COMPOUND INTEREST:

WHO WILL EARN MORE?



\$562,683 at age 65

\$505,365

at age 65

Compound interest is interest earned on both your initial investment and the interest you earn annually.

This example shows how the earlier a person takes advantage of compound interest, the more time that money has to grow.



\$600,000

\$500,000

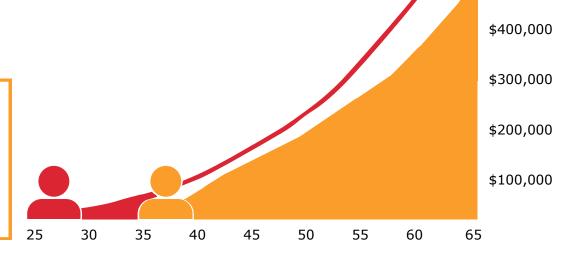


INVESTOR 1:

-Starts at 25 -Sets aside \$5,000 a year for 10 years in a row (total invested \$50,000) -No more investments after age 34

INVESTOR 2:

-Starts at 35 -Sets aside \$5,000 a year for 30 years in a row until reaching age 65 (total invested \$150,000)



NOTE: Assumes a 7% interest rate, compounded annually. Balances shown are approximate. Inflation not included.



Parent

Age 0-18

Invest \$500/year

Contributions

\$9,000

Age 65

\$437,379



Teen

Age 15-35

Invest \$1,000/year

Contributions

\$20,000

Age 65

\$333,913



Adult

Age 35-65

Invest \$5,000/year

Contributions

\$150,000

Age 65

\$505,365

INVESTING EARLY MATTERS