

The Power of Compounding

CURRENT AGE	INVESTORS		
	Mary	John	Bill
30	\$ 2,000	\$ 0	\$ 2,000
31	2,000	0	2,000
32	2,000	0	2,000
33	2,000	0	2,000
34	2,000	0	2,000
35	2,000	0	2,000
36	2,000	0	2,000
37	2,000	0	2,000
38	2,000	0	2,000
39	2,000	0	2,000
40	0	2,000	2,000
41	0	2,000	2,000
42	0	2,000	2,000
43	0	2,000	2,000
44	0	2,000	2,000
45	0	2,000	2,000
46	0	2,000	2,000
47	0	2,000	2,000
48	0	2,000	2,000
49	0	2,000	2,000
50	0	2,000	2,000
51	0	2,000	2,000
52	0	2,000	2,000
53	0	2,000	2,000
54	0	2,000	2,000
55	0	2,000	2,000
56	0	2,000	2,000
57	0	2,000	2,000
58	0	2,000	2,000
59	0	2,000	2,000
60	0	2,000	2,000
61	0	2,000	2,000
62	0	2,000	2,000
63	0	2,000	2,000
64	0	2,000	2,000
65	0	2,000	2,000
Total Accum	\$ 231,439	\$ 172,701	\$ 404,140
Investment	<u>-20,000</u>	<u>-52,000</u>	<u>-72,000</u>
Income/Growth	<u>\$ 211,439</u>	<u>\$ 120,701</u>	<u>\$ 332,140</u>

Now look at Bill. He began investing at age 30 and invested continuously until he reached age 65.

Bill invested only \$20,000 more than John, yet he accumulated **\$231,439** more than John did because he didn't procrastinate with his 401(k) retirement program.

Example assumes an 8% hypothetical growth rate compounded annually. Rates of return are hypothetical, are provided for illustrative purposes only, and do not reflect the performance of an actual investment. There can be no guarantee of return.