

# 23 Best Compound Interest Investments

There are hundreds of compound interest investments out there.

However, not all of them are worth your time and money.

That's why I created this list of the best compound interest investments and accounts.

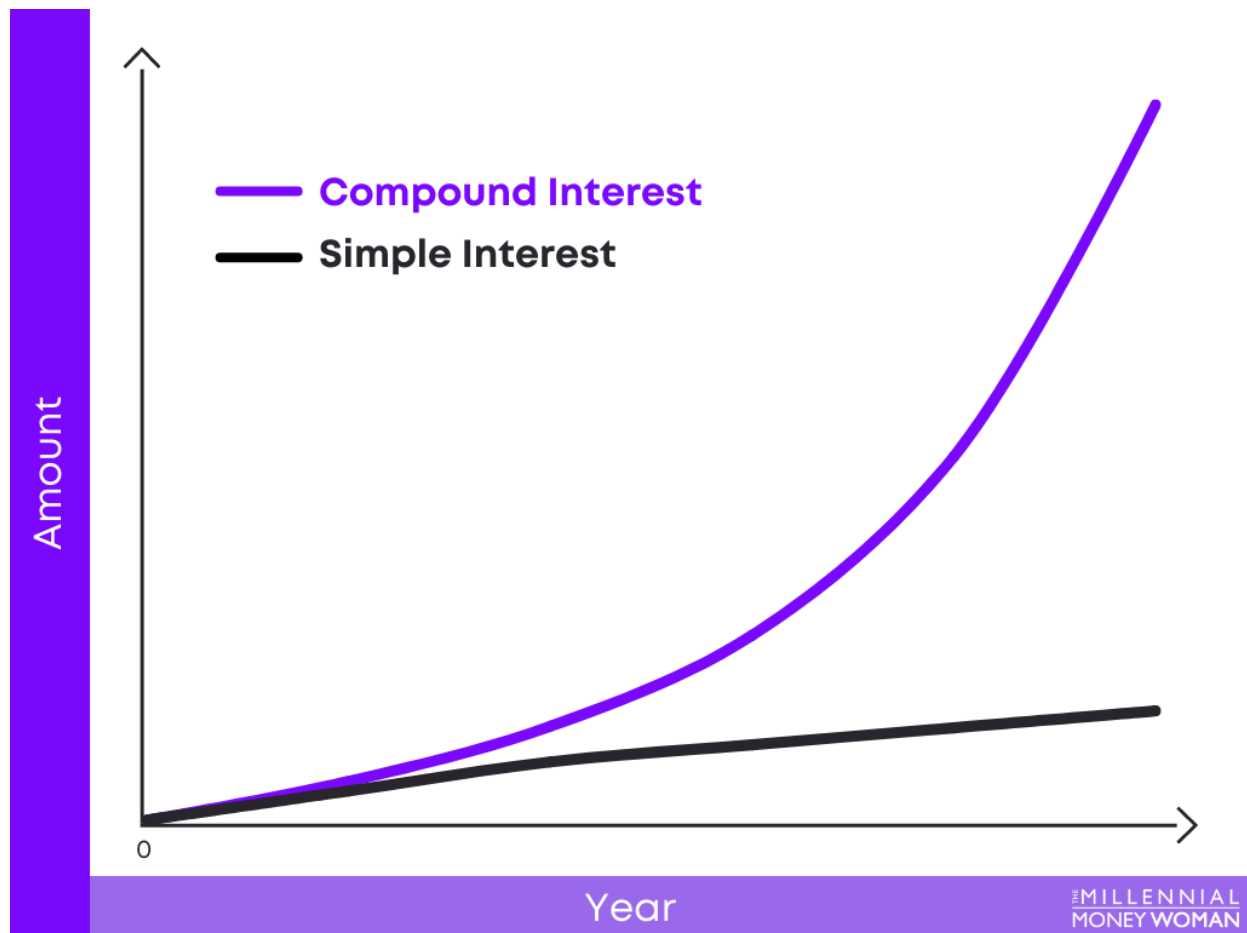
Here, you'll find all the information you need to find the best investment for you.

## What is Compound Interest?

Compound interest helps you earn interest on the money that you originally invested and the interest that you earn on that investment.

Basically, you're earning interest on your interest.

Understanding how to earn compound interest comes down to understanding the difference between simple versus compound interest.



With simple interest, you simply earn interest on your original deposit, regardless of how much accrued interest your account has.

With compound interest, you'll earn interest not only on your original deposit but also on your accrued interest.

That's why, long-term, compound interest can literally help you build generational wealth.

## **What are the Best Compound Interest Accounts?**

If you're wondering how to earn compound interest, it's time to implement the strategies I'm about to show you.

I'll share exactly where to invest for compound interest for both traditional and alternative assets.

Let's get started.

### **1. Index Funds**

One of the best compounding interest investments without a doubt is the index fund.

An index fund can either be a mutual fund or an ETF that tracks the returns of a total market index.

Index funds that generate compound interest include:

- Total market index funds
- Broad market index funds
- Industry sector index funds

In other words, index funds can track a variety of indices – ranging from blue-chip companies like Apple (so the S&P 500 index fund) all the way to small startups (like the Russell 2000).

**Pro Tip:** Especially if you're a beginner investor, an index fund would be a perfect investment vehicle for you.

Index funds are great for beginners because:

- They are low cost
- They harness the power of compound interest

Plus, as long as you're invested over the long term, you can actually make A LOT of money.

4,025.77 ↑ 2,884.70% +3,890.89 MAX

Nov 23, 2:17:55 PM UTC-5 · INDEXSP · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX

 Key events



Of course, the market will always have ups and downs, but the market has always gone up – at least from a historical perspective.

For example, if you'd invested \$1,000 in 1985 and left it in the stock market until November 2022, you'd have a final value of around \$69,730.

So you would have made a 6,873% gain on your \$1,000 initial investment.

And it gets better: Investing in index funds is actually really easy.

Here's how to do it:

1. Select a stock trading platform (like [M1 Finance](#))

2. Research the available investments
3. Decide how many shares you want to buy
4. Start dollar cost averaging your purchases
5. Remember to stay invested for the long term

If you want to get rich off stocks, then one of your best bets is buying index funds for the long term.

## 2. Private REITs

Investing with compound interest doesn't just stop with stocks and bonds.

In fact, one of the best compound interest accounts you could open to diversify your portfolio and earn high returns is a real estate investment account.

If you love:

- Real estate
- Collecting passive income
- Earning compound interest

And if you hate:

- Dealing with tenants
- Physically repairing property
- Managing real estate in person

...Then you should consider becoming a private market online REIT investor.

What's a REIT you might ask?

A REIT (aka real estate investment trust) is a company that owns and manages several properties to produce passive income for its investors.

REITs can specialize in things like:

- Hotels
- Hospitals
- Apartment complexes
- Commercial construction



**Stabilized apartments**

Tampa, FL

STRATEGY	SIZE
● Fixed Income	\$6.61M



**Stabilized apartments**

Houston, TX

STRATEGY	SIZE
● Fixed Income	\$7.03M



**Stabilized apartments**

Antioch, TN

STRATEGY	SIZE
● Fixed Income	\$5.25M

There are 2 types of REITs:

- Publicly traded – Are available to the public (in the stock market)
- Privately traded – Are more complex, and not available to everyone

If you have the extra cash and want to make a little extra passive income on the side, then [check out Fundrise](#).

Fundrise is one of the best real estate crowdfunding platforms, with over \$1 billion of assets under management since it was founded in 2012.

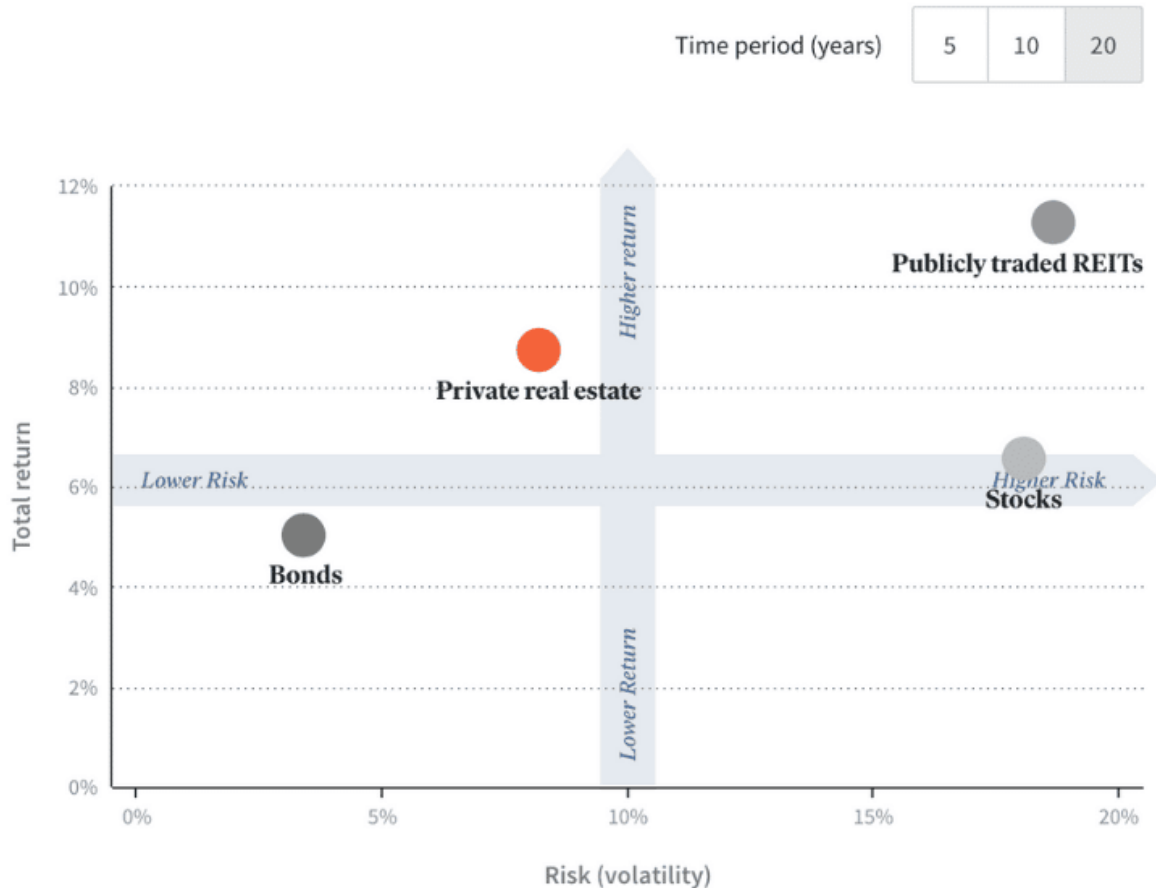
With Fundrise:

- Anyone can invest
- You can earn passive income
- You can start investing with \$10

The best part?

