# 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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