



How a 90-Year-Old Woman Amassed a \$21 Million Fortune (And How You Can, Too)

Description

You have probably never heard of her, but she's something of a celebrity at New York's Yeshiva University.

In 1995 the institution received a gift totaling more than \$21 million. However, the donation didn't come from a titan of industry or big-name philanthropist. Rather, the endowment was gifted from the estate of Anne Scheiber, a former IRS auditor who lived off a small pension.

Stories like this are actually not unheard of. On several occasions, I've written about ordinary folks building massive fortunes through hard work, frugal living, and smart investments. And for those who pay attention, they offer a hugely valuable lesson—that even those of us with modest means can amass far more wealth than ever thought possible.

Of course, there's more to making a \$21 million fortune, or any other large sum for that matter, than merely wishing for it. Let's review how Ms. Scheiber amassed her extraordinary wealth and what lessons we can learn from her.

1. She lived frugally: Saving money is the first step to building wealth. So, to stretch every nickel, Anne had a modest lifestyle. She lived in a small, rent-controlled apartment and wore the same coat year after year. Friends reported that she often walked through New York in the rain to avoid paying bus fare.

2. She kept learning: Anne developed a knack for numbers during her years auditing tax returns. She read annual reports and attended shareholder meetings. Anne thoroughly researched every stock she owned, focusing her attention on strong franchises that were poised to grow profits and dividends over time.

3. She invested in familiar companies: While we're often drawn to sexy technology stocks, Anne's success reminds us that old, familiar names can be high flyers, too. In spite of her exhaustive research, Anne generally invested in boring, simple-to-understand companies such as **PepsiCo**, **Chrysler**, **Coca Cola**

, and **Schering-Plough**.

This also applies to Canadian investors. As you can see in the chart below, boring, old fashioned stocks—like **Imperial Oil Limited** ([TSX:IMO](#))([NYSE:IMO](#)), **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)), and the **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#))—often produce the best returns around.

Company	10-Year Total Return	20-Year Total Return
Imperial Oil Limited	220%	617%
Rogers Communications	99%	1,210%
Bank of Nova Scotia	148%	1,654%
S&P/TSX Composite Index	48%	259%

Source: Yahoo! Finance

4. She liked dividends: Anne also had a preference for dividend-paying companies. This point is worth highlighting because a number of studies have shown that dividends can really turbocharge a stock's performance.

For example, a recent study by *RBC Capital Markets* found Canadian companies that paid a dividend returned 10.3% per year between 1986 and 2012. That crushed the **S&P/TSX Composite Index** by 3.8% annually during the same period.

5. She was a buy-and-hold investor: Anne rarely sold any of her stocks because she hated paying commissions...and for good reason. During those days, brokers took a \$200 fee on each transaction. Thankfully, trading commissions are much smaller today, but they still take a big bite out of your investment returns.

6. She took a long time: Frequent trading also prevents investors from harnessing the biggest wealth-building secret: the power of compound growth. When things grow exponentially, gains look tiny at first and then suddenly shoot off the charts. The trick is to just stick around long enough.

This, in large part, explains much of Anne's success. Her investing career stretched over 50 years, long enough to let the power of compounding work its magic. That's why with enough time and patience, even a small initial investment can become a multimillion dollar fortune.

CATEGORY

1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RCI (Rogers Communications Inc.)

3. NYSEMKT:IMO (Imperial Oil Limited)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:IMO (Imperial Oil Limited)
6. TSX:RCI.B (Rogers Communications Inc.)

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