Private market REITs offer lower risk profiles than stocks and some publicly traded REITs:





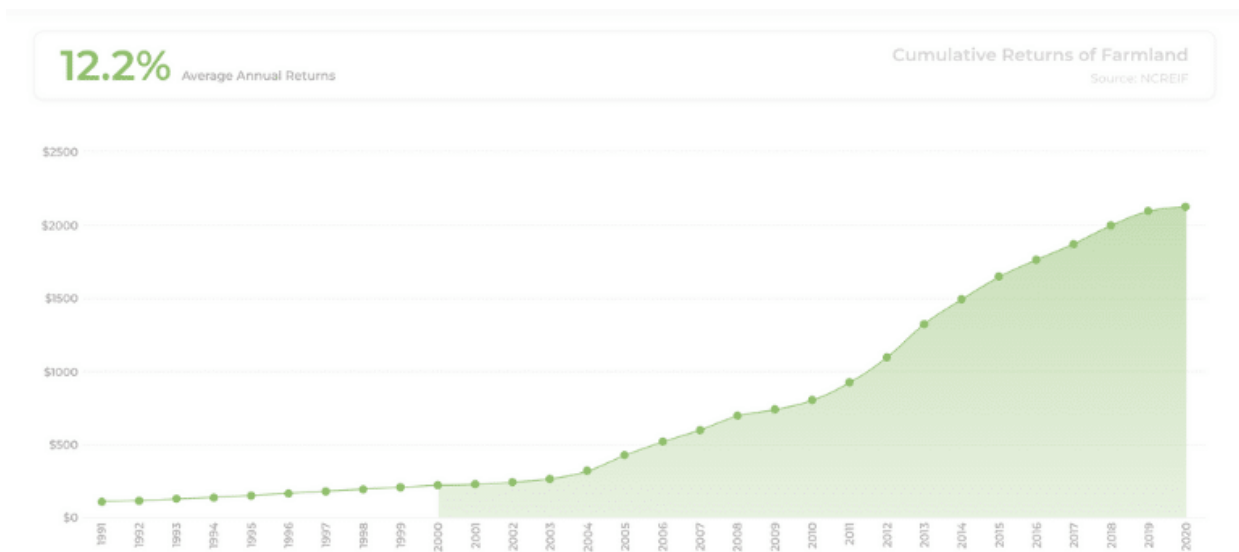
And especially in years where the stock market (like the S&P 500) takes a nosedive due to poor performance, REIT investments could really hold up your portfolio.

In 2022, Fundrise returns across all 429,627 accounts averaged 5.52% – versus the roughly -19% returns from both public REITs and the stock market.

If you want to make cash passively, then investing in income generating assets like the real estate projects offered by Fundrise could be a great fit for you.

### 3. Farmland

One of my favorite compound interest investments for accredited investors is farmland and timberland.



Since 1990, farmland investments have outperformed many major investment classes.

In fact, if you had invested \$1,000 in 1991 – and kept it invested – then your farmland investment would now be worth just over \$21,500 today.

Investing in farmland is actually one of the best investments during inflation as well.

Asset Class	FARMLAND	STOCKS	COMMERCIAL	BONDS	GOLD	CDs
Attractive Yield	✓	—	✓	✓	✗	✗
Low Volatility	✓	✗	✗	✓	✗	✓
Equity Build Up	✓	✓	✓	✗	✗	✗
No Leverage	✓	✗	✗	✓	✓	✓
Hard Asset	✓	✗	✓	✗	✓	✗
Inflation Hedge	✓	✗	✓	✗	✓	✗
Average Annual Return *	11.0%	12.0%	8.0%	6.4%	6.5%	2.6%

\*Data according to NCREIF, Bloomberg, Bankrate, NYU Stern School of Business, Federal Reserve Bank of St. Louis, and AcreTrader calculations. All calculations assume reinvestment of dividends.

As you can see, farmland averaged roughly 11% in annual returns – which can beat inflation, especially given the high inflationary numbers of 2022.

Coupled with a growing global population and demand for food production, farmland investments truly does offer a diversified investment opportunity with higher returns and lower volatility.

## "Returns vs. Volatility (Std. Deviation)"(1)



Investing in assets like farmland is a great alternative investment, especially if you're looking to out-earn inflation and generate high returns.

Ready to invest in farmland?

If so, [check out the Acretrader platform.](#)

AcreTrader truly makes farmland investing easy – and it's all online.

The only caveat to invest with AcreTrader is that you have to be an accredited investor.

Accredited Investors:

- Have gross income of \$200k+ per year (if single)
- Have gross income of \$300k+ per year (if married)
- Net worth over \$1 million (excluding your primary residence)

If you have the extra cash, you can invest in crops like:

- Rice
- Corn
- Timber
- Soybean

Property Name	Location	Type(s)	Min. Investment
Independence Timber Tract	Independence County, AR	Timber	\$14,850
Stapleton Farm	Jefferson County, GA	Corn, Cotton, Peanuts	\$19,025

And on average, farmland returns yield roughly 10% per year!

So, if you want to invest in one of the best compound interest investments, investing in farmland through crowdfunding platforms like AcreTrader could be a good next step for you.

## 4. Rental Homes

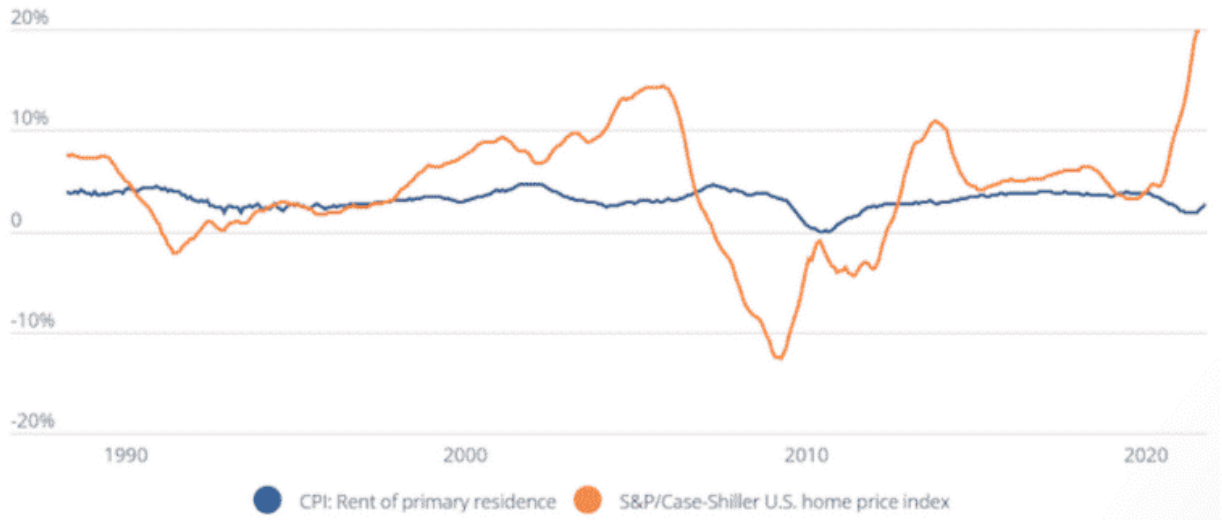
Investing in rental real estate is probably one of the most common ways to earn compound interest and passive income.

Rental real estate investing is also a way for you to build multiple streams of income and not solely count on your salary to make ends meet.

That's because with rental estate you can make money in 1 of 2 ways:

- Rental income – monthly rental cash flow
- Property appreciation – property value increases over time

Especially over the past 10 years or so, rental real estate investing has become a very profitable investment:



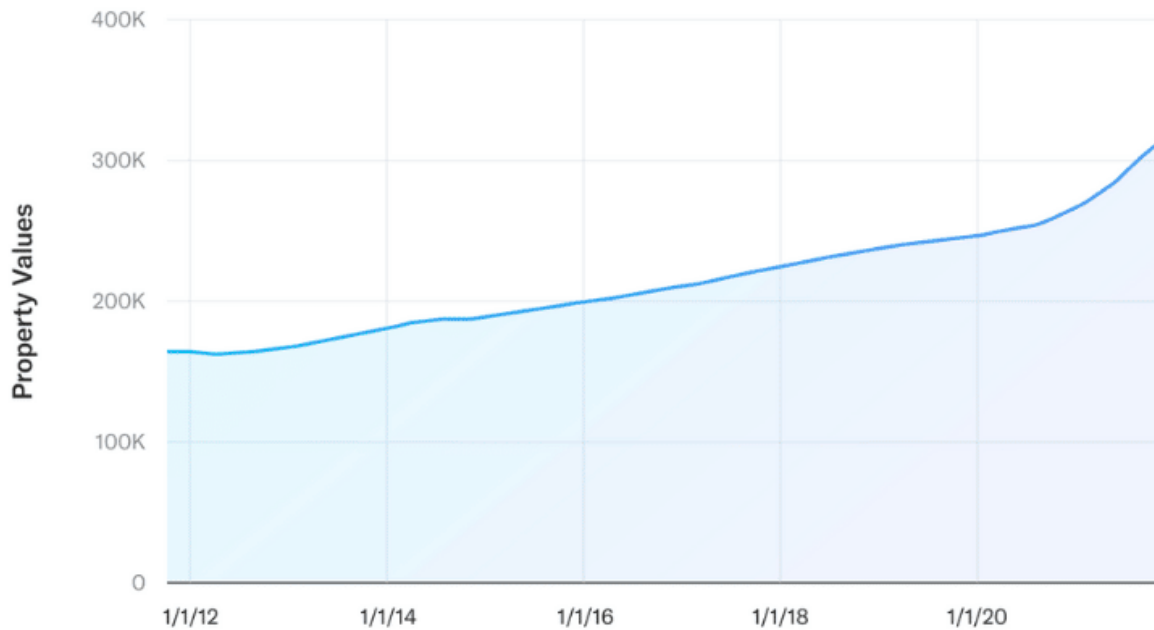
The best part about rental real estate is that rental income is a very stable source of income – even during a recession.

