

## THE COST OF WAITING

How will you afford to do things that you will want to do when you retire? That's the million-dollar question! And, to retire with \$1,000,000 dollars in your 401(k) account should be the answer! One thing is for sure; *if you fail to plan your plan will fail!*

Many of my clients believe they can put off saving for retirement until they are in their 40's or 50's. The fact is they'll never have that \$1,000,000 to assure a comfortable retirement if they don't start saving earlier in their lives. The magical affect of compound interest will not be working as hard as it could unless they get started early!

Here is a simple example: If you start saving at age 25 and set aside \$200 monthly compounded at 8% and stop contributing to your plan at age 35 you will have saved ( $\$200 \times 120 \text{ months}$ ) or \$24,000 of your money. But, at age 65 your \$24,000 compounded at 8% would have grown through the magical affects of compound interest to \$364,838.

However, if you wait just ten years to start saving at Age 35 and save the same \$200 every month for the next 30 years (*until you attain age 65*) you will have saved ( $\$200 \times 360 \text{ months}$ ) or \$72,000 of your money. Unfortunately, even though it earned the same 8% compounded interest rate it could only grow to a total of \$283,522. It just didn't have enough time to grow!

The cost of waiting in this example was very expensive. The cost in terms of your money was ( $\$72,000 - \$24,000$ ) or \$48,000. The total cost to your retirement nest egg was ( $\$364,838 - \$283,522$ ) or \$81,316.

If you already figured this out and have been contributing to your 401(k) or IRA that's great! You are well on your way toward growing your retirement savings to over \$1,000,000. Don't be discouraged if you have not started to save. As you can see, *the longer you wait the more expensive it becomes*. We suggest you get started today!

*Mr. Shaffer, president of Executive Benefit Plans, Inc, is a pension specialist with Transamerica Asset Management with over twenty year's experience in the industry. You may contact him at 1-800-622-2411.*