Can you afford to wait?

An early start may put you ahead

Although it's never too late to begin saving, an early start may give you a real boost toward reaching your financial goals. If you plan to keep the price of a comfortable retirement within your reach, can you afford to wait?

Take the first step

Among all the financial obligations competing for a piece of your paycheck, it may seem nearly impossible to find extra money to start saving. But the key is to think of saving as another basic expense in your budget. Don't look for savings in what's left over after spending – often there isn't any. Instead, make saving a habit. Treat your savings deposits like your mortgage or rent payments and put aside a set amount each month – or even each week. Over time, even small amounts can make a difference.

In addition, the longer you are invested, the more you can potentially benefit from the power of compounding. Compounding occurs when the earnings from your investments are reinvested and produce more earnings. It's like a snowball effect – each year's potential gains can build on those of the past, increasing the overall growth potential of your investment.

Let's consider a hypothetical example. At age 45, Peter begins putting aside $1,000 per month for retirement. After 10 years he stops contributing but leaves the money in his account for the next 20 years. Assuming a hypothetical 7% average annual rate of return, by age 65, Peter would have amassed $734,549, which cost only $120,000 in total contributions.

On the other hand, just as Peter stops contributing, Ashley begins. She puts aside $1,000 per month for the next 10 years. At age 65, she has contributed a total of $120,000, yet her account has $373,407, which is $361,142 less than Peter's.[1]

It's elementary

An early start on your other savings efforts has the potential to work the same way. The earlier you begin, the less you may have to contribute to reach your goal.

To learn more, call Equitable Financial at (800) 523-1125, Option 2 to talk to a retirement program specialist, or visit equitable.com/aoa to learn how you can start saving today.

1 Situations are hypothetical and do not represent performance. The 7% annual rate of return cited in this discussion is not indicative of any particular investment, insurance or financial product and does not represent actual performance. Your results will vary.

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