Of course, not only do you earn rental income, but you also have a shot to earn extra cash through the appreciation of property value.

In fact, over the past 10 years, property value has appreciated by about 6.49% per year:

## Last 10 Year Average Property Value Appreciation of Single Family Homes in the USA

**6.49% per year**



While most rental real estate investments will require you to pay \$1,000s upfront, you can actually get away with just \$100 if you sign up to the rental real estate investing platform, [Arrived Homes](#).

Arrived Homes is an online rental real estate investing platform where you can invest in multiple properties across the United States.

With Arrived Homes, you can invest in a variety of single-family homes across the US and build out your passive income portfolio.



## 5. Exchanged-Traded Funds (ETFs)

If you're wondering how to get compound interest with low cost and diversified investments, then check out ETFs.

Exchange traded funds (aka ETFs) track an index (like the S&P 500, my favorite).

ETFs don't seek to outperform the market – instead, they simply follow the market.

They are one of the best compounding interest investments simply because ETFs are:

- Liquid
- Low cost
- Diversified

And similar to stocks, ETFs can be bought or sold during trading market hours (9:30am to 4pm EST).

# Stocks vs ETFs

	Stock	ETF
Diversified	✗	✓
Trading on Exchanges	✓	✓
Intraday Trading	✓	✓
Management Fees	✗	✓
Options Trading	✓	✓
Margin Buying	✓	✓
Short Selling	✓	✓
Transparency	✓	✓

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The type of ETF you choose for your portfolio depends entirely on your goals and risk tolerance.

Some ETF types include:

- Bond ETFs
- Currency ETFs
- Sustainable ETFs

- Tech-heavy ETFs
- Geographic based ETFs

You can do more in-depth research (like historical performance, investor insights, etc.) about your favorite ETF if you sign up to [Seeking Alpha](#).

Seeking Alpha is an investment research platform for investors who are looking for impartial and quantitative investment information.

## 6. Mutual Funds

A mutual fund refers to a professionally managed pool of money from many different investors to buy assets like stocks, bonds, and commodities.

Unlike ETFs, which are passively managed investments, mutual funds actually have people actively working in the background to generate high returns.

Because mutual funds provide professional investment management, they are typically good compound interest investment instruments for beginners.

# STOCKS

VERSUS

# MUTUAL FUNDS

## Stocks



High volatility, high risk

## Mutual Funds



Lower volatility, low risk

## Stocks



High trading cost

## Mutual Funds



Low trading cost

## Stocks



Individual management

## Mutual Funds



Professional management

## Stocks



No tax exemption

## Mutual Funds



Some tax saving benefits

Mutual funds are compounding interest investments that are typically more diversified than stocks, so mutual funds often are less volatile than stocks.

There are thousands of mutual funds, and that's why I'd suggest you sign-up to specialized investment services like [Seeking Alpha](#).

Seeking Alpha is an investment platform that takes an impartial approach to evaluating investment instruments, outperforming the S&P 500 90% of the time.



**90% of the time Seeking Alpha's quant performance beat the market.**

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So, if you're ever concerned about which mutual fund is the best choice for you, check out Seeking Alpha's advice.

Especially if you're looking to invest \$1,000, then mutual funds could be a great option since they take a diversified investing approach.

## 7. Dividend Stocks

One of the best compound interest investments, hands-down, is dividend stocks.

Dividend stocks offer passive income to shareholders in the form of dividends when the companies distribute their profits.

Dividend stocks are like the one-two punch of compound interest investing.

Here's why:

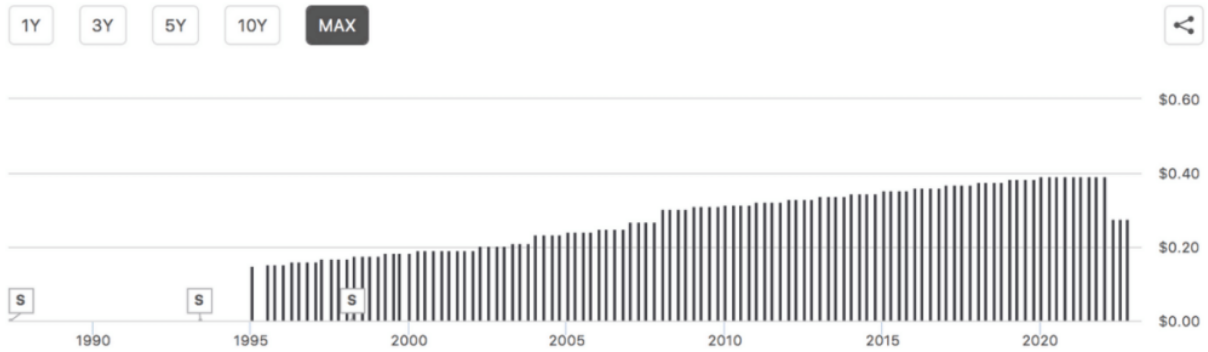
- You earn passive income
- The underlying asset can increase in value

Dividends are typically paid every quarter – depending on how the company itself performs.

In fact, during periods of market volatility (like the Great Recession), dividend stocks actually increase their dividend payout to reassure investors that the company is not going under.

Check out the history for AT&T dividends, for example:

## Dividend History



In the screenshot above, you'll see that during the Great Recession in 2008, AT&T actually increased its dividend.

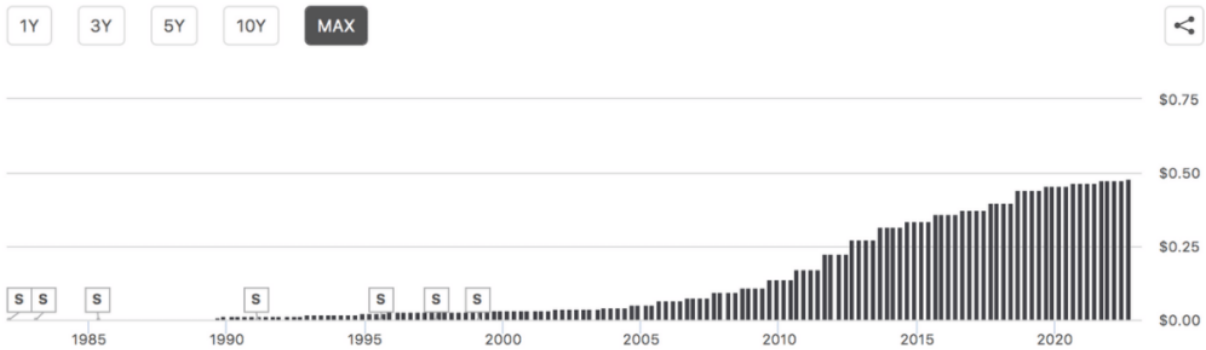
This is typical dividend behavior for blue chip, mature companies.

Why?

Because they want to keep their investors.

Check out this other screenshot from the Walgreens dividend history:

## Dividend History



Once again, you can see that during major financial crises like the Great Recession in 2008 and the COVID crash in 2020, Walgreens raised its dividend to keep investors on board.

**Caution:** Don't confuse a high dividend yield with a profitable company. Sometimes high dividend yields might also mean that the company is volatile and may not have a solid cash flow.

So, don't just find the company with the absolute highest dividend yield.

Do your research about the company's fundamentals too, which includes:

- Cash flow
- Debt picture
- Management team



Because there are virtually 100's if not 1,000's of dividend-paying stocks out there, I'd recommend you subscribe to [Seeking Alpha](#).

Not only does Seeking Alpha analyze the top dividend stocks for you, but you can literally dig into the quantitative data for each dividend stock.

Unlike growth stocks, dividend stocks are:

- Less sexy
- Less volatile
- More mature

Buying dividend-paying stocks is a great way to prepare yourself for a recession.

A compound interest account that is composed of dividend stocks has potential to:

- Beat inflation
- Beat market volatility
- Earn passive quarterly income

Ready to start investing in compound interest investments like dividend stocks?

Start by signing up to [M1 Finance](#).

M1 Finance is a free online investment app, where you'll have access to over 6,000 stocks and ETFs.

All you need is \$100 to start investing.

## 8. Growth Stocks

While dividend stocks are certainly one of the best compound interest investments, you shouldn't forget about growth stocks either.

Growth stocks are shares of companies that are still in their early stages of development. These are riskier investments but have strong prospects for future profit.

Growth stocks – like the name says – have A LOT of growth potential...

...But that also means that growth stocks come with their own risks.

Some growth stock risks include:

- Volatility
- More expensive
- No dividend payouts

Since growth stocks have a lot of growth potential, they're typically more expensive than dividend stocks, which typically represent mature companies.

Examples of growth stocks typically include:

- Startups
- Tech companies
- Software companies

Check out the growth of the Tesla stock:

Tesla Inc

**\$850.00** ↑ 22,035.42% +846.16 MAX

Pre-market: \$889.00 (↑ 4.59%) +39.00

Closed: Aug 10, 8:53:51 AM UTC-4 · USD · NASDAQ · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX



As you can see, Tesla's stock price has skyrocketed!

But, notice how long it took for the stock to take off...

So, if you want to be a growth stock investor, you'll typically have to stay invested for the long term.

Since growth companies prefer to use their capital to invest in the business instead of paying shareholders, you won't receive dividend payouts or returns until you sell your shares.

## 9. Bonds

If you're looking for a simple way to generate compound interest and diversify your portfolio, then consider investing in bonds.

Bonds are loans you give in exchange for earning a fixed income stream (interest) and full repayment of your initial investment.

Bonds are typically issued to investors to raise funds for:

- Projects
- Companies
- Governments

The issuer (the entity that creates the bond) promises to repay your full investment and interest over a certain amount of time.

That's where bond maturities come into play.

A bond maturity defines the period during which you receive interest payments on your bond investment.

Once the bond reaches maturity, you are repaid and the contract is complete.

