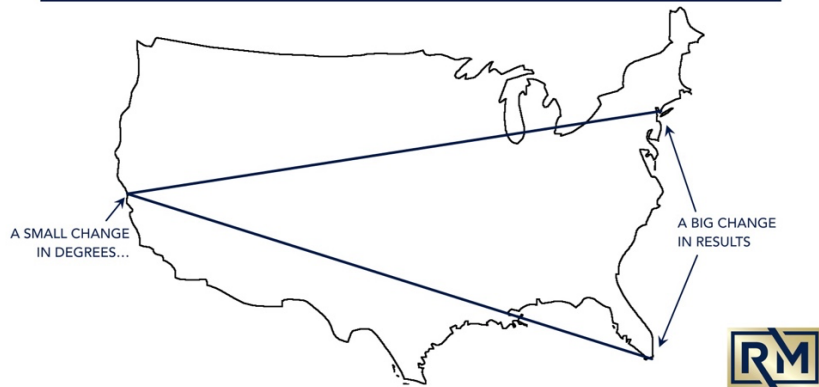


## THE BIG POWER OF SMALL DEGREES

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### The Big Power of Small Degrees

Imagine you're in San Francisco, and you board a plane. Your goal is to make it to New York City. The plane takes off, and the pilot turns the jet so that the nose is generally pointing east. You're off! You're on your way to the Big Apple.

Or are you? Will going *generally* east from California always result in reaching New York? Of course not! There is a precise heading the pilot must take to reach the destination. If the pilot's direction is off by even a few degrees at departure, compounding that misdirection over 2,500+ miles will have massive results.

According to a quick Google Search, it is 2,586 miles from San Francisco to New York. If you travel only four more miles, you could end up in Miami. How? The distance from San Francisco to Miami is 2,590 miles. All it takes is a few degrees of difference in trajectory, and you're in an entirely different state. Same travel time, wildly different results.

That's the big power of small degrees. Small changes in degrees, compounded, have big changes in results. All you need is time.

Take investing rates. Let's say you have \$1,000 invested at 10% or 11% annually. That isn't a huge difference in the rate of return. You barely notice after one year, as \$1,110 isn't materially better than \$1,100. Ten bucks? Pshaw. You don't notice that any more than you could tell after ten minutes in a plane that you were actually on your way to a different state.

But what about after thirty years? 10% will turn \$1,000 into almost \$20,000 (\$19,837). 11% will turn it into almost \$27,000 (\$26,708). And what if you could save \$100 vs. \$110 per month for thirty years? \$206,000 vs. \$285,000. Earning an extra \$80,000 is no small number.

Small changes can have a significant effect over a long time. Technical changes can have big effects, like squeezing an extra percent out of your return. Behavioral changes can have big effects, like saving \$11 more monthly. Synergistic changes can have massive effects, like saving \$20 per month in taxes (technical change) and deciding to save \$11 of it (behavioral change).

It may not seem like much in the short term but stick to it. Patience and discipline will win the day. I guarantee it.

Stay the course.