# The cost of waiting

## Investing for your retirement



Have you begun saving yet for your retirement? Putting away even a small amount each month can make a huge difference when you're ready to retire.

### More years, more money

The good news is, odds are, you'll probably live longer than past generations. The bad news is, living longer means you'll need more money for retirement – possibly up to 30 years' worth.

You can't expect to spend less on living expenses in your "Golden Years" than you do today. Most financial professionals agree that you'll need 70-80% or more of your pre-retirement income to maintain your lifestyle in retirement.

The cost of retirement living will increase if the cost of healthcare, housing, energy and other costs increase. Inflation can also damage the purchasing power of your retirement dollars. For example, if you project a 3% inflation rate over the next 25 years, a gallon of milk purchased today will hypothetically cost you more in 2038.

### Save now, pay later

One way to begin saving is to use your employer-sponsored retirement plan, such as a 401(k), 403(b) or 457 Deferred Compensation plan. Listed below are a couple reasons why these plans can help you save money.

**Less tax today**

Contributions to your plan are made prior to income tax deductions, which means you're paying less in current taxes from each paycheck.

**Potentially less tax tomorrow**

Your account grows tax-deferred, meaning you won't pay taxes on it until you withdraw funds from the plan. If you are in a lower tax bracket at that time, you will likely pay less in taxes than you would today. Please note, that penalties will apply to early withdrawals – usually before age 59½, unless an IRS exception applies).

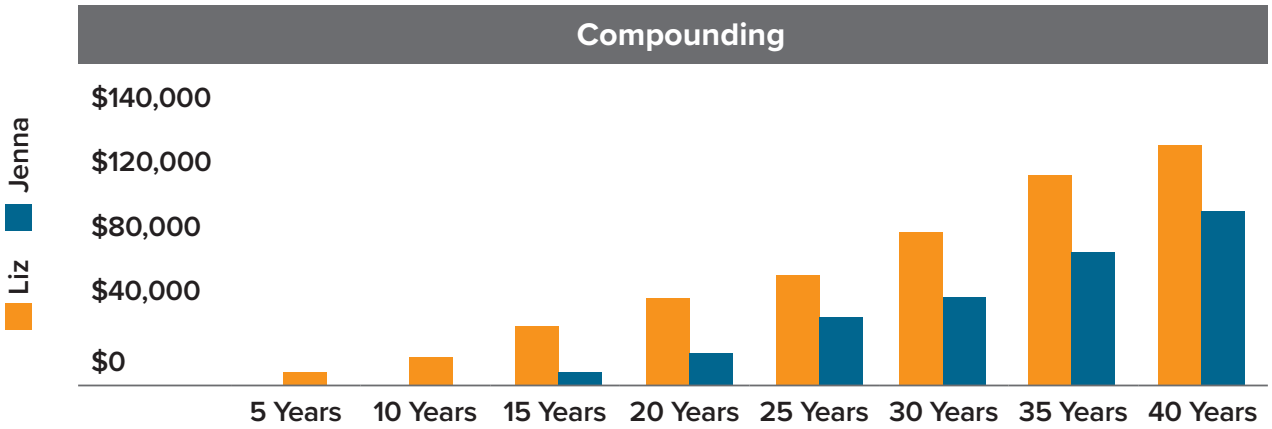
### Your money is your money-maker

When you invest in fixed credited interest rate accounts, you earn interest on your money. And then that interest earns interest. That's called compound interest, and it's how your account grows over time.

## Compounding circumstances

Liz and Jenna, both 25, started work for the same employer on the same day. Liz began making a monthly contribution of $100, while Jenna chose to wait another 10 years before contributing to the plan. Liz stopped investing after 15 years, while Jenna continued to invest $100 a month until she retired at age 65.

Both contributed $100 a month, totaling $1,200 each year. Both earned a 6 percent rate of return on their investment. Liz invested for 15 years and a total of $18,000; Jenna invested for 30 years and a total of $36,000 – more than double Liz's investment. However, according to the chart below, Liz still came out ahead. This is due to the power of compounding and is an example of how compounding interest may work for you. Your actual results may vary.




This illustration does not reflect the performance of any specific investment. The returns are hypothetical not guaranteed and do not reflect the past or future performance of any specific investment option. Payment of income taxes is not reflected.

**Note:** This hypothetical illustration is based on an annual effective rate of return of 6% and does not reflect the performance of any specific investment option. It does not take into account the payment of taxes and does not intend to predict investment results. The illustration does not include fees or expenses that an investment product could assess. If included, these fees would reduce the figures shown above. Systematic investing does not ensure a profit or guarantee against loss. You should consider your ability to invest consistently in up as well as down markets. Not intended to serve as financial advice. Taxes are generally due upon withdrawal.

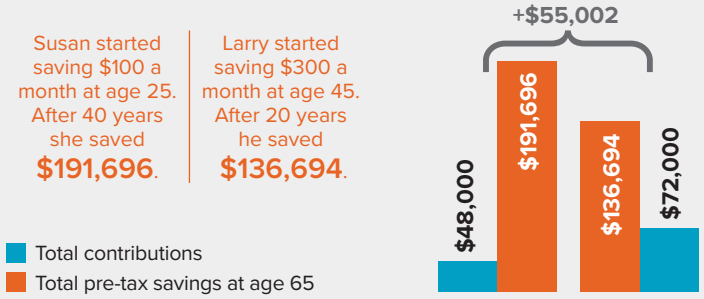
## The impact of waiting

Depending on your investment choices and market conditions, waiting may cost you. Take a look at the following chart below that shows the impact waiting can have.

***With more time to grow, Susan contributes less... but ends up with more.***

Susan started saving $100 a month at age 25. After 40 years she saved **$191,696**.

Larry started saving $300 a month at age 45. After 20 years he saved **$136,694**.




Talk to your financial professional about the impact of saving today for tomorrow.

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