The Importance of Starting Early

A man and a woman stand in front of a blackboard-like screen with a chart on it.

Man: “When it comes to saving for retirement, time is your best friend.”

Woman: “That’s because over time, your money benefits from compounding -- where you can earn interest on your interest. Here’s a hypothetical example.”

As the narrator speaks, a line chart forms on a blank screen. The chart is labeled Investing $100 Per Month at 5%. A blue line starts with $0 at age 25 and extends up to $153,977 at age 65. A yellow line starts with $0 at age 35 and extends up to $84,021 at age 65. **Narrator:** “If you were to start saving just $100 per month beginning at age 25 and earn a 5% annual return, you could accumulate over $150,000 by the time you retire at age 65. But if you wait until age 35 to start saving, you’d have to put away nearly twice as much per month to reach that same $150,000 goal. And if your savings are in a tax-deferred account, such as an IRA or 401(k) plan, you’ll get the added benefit of tax deferral, which means that you don’t have to pay taxes on contributions or earnings until you withdraw.”

The man and woman reappear in front of the chart.

Man: “It’s simple: The longer you invest, the longer your money has time to grow, and the more you’ll be able to save.”

Woman: “Starting early also gives you more time to ride out the ups and downs of the market.”

Man: “So, if you’re wondering when’s the best time to start saving, the answer is now.”

Woman: “Put time on your side and start saving today.”