

# THE DAYS OF A 2 CENT POSTAGE STAMP

THE MONEY MARATHON BY ED DOUGLAS CFP®

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When my mom died a little over a year ago, there were many items that I took from her house that were important to me. One interesting item was a shoe box full of probably 200 letters from my grandfather and grandmother on my dad's side of the family. I have just started to read some of the letters that date from 1913 to several years later and I find them fascinating. My grandmother and grandfather both went to KU but my after my grandfather graduated from law school he moved back to St Joseph to practice law while my grandmother was still in school. They were still dating at the time and so they wrote to each other very regularly and they best I can tell they were madly in love.

I was amazed at how "lovey dovey" my grandfather seemed to be in these letters. As I remember him up until the time he died when I was 10, he seemed to be very serious, quiet and respectful. But in these letters he was a real Casanova who couldn't wait to once more be in the arms of his true love. He also had funny pet names for my grandmother. These letters also include some interesting historical facts and comments, like (and I am paraphrasing), "that was sure terrible about the Titanic a few days ago" and from my grandmother, "I don't quite get the big deal about this woman's suffrage" (voting rights for woman- My grandmother was a little slow in grasping hold of the concept of equal rights for woman it appears)

Interestingly enough, one of the most recent letters I read was dated February 1914, exactly 100 years old and the postage stamp on the letter was 2 cents-that's right 2 cents exactly 100 years ago. As we know the cost of a postage stamp just recently increased to 49 cents. Seeing a real letter with a 2 cent postage stamp exactly 100 years ago started me to think about a lot of things; don't ask me why but it did. Here are some of my thoughts and observations from this

\*Don't keep your money in a mattress. Inflation eats away at a person's money. 2 cents 100 years ago becomes 49 today at a 3.25% rate of inflation according to my calculations.

\*People don't write down their feelings in letter as much as previously. That is sad. Write a letter to your loved ones and tell them how much you love them.

\* The saying "A penny for your thoughts" 100 years ago needs to now be "24.5 cents for your thoughts."

\*A millionaire 100 years ago must now be worth \$24.5 million to have the same buying power.

\*There is a commercial in which a life insurance company comes into a room and states to Charlie Brown and Lucy that they have found a way to sell insurance for only \$16 per month. Lucy and Charlie Brown say they think it should only be 5 cents. In 1914 terms the insurance could be sold for 65 cents so Lucy is not too far off, she is just dating herself, thinking the way things were, not the way they are.

\*Finally, in the last 100 years here are the inventions that have changed our lives. I have started with 1913 since we are just starting 2014. (From Most Important Inventions of the Last 100 years by Eddie Davis October 10, 2013)

1913-1922 The zipper, motorized movie camera, Pyrex, electric power drill, radio tuner, pop up toaster, hairdryer, lie detector and the electronic kettle

1923-1932 The self winding watch, loudspeaker, modern can opener, aerosol can, car radio, jet engine, electric razor, electric can opener and of course sliced bread in Chillicothe (added by me).

1933-1942 Zippo lighter, radar, helicopter, radar voice recognition, modern color TV, voice recognition, dirt devil, turboprop engine, and an artificial heart.

1943-1952 Kidney dialysis, the slinky, clock radio, disposable diapers, disposable camera, alkaline batteries, and power steering.

1953-1962 Breathalyzer, black box flight recorder, stereo hi-fi, cordless drill, pacemaker, Kodak instamatic, LED (light emitting diode)

1963-1972 Plasma TV, smoke detector, Internet, digital thermometer, and the pocket calculator.

1973-1982 Lithium batteries, video recorders, CD player, Sony Walkman and Mattel Electronic Football

1983-1992 Bose noise cancelling headphones, digital mobile phones, the World Wide Web, Nintendo and Palm Pilot

1993-2002 Cordless telephone, Play Station, MP3 player, portable DVD player, DVR by TiVo, and the Apple iPod.

2003-2013 Blackberry, Samsung OLED TV, Apple iPhone, Twitter, Apple iPad, Kindle

My final observation is that it took over 30 years for the cost of a 2 cent stamp to increase to 5 cents but it took only a couple of years at a 3% plus inflation for postage to go from 46 cents to 49 cents which shows how compounding works, much faster in the later years. This reminds me of a quote from the late Andy

Rooney. "Life is a like a roll of toilet paper. The closer you get to the end, the faster it goes."

Remember that every investor's situation is unique and that it is important to review your specific situation with a financial professional.

Ed Douglas is a Certified Financial Planner CFP®/Consultant, Chairman Emeritus of Citizens Bancshares, and author of three books: *Making a Million With Only \$2000-Every Young Person Can Do It*, *The Money Marathon: 7 Simple Steps to Financial Freedom* and *25 Truths: Life Principles of the Happiest and Most Successful Among Us*, available at [www.eddouglas.com](http://www.eddouglas.com) and on Amazon. Ed may be contacted for financial planning services or seminars based on his books at [ed@eddouglas.com](mailto:ed@eddouglas.com) or at his office at 660-646-2066