let's say you are 25 and want to retire in 40-years at age 65. He then gave three examples of individuals investing $123,500 in their IRA accounts at different times in the S&P 500 Index Fund, averaging 7% per year. The points conveyed, at least the ones that made sense were: (1) invest early and (2) don't try to time the market, i.e. once invested in stocks, leave your money, and, don't wait and hold your cash until the market declines.

The best case ended up, at the end of 40-years, with $1,212,838 or 9.82 times the original investment. And, in order to retire on this money in the Index Fund, you would have to liquidate the principal each and every year. What happens if you had to start withdrawing this money if we go into a stock market crash like 2000-2001-2002, three years straight of stock market declines? It is highly likely that you would run out of money in your retirement!

I'm just looking at one DRIP stock purchased 25-years ago—not 40-years—that has a current dividend yield of 67.96% at the end of December 31, 2018, which keeps increasing each and every year, on average by approximately 10%, regardless of what the stock market does. Also, the value of that stock as of December 31, 2018—after 25-years, not 40-years—was 21.94 times the original investment rather than just 9.82 times after 40-years. Also, December 2018 was a horrible month for the stock market, so that was a low value!

Finally, the DRIP stock purchased did not fit our current requirements, i.e., rather than a 3% or better yield on the date of purchase, this DRIP was acquired with a 1.53% yield.

A study has been done by Professors Harvey Rubin and Carlos Spaht II, *Financial Independence through Dollar-Cost Averaging and Dividend Reinvestments*; see my book, *The Best Kept Secret to Financial Freedom*, pages 19 and 44.

To sum-up their conclusion, “For those investors who adopt ten and fifteen year horizons, the dividend investment strategy will lead to financial independence for life. Regardless of the direction of the market, a constant and growing dividend is a never-ending income stream.”

“Here’s a fun one” for you 25-year old’s, why not become financially independent in 15-years at age 40 rather than wait 40-years until age 65 to retire.

Index Funds, mutual funds, growth stocks, tech stocks, real estate syndications, ad infinitum, can’t touch OUR DRIP STRATEGY… supported by two Finance Professors and a few average individuals like Grace Groner, Anne Scheiber, and Ronald Read. See, *The Best Kept Secret to Financial Freedom and Unlock the 4-Doors to Financial Independence.*

The beauty of this DRIP STRATEGY is that you can do it yourself; you do not need financial planners, money managers, or investment advisors; just a book that costs as little as $4.99.

Dum Spiro, Spero—While I breathe, I hope.

Slainte mhath,

Robert G. Beard Jr., C.P.A., C.G.M.A., J.D., LL.M.