



Time is money

Saving early just might ease the burden of saving enough

It's probably hard to imagine your retirement, or how much money you'll need. But it doesn't have to be hard to save for retirement, and the earlier you start the better. That's because starting early allows you to get the greatest benefit from tax deferral and compounding.

When you invest your money in a **tax-deferred** account, you can experience tax-deferred growth. This means you don't pay taxes on any gains associated with your account until the time you withdraw it. Additionally, any gains on that money are reinvested, earning you even more. This is known as **compounding**.

Our example below shows that investing early can have a dramatic effect on your account.

Meet Denise

Denise began contributing to a tax-deferred account at age 30. She contributed \$5,500 each year for 14 years. When she retired at 65, her account was worth \$811,874*.

Meet Raul

Raul began contributing to a tax-deferred account at age 40. He contributed \$5,500 each year for 25 years. When he retired at 65, his account was worth \$474,929*.

Even though Denise contributed less and for fewer years, her account was still worth \$336,945 more than Raul's account when they retired.

The chart on the reverse side shows the year by year breakdown of each client's contributions and total values.

Don't wait to save

Make contributions to a tax-deferred account now, and gain confidence that you are working toward your retirement goals.



Talk to a financial professional about the best options for you.

*Our example is hypothetical. Your experience may be different, and while tax deferral and compounding interest can have a positive long-term impact on your account balance, there may still be periods of time when it doesn't grow. In our example we assume an annual 8% rate of return and no withdrawals from the account until retirement. Withdrawals of earnings would be subject to ordinary income tax, and if you take money from the account prior to age 59½, you may incur an additional 10% IRS penalty.

Denise

Age	Contribution	Year-End Value
30	\$5,500	\$5,940
31	\$5,500	\$12,355
32	\$5,500	\$19,283
33	\$5,500	\$26,766
34	\$5,500	\$34,847
35	\$5,500	\$43,575
36	\$5,500	\$53,001
37	\$5,500	\$63,181
38	\$5,500	\$74,176
39	\$5,500	\$86,050
40	\$5,500	\$98,874
41	\$5,500	\$112,724
42	\$5,500	\$127,682
43	\$5,500	\$143,836
44	\$5,500	\$161,283
45	—	\$174,186
46	—	\$188,121
47	—	\$203,170
48	—	\$219,424
49	—	\$236,978
50	—	\$255,936
51	—	\$276,411
52	—	\$298,524
53	—	\$322,406
54	—	\$348,199
55	—	\$376,055
56	—	\$406,139
57	—	\$438,630
58	—	\$473,721
59	—	\$511,618
60	—	\$552,548
61	—	\$596,752
62	—	\$644,492
63	—	\$696,051
64	—	\$751,735
65	—	\$811,874

Total value at age 65 **\$82,500** **\$811,874**

Raul

Age	Contribution	Year-End Value
30	—	—
31	—	—
32	—	—
33	—	—
34	—	—
35	—	—
36	—	—
37	—	—
38	—	—
39	—	—
40	\$5,500	\$5,940
41	\$5,500	\$12,355
42	\$5,500	\$19,283
43	\$5,500	\$26,766
44	\$5,500	\$34,847
45	\$5,500	\$43,575
46	\$5,500	\$53,001
47	\$5,500	\$63,181
48	\$5,500	\$74,176
49	\$5,500	\$86,050
50	\$5,500	\$98,874
51	\$5,500	\$112,724
52	\$5,500	\$127,682
53	\$5,500	\$143,836
54	\$5,500	\$161,283
55	\$5,500	\$180,126
56	\$5,500	\$200,476
57	\$5,500	\$222,454
58	\$5,500	\$246,190
59	\$5,500	\$271,826
60	\$5,500	\$299,512
61	\$5,500	\$329,413
62	\$5,500	\$361,706
63	\$5,500	\$396,582
64	\$5,500	\$434,249
65	\$5,500	\$474,929

Total value at age 65 **\$143,000** **\$474,929**



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