There are different types of bonds such as:

- Treasury bonds – Safest, lowest interest rate
- Municipal bonds – Safe, low dividend yields
- Corporate bonds – Risky, higher interest rate

The interest rate you earn on your bond comes down to the risk of the bond.

The riskier the bond type (like corporate bonds), the higher your interest rate.

Bonds are typically the most conservative investment you can make – aside from cash.

Check out the performance of bonds versus the S&P 500:



The only times when bonds typically outperform the stock market is during times of massive volatility.

That's why bonds are a great portfolio diversifier.

If you really want to dig into the various types of bonds out there, then consider signing up to [Seeking Alpha](#).

The screenshot shows the Seeking Alpha website interface. At the top, there is a navigation bar with the Seeking Alpha logo, a search bar, and links for 'Contributor Center' and 'Marketplace'. Below the navigation bar, there are links for 'Premium', 'My Portfolio', 'My Authors', 'Top Stocks', 'Latest News', 'Markets', 'Stock Ideas', 'Dividends', 'ETFs', and 'Education'. The main content area is titled 'Bonds' and features a list of ten articles, each with a profile picture of the author, the article title, and the author's name and publication date. The articles are:

- Euro Sustainable Bond Supply Set To Stagnate In 2023** by ING Economic and Financial Analysis, Today, 8:05 AM
- CoreCivic Bonds Offer 9% Yield** by CXW, Jeremy LaKosh, Yesterday, 5:58 PM, 6 Comments
- Innovative Industrial Properties Has A Bond Yielding Higher Than Its Common Share And Preferred Share Dividends** by IIPR, IIPR.PA, Jeremy LaKosh, Mon, Nov. 21, 34 Comments
- Weekly Forecast, Nov. 18: Peak In 1-Month Treasury Forward Rates Falls 0.35% To 5.16%** by AGG, BND, Donald van Deventer, Mon, Nov. 21
- Diversification Is Key To Supporting Arlington Asset Investment Corps High Yield Preferred And Baby Bonds** by AAIC, AAIC.PB, Jeremy LaKosh, Sat, Nov. 19, 4 Comments
- B. Riley Baby Bonds: Up To 12% Yield Plus Large Potential Price Increases** by RILY, Preferred Stock Trader, Tue, Nov. 15, 176 Comments
- Buy These Quality Baby Bonds From Affiliated Managers Group Now** by Editors' Pick, AMG, Tim McPartland, Tue, Nov. 15, 39 Comments
- Weekly Forecast, Nov. 10: Treasury Yields Plunge, But Peak In Forward Rates Drops Just 0.09% To 5.51%** by AGG, BND, Donald van Deventer, Mon, Nov. 14
- Sachem: I'm Out Of The Commons And Into The Baby Bonds** by SCCE, SACH, Leo Imasuen, Sun, Nov. 13, 37 Comments
- TLT: I Was Wrong** by Editors' Pick, TLT, Garrett Duyck, Thu, Nov. 10, 67 Comments

Seeking Alpha offers research articles from investment professionals, historical data, charts, etc.

If you like digging into the data before investing, then Seeking Alpha is probably the best investment research platform for you!







# 10. Vacation Rentals

If you're more of a risky investor and want to generate compound interest then you might want to check out vacation rental real estate.

Vacation rentals could offer:

- More cash flow
- Increased future returns
- More seasonal cash flow

Here's a comparison between vacation vs. single-family rental properties:

Vacation Rentals	Rental Homes
 Higher potential revenue	 Consistent income with 1-2 year leases
 Rapidly growing industry	 Lower operating costs
 Seasonal cashflow	 Tax advantages

Vacation rentals offer much higher cash flow opportunities than single-family rental homes.

In fact, if you invest in a full-time rental, you could earn 130% more revenue than traditional rentals.



But, you need to make sure to understand the risks that are associated with owning a vacation rental property.

**Pro Tip:** With vacation rentals, you can probably make a lot more money during the “season” but expect to make much less (if not a loss) outside of “season.”

Especially with increased work flexibility and the “Work From Home” trend, the value of vacation rentals has arguably soared.

So how do you get started investing in vacation rentals?

By signing up to platforms like [Arrived Homes](#).

Once you’ve found your vacation rental property, the rest of the investing process is actually pretty straightforward:

1. Browse
2. Select a property
3. Buy shares for \$100
4. Start earning income

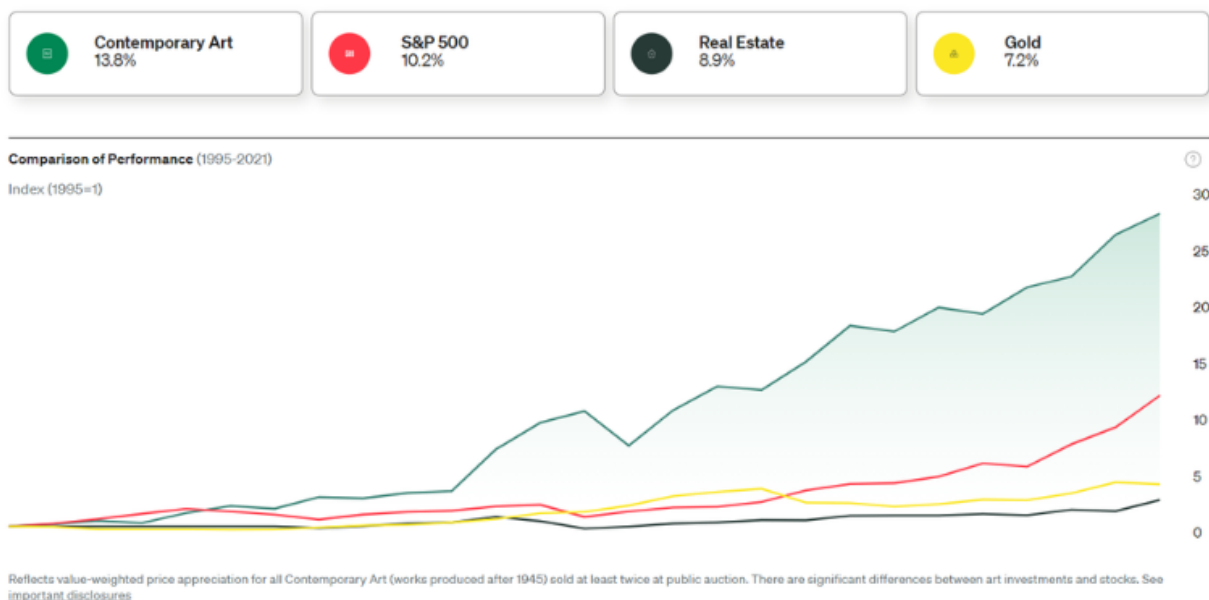
As with all real estate investments, remember that your money will be illiquid for several years (up to 5).

# 11. Fine Art

Investing in fine art is another way you can take advantage of an asset that compounds over time to build your net worth.

In fact, did you know that blue-chip fine art has outperformed the stock market by over 250% since 2000?

If you have some spare cash and you're willing to take on a little more risk, then fine art investments could be a good fit.



If chosen carefully, fine art investments can help you:

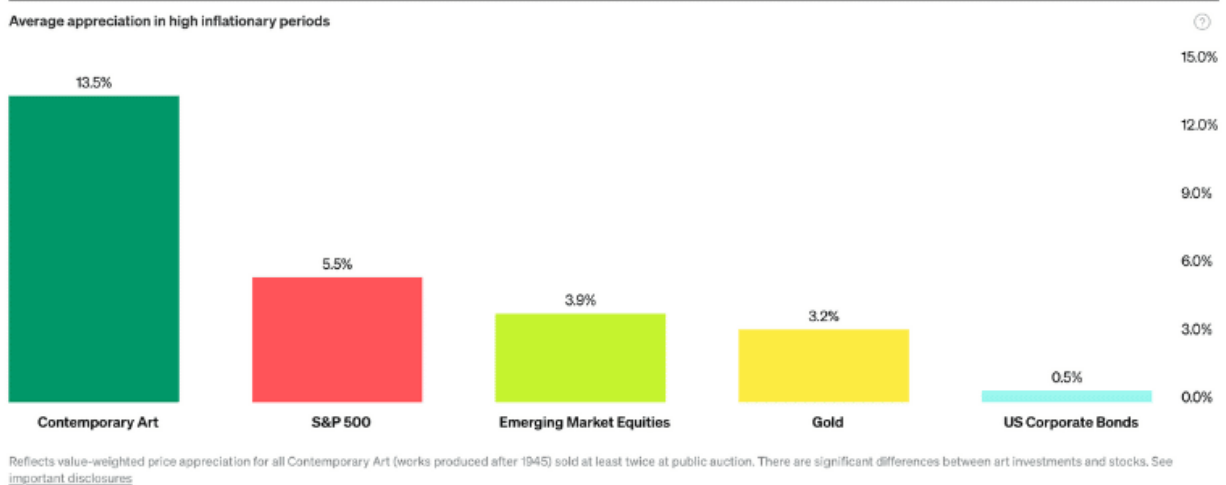
- Beat inflation

- Appreciate in value
- Outperform the stock market

In fact, check out how fine art has beat inflation over the past few years:

## Art still performs in high inflationary periods

Contemporary Art has demonstrated strong appreciation in high inflation periods, like right now.



However, fine art also comes with its share of risks. Some risks include:

- It's hard to value
- Difficult to predict returns
- Art is an unregulated industry

I should also note that your money is locked up for lengthy periods (sometimes up to 5+ years) without generating income during that lock-up period.

But – you could earn a potential 15.3% per year in gains on your artwork.

That's significantly more than the average annual return of 7% to 9% in the stock market.

So how do you get started with art investing?

By investing with the top-tier fine art investing platform called [Masterworks](#).

With Masterworks, you can invest in iconic, masterpieces from artists like:

- Banksy
- Andy Warhol
- Pablo Picasso

And if you want to sell your shares, you can use the secondary market.

Otherwise, if you hold on to your shares, Masterworks has boasted a 29.03% net annualized return for their customers.

## 12. Small Businesses

If you're looking to invest in one of the top compound interest investments, then you should consider small business investments.

In fact, investing in small businesses can help you build a passive income stream and fight against inflation.

