

The Cost of Waiting

An early start can be more important than the amount saved.

Saving early can have a significant impact on your future retirement savings. Consider a story of twins, both age 25 today who will each start a savings plan with identical returns. One we call "**Early**," and the other one "**Late**."

Early begins saving \$5,500 annually at age 25, but stops his savings plan after just 10 years. **The total contributions are \$55,000.**

Late waits until age 35 to begin saving, but contributes \$5,500 annually 30 years. **The total contributions are \$165,000.**

Because *Late* contributed \$110,000 more to his plan, you would expect him to accumulate more savings, with the same return — *but that is not the case.*

Actually, **Early ends up with \$208,431 more than Late at age 65**, while contributing \$110,000 less of his income.

Assuming each account grew by 8% every year, at age 65 *Early* will have \$935,000 and *Late* will have \$726,000. The 10-year head start makes it impossible for *Late* to catch up, even with all the additional contributions.

This example demonstrates that **time** is a powerful tool for compounding returns, but the only way to utilize this tool is by taking action without delay.

Saving early allows time for money to grow. Waiting to start funding retirement and other goals can carry a steep price. Remember that time is one of your most precious assets.

Starting today, with even a modest savings amount, will make a big difference to your future accumulations.

Age	Early	Late
25	\$5,500	
26	\$5,500	
27	\$5,500	
28	\$5,500	
29	\$5,500	
30	\$5,500	
31	\$5,500	
32	\$5,500	
33	\$5,500	
34	\$5,500	
35		\$5,500
36		\$5,500
37		\$5,500
38		\$5,500
39		\$5,500
40		\$5,500
41		\$5,500
42		\$5,500
43		\$5,500
44		\$5,500
45		\$5,500
46		\$5,500
47		\$5,500
48		\$5,500
49		\$5,500
50		\$5,500
51		\$5,500
52		\$5,500
53		\$5,500
54		\$5,500
55		\$5,500
56		\$5,500
57		\$5,500
58		\$5,500
59		\$5,500
60		\$5,500
61		\$5,500
62		\$5,500
63		\$5,500
64		\$5,500
65	\$935,165	\$726,734

Note: These examples are hypothetical. Generally, investments fluctuate in value.