

My Plan Connection

Don't Delay - The Earlier You Start to Save for Retirement, the Easier it is!

Don't wait! It's tempting to put off saving for retirement until you are older, earn more money, or are more settled. Don't wait! Waiting costs you money. The earlier you start saving for retirement, the easier it is. If you wait until your salary increases, then you'll have to dedicate more of each paycheck to your retirement savings. By starting early, you put the power of time and compounded

Compounding occurs when you earn returns on your original investment as well as on any previous returns that remain

invested. Each year your earnings compound, there is more money available to work for you! The earlier you start saving, the more opportunities you have to compound your earnings. If you wait until later to start saving for retirement, then you'll have fewer opportunities to compound your earnings and you'll have to contribute more of your own money in order to have enough money saved for your retirement.

Reduce your taxes! Contributions to your retirement plan are also tax deductible. Every dollar that you contribute to your retirement

your taxable income. This means that while you are increasing your savings, you are decreasing your tax burden at the same time! In addition, not only do you defer paying taxes on the contributions you make to your retirement plan, but you also defer paying taxes on any earnings as well.

Saving for retirement is easier than you think



The contributions and earnings to your retirement plan are not taxed until you withdraw them from your account, presumably at retirement. For most people, their tax bracket during their retirement years is significantly lower than their tax bracket during their working years. As a result, your tax burden is not only delayed but can be significantly reduced.

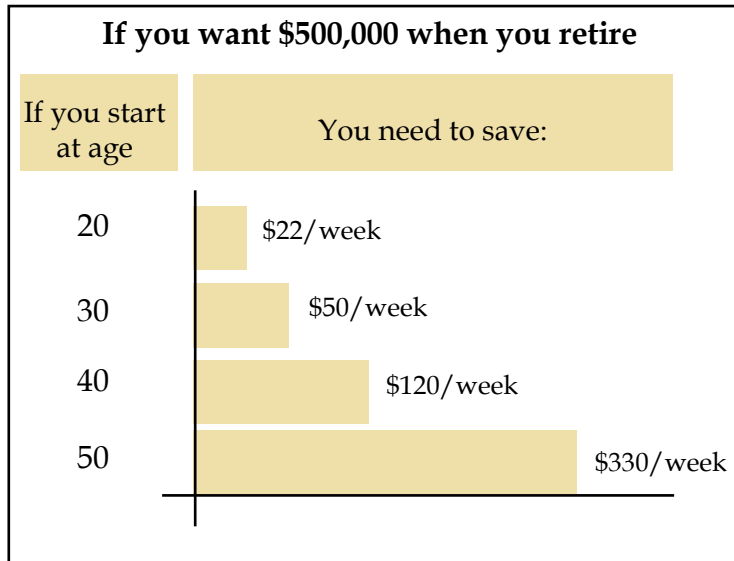
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Example assumes an 8% annual return on investment. If you want \$500,000 when you retire, how much will it cost you each week? It depends on how old you are when you start. If you start saving for retirement at age 20, then you'll need to contribute \$22 each week, for a total investment of \$51,480. In contrast, if you wait until you are 30, your weekly contribution will more than double to \$50. Your total out-of-pocket cost will also increase significantly to \$91,000. If you wait until you are 40, then the price tag is even higher. You'll need to contribute \$120 each week until you retire at 65, for a total out-of-pocket cost of \$156,000.

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