Check out how small businesses have outperformed the stock market over time:



The Russell 2000 is typically the benchmark index used to represent small businesses across the US.

Notice, however, that the purple line is much more volatile than the blue chip, large cap companies represented by the S&P 500.

**Caution:** You should only invest in alternative investments like small businesses if you can afford to lose the money.

That's because small businesses can be risky because they:

- Are illiquid
- Are new to the market
- Don't have a proven track record

Now the good news is that thanks to [small business investment platforms like Mainvest](#), all you'll need is \$100 to start investing in small businesses – and not \$1,000's!

Only 5% of businesses that apply to be featured on the Mainvest platform are actually approved.

Some businesses include:

- Bakeries
- Breweries
- Cannabis dispensaries



### River Ridge Farm and...

📍 Grocery in Middletown, CT  
a four-season, producer-owned grocery

**\$32K**  
Raised

**90**  
Investors



### Moxi on the Rocks

📍 Distillery in East Hartford, CT  
Lively Libations Library with a scenic river-side vista.

**\$324K**  
Raised

**278**  
Investors



### 5th Element Brewing

📍 Brewery in Leander, TX  
Artisan beer producers who thirst for beer and human connection

**\$76K**  
Raised

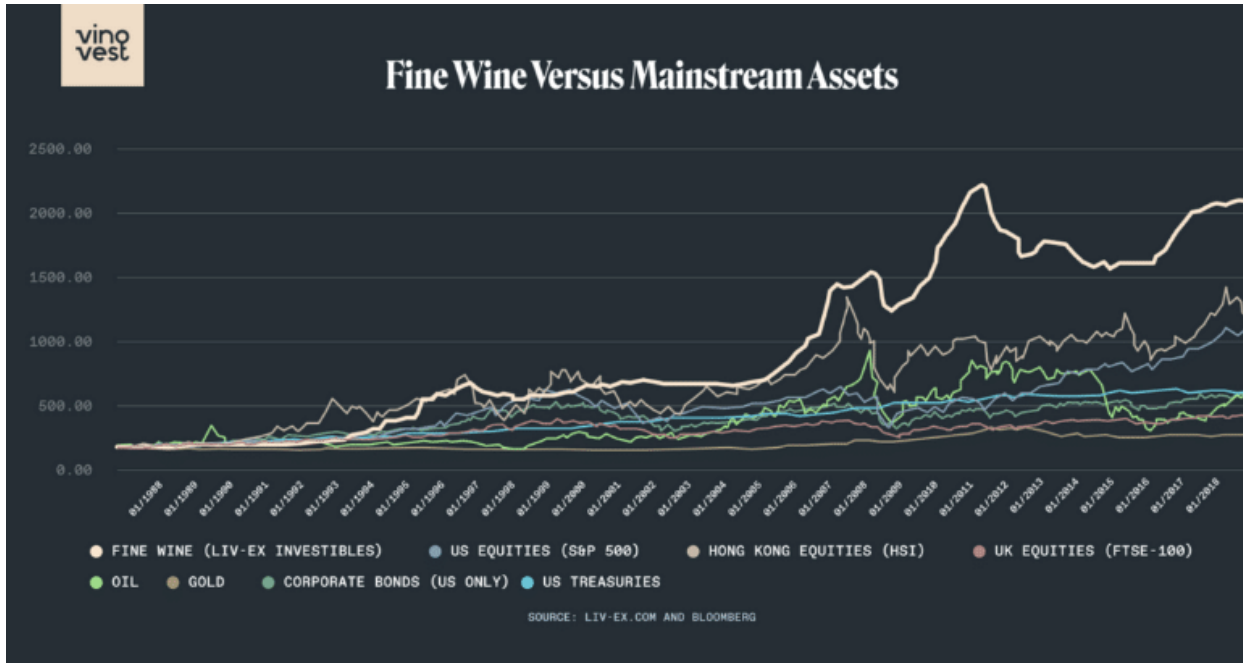
**89**  
Investors

Plus, you don't pay any fees. The companies that are approved on Mainvest pay the fees – so whatever return you make from your small business investment, you keep.

## 13. Fine Wine

Did you know that fine wine investments have consistently outperformed mainstream assets like oil, gold, and stocks?

Check it out below:



Here's why fine wine is actually a good investment option:

- Portfolio diversification
- Protection against inflation
- Not correlated with the stock market

Now, the good news is that investing in fine wine actually isn't as hard as it once was, all thanks to technology.

To start investing in wine, check out [Vinovest](#).

Vinovest curates a customized wine portfolio based on your risk tolerance and preferences – and it's completely free to get started!



Vinovest will literally take care of everything for you including:

- Wine storage fees
- Transportation fees
- Insurance on your wine
- Fine wine seller network
- Fine wine buyer network

Instead of buying shares of wine, you'll actually buy the physical bottle, which is then stored in an off-site facility until you decide to sell it.

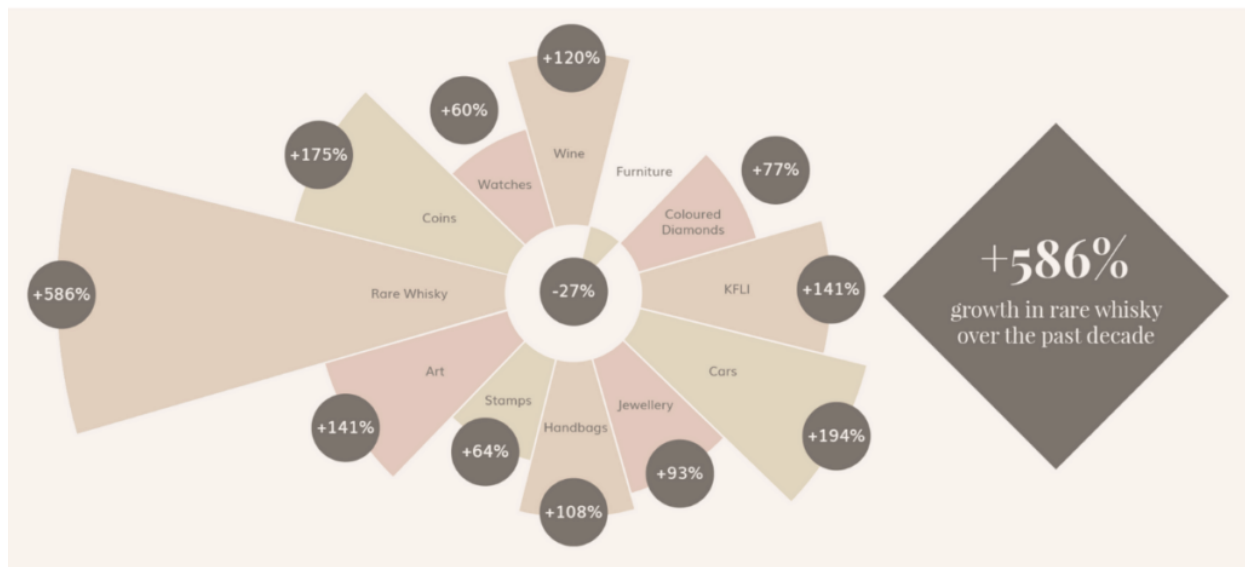
Remember to invest for the long term with fine wine. It often takes years for fine wine to appreciate in value.

## 14. Rare Whiskey

Just like fine wine investments, you might also want to consider investing in rare whisky to generate compound interest.

In fact, over the past 10 years, the value of rare whiskey has appreciated by 586%!

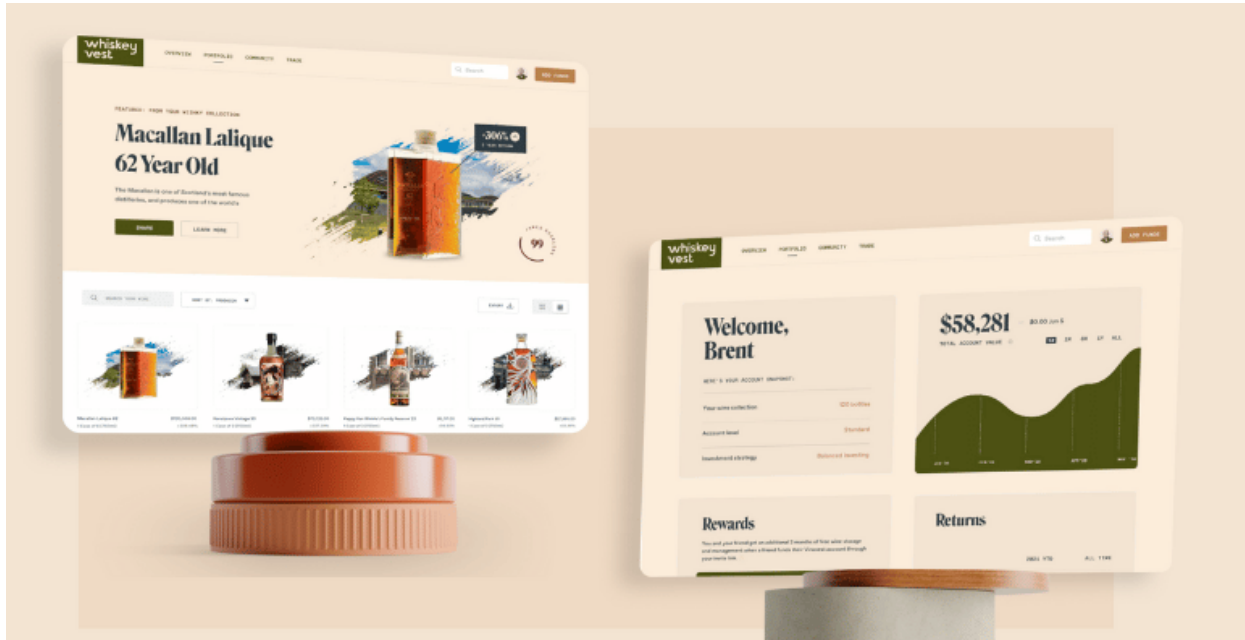
And compared to other well-established asset classes like gold and oil, rare whiskey has out-performed these as well over the past decade.



Similar to investing in fine wine, you could also start investing in rare whiskey through the [Whiskeyvest platform](#).

Whiskeyvest is actually a new off-shoot of Vinovest.

