

Time can work for us or against us when we invest.

Imagine two 16 year olds who both have a little bit of earned income for part-time jobs. The first teen decides to open a Roth IRA and save the money for the next several years, while the second teen decides to enjoy the fruits of his labor and spend the money on “stuff.” However, the second teen promises to start saving after he graduates from college.

The table on the next page shows their savings regimens over the next 55 years of their lives.

As you’ll see, at age 65, the first investor would have over \$1 million and would have only invested \$27,000 of his own money. The second would have had to invest \$138,000 of his own money and yet would only have \$975,000 at the end of that same timeframe. Granted, they both have a lot of money, but one savings method was much, much easier simply due to the power of time and compounding.

Here’s the best part, once a person starts the saving process, it usually becomes a habit. If the first teen continued saving throughout his lifetime, at age 65 his wealth would have grown in this illustration to the SUM of the two columns...or more than \$2 million!

The lesson? Save as much as you can, and as early as you can!

Year #	Age	Starting Early		Starting Late		Difference	Rate
		Deposited	Account Year End	Deposited	Account Year End		
1	16	3000	3,248	0	0	3,248	8.25%
2	17	3000	6,763	0	0	6,763	8.25%
3	18	3000	10,568	0	0	10,568	8.25%
4	19	3000	14,688	0	0	14,688	8.25%
5	20	3000	19,147	0	0	19,147	8.25%
6	21	3000	23,974	0	0	23,974	8.25%
7	22	3000	29,199	0	0	29,199	8.25%
8	23	3000	34,856	0	0	34,856	8.25%
9	24	3000	40,979	0	0	40,979	8.25%
10	25	0	44,360	3000	3,248	41,112	8.25%
11	26	0	48,020	3000	6,763	41,257	8.25%
12	27	0	51,981	3000	10,568	41,413	8.25%
13	28	0	56,270	3000	14,688	41,582	8.25%
14	29	0	60,912	3000	19,147	41,765	8.25%
15	30	0	65,937	3000	23,974	41,963	8.25%
16	31	0	71,377	3000	29,199	42,177	8.25%
17	32	0	77,265	3000	34,856	42,409	8.25%
18	33	0	83,640	3000	40,979	42,661	8.25%
19	34	0	90,540	3000	47,607	42,933	8.25%
20	35	0	98,010	3000	54,782	43,227	8.25%
21	36	0	106,095	3000	62,549	43,546	8.25%
22	37	0	114,848	3000	70,957	43,891	8.25%
23	38	0	124,323	3000	80,059	44,265	8.25%
24	39	0	134,580	3000	89,911	44,669	8.25%
25	40	0	145,683	3000	100,576	45,107	8.25%
26	41	0	157,702	3000	112,121	45,580	8.25%
27	42	0	170,712	3000	124,619	46,093	8.25%
28	43	0	184,796	3000	138,147	46,648	8.25%
29	44	0	200,041	3000	152,792	47,249	8.25%
30	45	0	216,545	3000	168,645	47,900	8.25%
31	46	0	234,410	3000	185,806	48,604	8.25%
32	47	0	253,749	3000	204,382	49,367	8.25%
33	48	0	274,683	3000	224,491	50,192	8.25%
34	49	0	297,344	3000	246,259	51,085	8.25%
35	50	0	321,875	3000	269,823	52,052	8.25%
36	51	0	348,430	3000	295,331	53,099	8.25%
37	52	0	377,175	3000	322,943	54,232	8.25%
38	53	0	408,292	3000	352,834	55,459	8.25%
39	54	0	441,976	3000	385,190	56,787	8.25%
40	55	0	478,439	3000	420,215	58,224	8.25%
41	56	0	517,911	3000	458,131	59,780	8.25%
42	57	0	560,638	3000	499,174	61,464	8.25%
43	58	0	606,891	3000	543,603	63,288	8.25%
44	59	0	656,959	3000	591,698	65,261	8.25%
45	60	0	711,159	3000	643,761	67,398	8.25%
46	61	0	769,829	3000	700,119	69,711	8.25%
47	62	0	833,340	3000	761,126	72,214	8.25%
48	63	0	902,091	3000	827,166	74,925	8.25%
49	64	0	976,513	3000	898,655	77,858	8.25%
50	65	0	1,057,075	3000	976,041	81,034	8.25%
51	66	0	1,144,284	3000	1,059,812	84,472	8.25%
52	67	0	1,238,688	3000	1,150,494	88,193	8.25%
53	68	0	1,340,879	3000	1,248,658	92,222	8.25%
54	69	0	1,451,502	3000	1,354,919	96,583	8.25%
55	70	0	1,571,251	3000	1,469,948	101,303	8.25%

Total Invested

-27,000

-138,000

Net Gain

1,544,251

1,331,948