



## How Did A 90-Year-Old Woman Turn \$5,000 Into \$22 Million?

### Description

They grinned when she started investing on her own — but their laughter turned to amazement when she unveiled her eight-figure fortune.

You see, Anne Scheiber, living alone in her New York apartment, managed to turn \$5,000 into a fortune worth more than \$22 million.

Anne is no longer with us. However, the rules she discovered are still in use. Even today, thousands of ordinary investors are using her same method to build fortunes of their own.

### How did she turn \$5,000 into \$22 million?

Anne Scheiber is the classic example of how regular folks build wealth in the stock market.

In the 1920s, Anne was hired as an auditor at the IRS. She never earned a lavish salary. To save money, Anne lived in a small, rent-controlled apartment and wore the same coat year after year.

But during her time auditing tax returns, Anne learned one important lesson: the surest way to become rich was by owning stocks. So in 1932, at the age of 38, she forked over most of her life savings to a young Wall Street broker. He promptly lost everything.

In 1944, at the age of 50, Anne was determined to try again. However, this time relying on herself, she saved \$5,000 and plunked it back into stocks. Anne purchased shares in a number of great American companies that I'm sure you've heard of. Her portfolio included businesses like **Chrysler**, **Schering-Plough**, **PepsiCo Inc**, and **The Coca Cola Co**.

Anne reinvested any dividends that were paid out. According to those close to her, she hated paying commissions. That's why she rarely sold any of her shares even after repeated stock splits.

When Ms. Scheiber passed away in 1995, her small investment had grown to \$22 million. Anne donated it all to New York's Yeshiva University.

## Thousands of ordinary investors are building wealth in the stock market

Of course, Ms. Scheiber is an exceptional case. However, her story illustrates the real key to building wealth in the stock market: buy wonderful businesses, reinvest the dividends, and hold on for the long haul.

In my 12-year investing career, I have bought and sold hundreds of thousands of dollars of stock. But after all the wheeling and dealing, I wished I had figured out one thing sooner — it's the few investments you buy and hold forever that generate wealth. Consider these Canadian examples.

**Fortis Inc** ([TSX: FTS](#)): Over the past 20 years, Canadian utility giant Fortis has hiked its distribution almost three-fold. If you held the stock over that entire period, your yield on cost would now be over 20%.

**Enbridge Inc** ([TSX: ENB](#))([NYSE: ENB](#)): An investor who bought Enbridge in 1995 at around \$3.56 (split-adjusted) began earning a 7.0% dividend yield. Since the company's payout has increased every year, that same investor is now earning an incredible 40% yield on their original investment.

**Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)): The TD Bank is a great example of what compound growth can do to a stock's yield. Over the past two decades, the company has increased its dividend at a 12% annual clip. If you had bought and held the stock over that time, the annual yield on your investment would be more than 35% today.

Investing doesn't have to be rocket science. As Anne Scheiber discovered, wonderful businesses that reward shareholders should outperform over the long haul.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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