Through the online platform, you can invest in some of the world's rarest whiskeys.



Whiskeyvest will use its expert knowledge to help you compose a portfolio of rare whiskey that suits your investment needs.

You'll purchase the physical cask of rare whiskey, and Whiskeyvest will store, insure, and transport that cask for you.

Remember to invest only in rare whiskey if you have spare cash.

This is a long-term investment (likely up to 20+ years) and it's illiquid.

# 15. Private Equity

Another compounding interest account that could help you earn massive annual returns is private equity investing.

Private equity (aka PE) investing is an alternative form of investing where private equity companies buy and manage private companies before selling them or going public through an IPO (initial public offering).

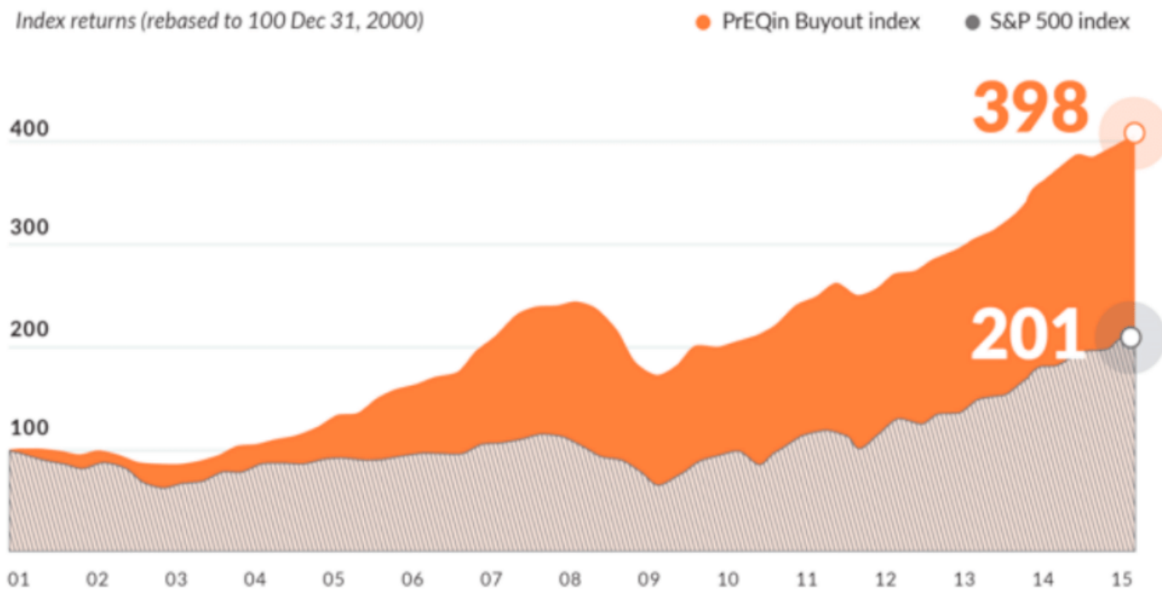
After buying a “stake” in a company, private equity firms typically operate and manage these companies with the goal of growing the companies before selling their stake.

**Pro Tip:** Unlike venture capital companies that typically invest in startups, private equity firms typically invest in mature companies with a longer track record.

And private equity can certainly pay you in dividends (no pun intended!). Check it out:

## Private equity consistently outperforms public markets, after fees

Index returns (rebased to 100 Dec 31, 2000)



Private equity markets have outperformed public markets (especially during market downturns like the Great Recession in 2008) consistently – and that’s after fees!

One major downside to investing in private equity investments is the high fees – often these can start at 2% and range up to 20% or more.

To compare, investing in index funds, you’d probably pay 0.1% or less in fees.

However, you’d also probably make less in returns. You should invest in private equity if you’re:

- Risky

- Accredited
- Have extra cash
- Like investing in future unicorns

Just remember that private equity investments can be risky because PE is speculative.

You can get started in private equity investing with platforms like [Yieldstreet](#).

## 16. Health Savings Account (HSA)

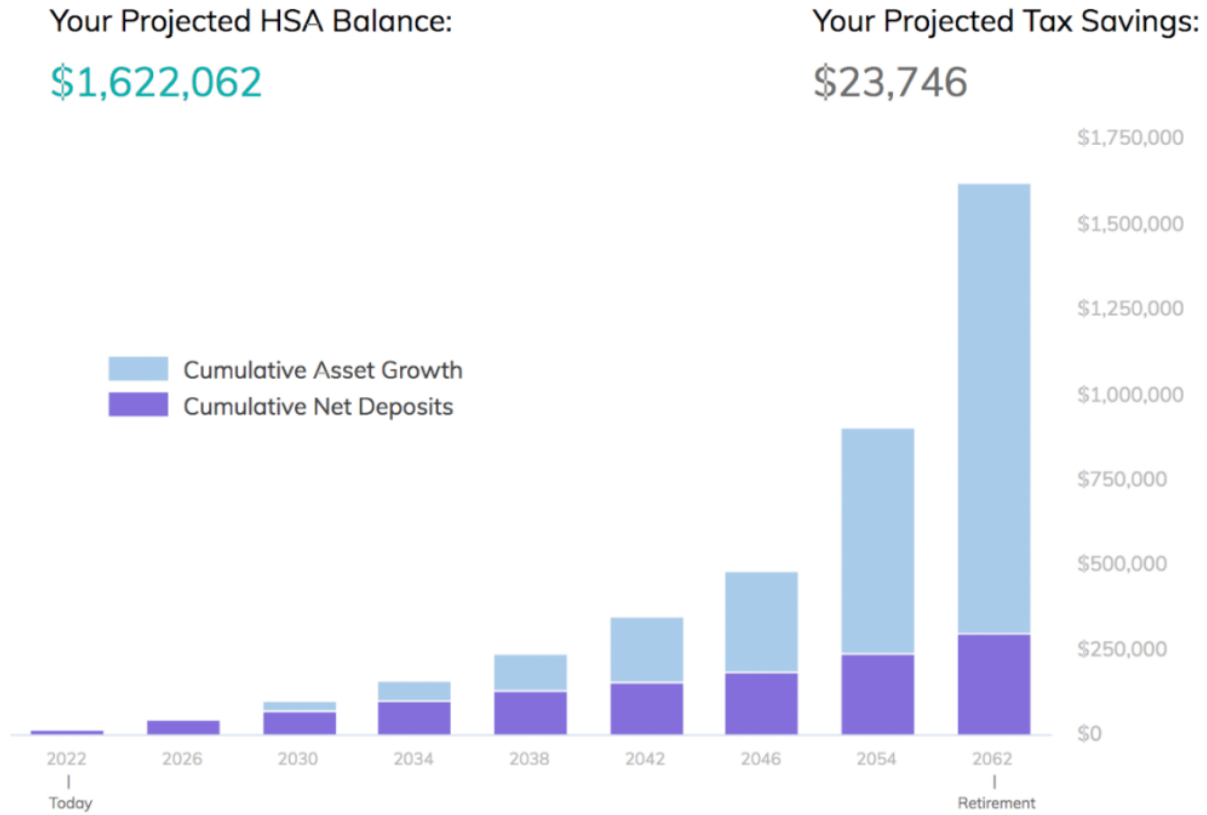
If you're wondering how to earn compound interest, then you should also consider investing in your Health Savings Account.

A health savings account (aka HSA) is an investment account where you can set money aside, invest it, and use it for qualified medical expenses.

**Pro Tip:** The key to leveraging your HSA is to invest your annual contributions – and don't actually use your HSA for qualified medical expenses.

You want to use your HSA like another investment account and grow it for your retirement.

Check out how much money you could save in your HSA if you started contributing at 25 to age 65, earning an average 7% annual return:



That's right – you could have over \$1.6 MILLION saved in your HSA – and 100% of that could also be tax-free.

Ready to set up your own HSA?

(And no, you don't need your employer to set up an HSA for you!).

Check out [Lively's award-winning HSA platform](#).

With Lively, you pay \$0 to open your account – and you can choose how you want to invest:

- Either by yourself (if you're an experienced investor)
- Or by using a robo-advisor (they'll charge you a small fee)

HSAs are one of the best compound interest investments for the long term.

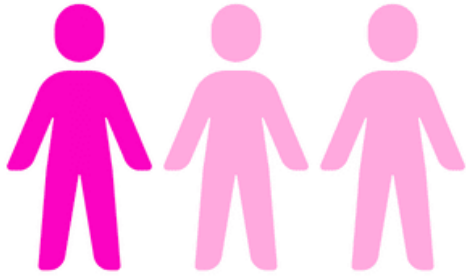
## 17. Retirement Accounts

The earlier you start investing in your own retirement, the earlier you can become financially independent.

Not everyone gets this memo, however.

In fact, 1 in 3 of Americans reported they have \$0 in retirement savings accounts.





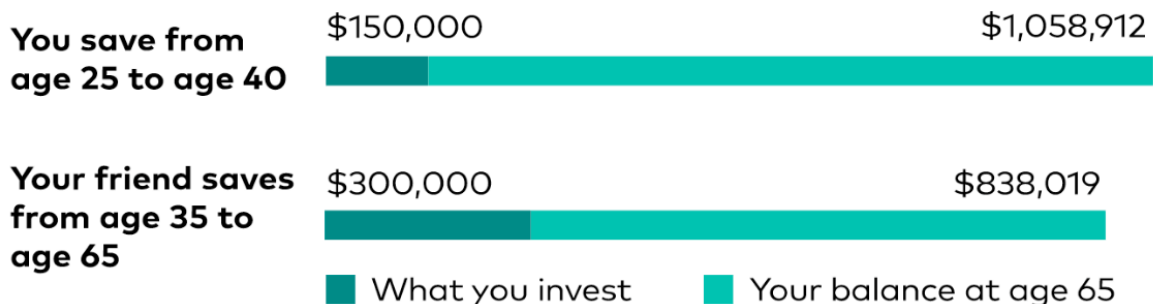
## 1 in 3 Americans have \$0 saved for retirement

MILLENNIAL  
MONEY WOMAN

Especially with 4-decade high inflation and wage stagnation, it's more important than ever to start saving for retirement.

The key to building a successful retirement savings account is saving as early as possible.

