



Warren Buffett to Young Investors: Here's How to Double Your Money

Description

It's hard not to love Warren Buffett. With his folksy charm and profoundly simple advice, the Oracle of Omaha has helped numerous investors find the path to retirement and wealth.

At 91 years old, the CEO of Berkshire Hathaway still churns out some of the most life advice you'll ever hear. Most of it is incredibly simple, as good advice tends to be, and if you follow it to a tee, you could one day join him in the billionaire club.

That said, Buffett has recently given some new advice to young investors. In a video posted by Michael Hood, the co-founder of Voiceflow, Warren Buffett says this to an audience of 20 to 22-year olds:

The one easy way to become worth fifty percent more than you are now — at least — is to hone your communication skills, both written and verbal.

—Warren Buffett

Typical of Buffett, he doesn't give a straight path to wealth. He doesn't say, "do this, this, and this, and you'll double your wealth in 20 years tops." Instead, he challenges young investors to change something about themselves, something that goes deeper than wealth, something unique to themselves.

If there's word that Buffett is trying to communicate here, it's *lucidity*. Lucidity is the ability to think clearly and to express your opinions in a way that's easy to understand. When you're lucid in speech, it's because you're lucid in thought. When you're lucid in thought, it's usually because you've spent a great deal of time thinking through your own opinions.

But let's go deeper. Contrary to what you might think, becoming a better communicator doesn't just mean learning how to speak clearly. In many cases, it means learning how to *listen*. If you can become an active listener, someone who truly pays attention to what other people are saying, while asking questions and gaining understanding, you'll build stronger relationships, which will help *you* communicate your opinions later.

Lucidity and listening: these two could be the skills you need to become fifty percent more wealthy than you are now.

That's great advice. But what about doubling my investments?

Learning how to communicate can help you in your professional life. But what about your investments? How can you double your money in your portfolios?

On this point, Buffett is unabashedly clear. To new investors, he recommends you start with a low-cost index fund.

"A low-cost index fund is the most sensible equity investment for the great majority of investors ... By periodically investing in an index fund, the know-nothing investor can actually outperform most investment professionals."

—Warren Buffett

Of course, that doesn't mean you can't invest in stocks. After all, if you can learn to identify good growth and value stocks, you could potentially more than double your initial investment. But if you're unfamiliar with evaluation metrics, such as P/E ratios, an index fund allows you to dip your feet in the stock market without the fear that you're going to pick bad stocks.

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