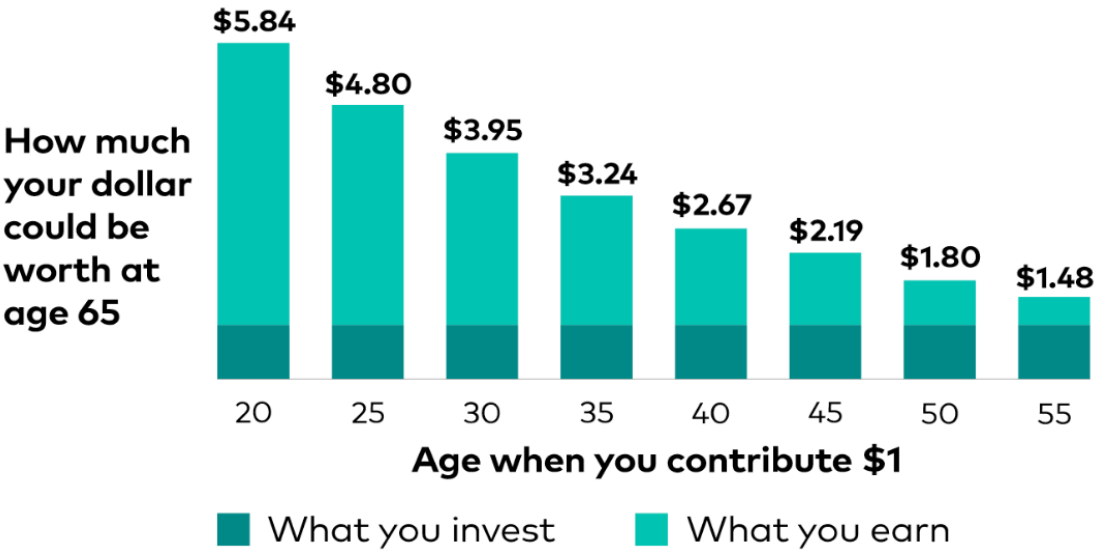
In fact, the earlier you start saving, the more money you'll have to spend during retirement. Check out this graph:



If you save \$10,000 per year for just 15 years (and invest it with a 6% return), then you could have over \$1 million dollars by the time you presumably retire at 65.

Compare that to starting your retirement journey at 35, saving \$10,000 per year for 30 years, then you'd have just under \$840,000.

That is the power of compound interest investments. Now check out how much \$1 could be worth by the time you retire – and it ALL depends on when you invest:



Compound interest is literally the eighth wonder of the world – just like Albert Einstein once said.

Are YOU ready to start investing for retirement?

Here's how to get started:

1. Sign up to [M1 Finance](#)
2. Determine which account you want to open (tax-advantaged like an IRA versus taxable)
3. Connect your bank account to your M1 Finance account
4. Fund your M1 Finance account
5. Determine your risk tolerance
6. Research your favorite stocks
7. Start investing

Your retirement is no joke. Start preparing for it – now.

## 18. High Yield Savings Account

Learning how to get compound interest doesn't have to be complicated.

In fact, one of the best compound interest investments is a high yield savings account!

A high yield savings account (aka HYSA) gives you a much higher interest rate than your regular savings accounts.

One thing to note for this compound interest investment, however, is that most HYSAs are found online versus your brick-and-mortar stores.

Pros & Cons of

# Online Savings Account

## Pros

24/7 ACCESS ONLINE,  
HIGH INTEREST

LOW OR NO FEES

PHONE APP ACCESS

FDIC INSURED

## Cons

NO BRANCH ACCESS

NO FACE-TO-FACE  
INTERACTION

VARIABLE INTEREST  
RATE

APPS MAY GO DOWN

The most important thing to remember is that the interest rates on the HYSA are variable.

Especially if you're saving up (or already have) an emergency savings account, a HYSA can be a perfect fit.

So for example, if you need \$3,000 to live per month, then your emergency savings fund should probably range between \$9,000 to \$18,000.

Especially if you're saving up your first \$10,000 in a year, then make sure to choose an HYSA to get the biggest bang for your buck.

If you're ready to put more money in your wallet, then I highly recommend checking out [SaveBetter](#).

SaveBetter is a website that curates the highest-interest compound investment vehicles at the time of your search.

For example, in late 2022, Save Better displayed the top high yield savings investments:

Top Offer

**SkyOne**  
FEDERAL CREDIT UNION

**SkyOne Federal  
Credit Union**

Money Market Deposit  
Account

APY **2.75%**

Minimum balance: \$1

[Product terms](#)

Start saving

Top Offer

**Axiom Bank**  
The Future of Better Banking™

**Axiom Bank**

High Yield Savings  
Account

APY **2.75%**

Minimum balance: \$1

[Product terms](#)

Start saving

Top Offer

**mph.bank**  
MAKES PEOPLE HAPPY

**mph.bank**

Money Market Deposit  
Account

APY **2.75%**

Minimum balance: \$1

[Product terms](#)

Start saving

And the best part about signing up to high yield savings accounts?

Almost all are 100% free to sign-up (and most don't even charge maintenance fees). Just make sure you read the fine print!

If you're ready to get the biggest bang for your buck, then check out [SaveBetter](#) now.

## 19. Money Market Account

A money market account (aka MMA) is an interest-bearing account that is very similar to a high yield savings account.

However, there are 2 major differences between an MMA and an HYSA:

- MMAs offer check-writing ability
- MMAs offer debit card privileges

So in essence, an MMA combines checking and savings account characteristics.

The reason why MMAs are one of the best compound interest investments is that they offer higher interest rates than what you would earn in a regular savings account.

While MMA's offer similar variable interest rates as do high yield savings accounts, there are 2 main downsides:

- You're typically limited to 6 monthly transactions
- Some MMAs require a large deposit to open the account

So, the best thing I can tell you is to read the fine print before you open an MMA.

You can find the best MMA accounts by going to [SaveBetter](#).

## 20. Certificates of Deposit (CDs)

A certificate of deposit (aka CD) is an account where you save money for a fixed period of time. During this time, you cannot withdraw the money and in return you earn a fixed interest rate.

The period of time in which your money is locked up in a CD varies, but typically is:

- 6 months
- 12 months
- 36 months

Typically, the longer you hold your money in a CD, the higher the interest rate. However, you'll be sacrificing liquidity with a CD.

You might also give up your money's purchasing power by saving it as cash (meaning your money could be eaten up by inflation) versus investing the cash and earning returns higher than those offered by CDs.

To get around the liquidity factor for CDs, you could always check out "no penalty CDs:"





High-yield savings & MMDA



Fixed term CDs



**No penalty CDs**



**Sallie Mae Bank**

**14 months** No Penalty CD

APY **3.05%**

Minimum balance: \$1

[Product terms](#)

Start saving



**Sallie Mae Bank**

**10 months** No Penalty CD

APY **2.95%**

Minimum balance: \$1

[Product terms](#)

Start saving



**Patriot Bank N.A.**

**17 months** No Penalty CD

APY **2.70%**

Minimum balance: \$1

[Product terms](#)

Start saving

Notice, however, that no penalty CDs offer much lower interest rates than traditional CDs... so at that point, it might just make sense to check out High Yield Savings Accounts (HYSAs), instead.

Here's a good illustration of how a CD compares to an MMA and an HYSA:

<b>MILLENNIAL MONEY WOMAN</b>	<b>Money Market Account</b>	<b>High Yield Savings Account</b>	<b>Certificate of Deposit</b>
<b>ATM Access</b>	✓	✓	✗
<b>Fixed Interest Rate</b>	✗	✗	✓
<b>Check Writing</b>	✓	✗	✗
<b>Early Withdrawl Penalty</b>	✗	✗	✓
<b>FDIC Insurance</b>	✓	✓	✓

However, if you're an investor who does not like taking risks, a CD could be the right fit.

If you're ready to open a CD, check out [SaveBetter's top tier online CD selection](#).

## 21. P2P Lending

Another compound interest investment that could earn you potentially high returns and a passive income stream is peer-to-peer lending.

Peer-to-peer lending (aka P2P) is when you, along with hundreds of other private investors, lend money in exchange for repayment of your loan plus interest.

With P2P, you're basically the bank:

- You make a loan
- You earn interest from your loan
- You should receive the full payment of your loan after the term is expired

With popular [P2P platforms like Groundfloor](#), you can actually start lending with as little as \$10.

Your loan would be borrowed by home flippers across the country.

As of the date of this article, you could make loans across 31 states in America:




The home flippers would use your money to:

- Buy a fixer-upper home
- Fix up the home
- Rent it out
- Sell it

Assuming all goes well, you should be repaid your initial loan plus interest. Typically, you could earn returns between 7% to 26%.

The loans you make are given “grades” ranging from A to G. Here’s an example of a loan that’s graded a “C.”

PROJECT SUMMARY | 245 SMITHSTONE PATH, FAYETTEVILLE, GA 30214



Rate	Projected Term	Loan To ARV	Remaining Amount / Days	Investors
11%	12 months	69.65%	\$24,520 / 20	667

**BORROWER**

Gida Homes LLC  
Henry Narh - principal

Purpose	Loan Position	Total Loan Amount	Repayment Terms
Purchase & Renovation	First Lien	\$149,740	Balloon payment - principal and interest returned on repayment / due at maturity.

[INVEST NOW](#)

[Click here to view the LRO Agreement](#)

The closer the loans are graded to a “G” level, the higher the risk (and thus, the higher the potential return).

The closer the loans are graded to an “A” level, the lower the risk.

**Pro Tip:** Groundfloor has a rating algorithm that assigns a corresponding interest rate for each graded loan.

Just keep in mind that the biggest risk with P2P compound interest investments is that the people who borrow your money are much more likely to default on paying back your loan.

So make sure you only invest as much as you are willing to lose.

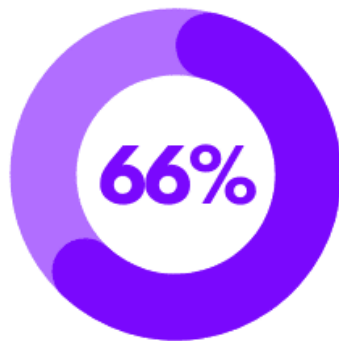
## 22. Your Business

Investing in your business is arguably one of the best compounding investments.

Especially if you want to make money in the long run, becoming a business owner is your best bet.

And, it shouldn't be a surprise that most millionaires are business owners.

In fact, about 66% of millionaires are business owners.



**66% of millionaires own their own business**

MILLENNIAL  
MONEY WOMAN

Building a business is like investing in a compounding interest account:

- You start out small
- It takes a long time to see the results
- You can become unbelievably wealthy

Here's the best news: You don't have to go to college and get an MBA for \$100,000s to learn the ins and outs of business.

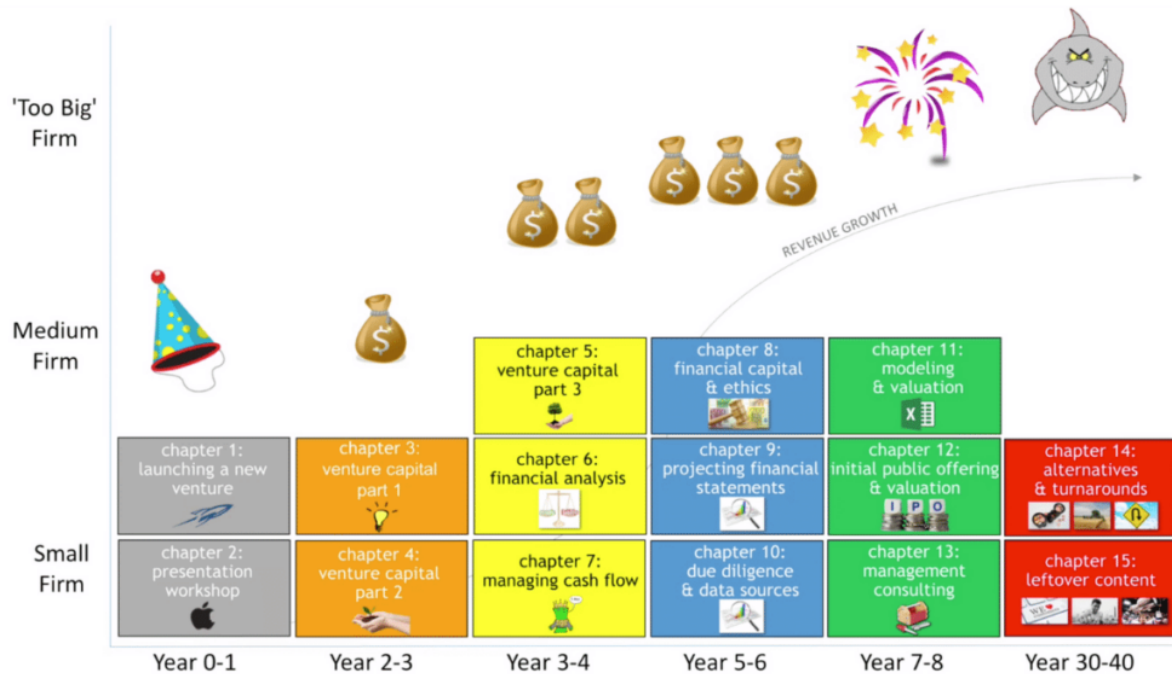
In fact, you can get an [entire MBA packed in just 1 course](#) from online platforms like Udemy.

Professor Chris Haroun, the creator of this course, taught at renowned schools like Stanford.

Now, in this MBA course, he gives you his knowledge from experiences including:

- Start-up experience
- Hedge fund industry experience
- Consulting experience at Accenture
- Work experience from Goldman Sachs
- A Columbia University (Ivy League) MBA

Here are some of the things you'd learn with the MBA course:



And the best part?

Instead of spending hundreds of thousands of dollars for an MBA, you can grab the course between \$24 to \$130.

While you might not be physically investing in a compounding interest vehicle, you can never go wrong in investing in your business and in yourself.

## 23. Yourself



If you're wondering how to invest with compound interest, then it's also worth approaching this question from an "out-of-the-box" point of view.

Specifically, instead of opening an actual investment account, you should consider investing in yourself.

Undoubtedly, investing in yourself is one of the best long-term investments you can make, with virtually a 100% guaranteed return.



**A rule of thumb is to reinvest up to 5% of your gross annual income into yourself**

MILLENNIAL  
MONEY WOMAN

Do you feel stuck in your career?

Do you want to learn a new skill to make more money?

Then check out resources like [Udemy](#).

Udemy is an online platform that offers courses to students worldwide.

For example, if you're looking to switch to coding and make 6-figures, you might just want to check out some of Udemy's top coding courses – with some starting at just \$14.99.

**The Bottom Line:** You can never go wrong with investing in yourself. The ROI you'll get will be 10X the amount of money that you invested.

## Can You Get Rich from Compound Interest?

Compounding interest investments can absolutely make you rich.

In fact, the famous Albert Einstein once said “Compound interest is the eighth wonder of the world.”

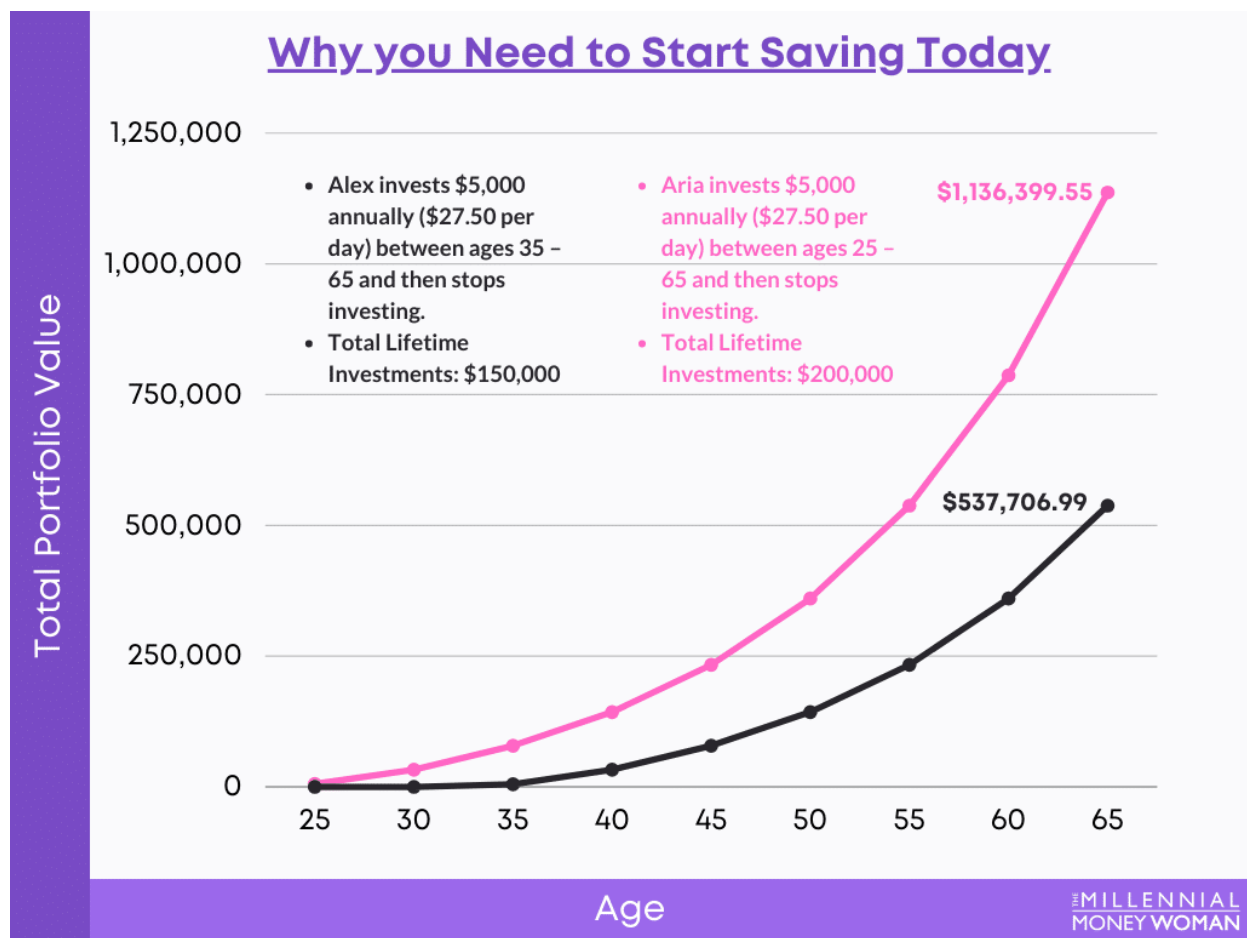
Here's how you can harness the power of compound interest:

- Start investing as soon as possible
- Invest in high return investment vehicles
- Invest your money consistently and over time
- Resist the urge to withdraw your money and stay invested

The key to getting rich from compound interest comes down to one thing: Time.

That's why you need to invest when you are in your 20s – even if it's just \$100.

In fact, check out this chart below.



Aria's 10 extra years of investing means that she has about \$598,692.56 more than Alex.

Ultimately, learning how to invest in compound interest from an early age can lead to exponential growth in your wealth over time.

## Closing Thoughts

Investing money into the best compounding interest accounts can help you build a financial empire.

That's because a compound interest account can make you money for free.

Hopefully this article gave you a peek into the best compounding interest investments such as:

- Stocks
- Index funds
- Small business investments
- Private market commercial real estate

Honestly, out of all the compound interest investments, my favorite is investing in index funds.

Of course, there is no right or wrong answer on how to invest in compound interest investments – you just have to consider your own personal situation and make a decision that works for you.

The most important part is taking action today.

Your bank accounts will thank me later.

**Caution:** Never invest more than you are willing to lose  
- and thoroughly do your research before investing money.

Signing off now.

Your friend,

- Fiona

*This guide may contain affiliate links.*

P.S. If you enjoyed this guide or have any questions / comments, [shoot me a message on Twitter](#) and let me know 😊

P.P.S If you need a mentor to help you build extra income streams, like:

- Starting a blog
- Starting an agency
- Renting out properties
- Investing in real estate

- Building a personal brand
- Investing in the stock market
- Starting your own ecom store
- Making money on social media
- Buying cash-flowing businesses
- Starting a vending machine business

Then [check out our community, Prosper.](#)