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Why you can't afford to wait to save for retirement

Do any of the following phrases sound familiar to you?

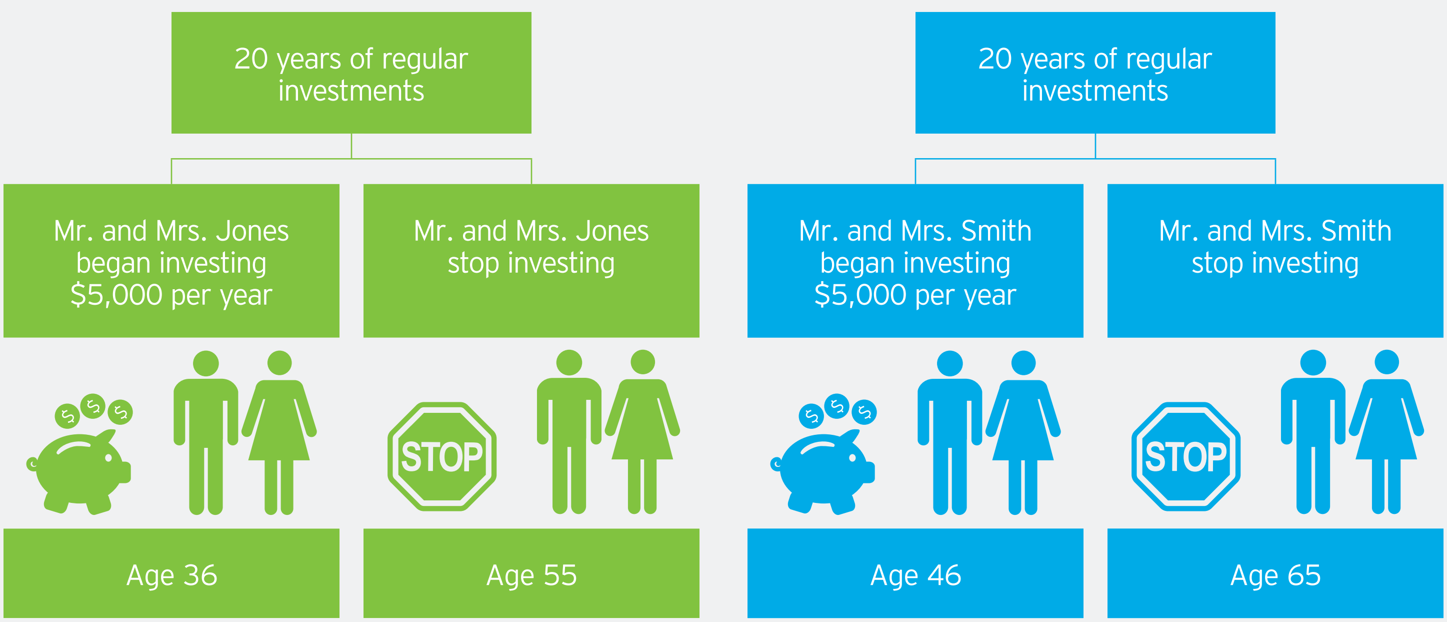
- "Retirement is still a long way off. There's plenty of time to save for it."
- "We have too many expenses right now to put anything aside."
- "I'll get around to saving ... sooner or later."

It's common for people in their 20s – and even in their 30s – to feel this way about retirement savings. But it's never too early to start investing for your future. The sooner you start, the easier your path may be.

Same goal, but different results

Below, we look at the hypothetical stories of the Joneses and the Smiths. Both couples had the same goal: to accumulate a retirement nest egg of $500,000 in their 401(k) plan by age 65. The Joneses started saving for their goal right away. The Smiths decided to wait.

The Joneses vs. the Smiths: Starting early can mean the difference between reaching your savings goals and coming up short



- The Joneses began investing at 36
- $5,000 annually in their 401(k)
- Stopped investing at 55
- Assuming an 8% hypothetical average annual return

At 65, their 401(k) had grown to $533,502

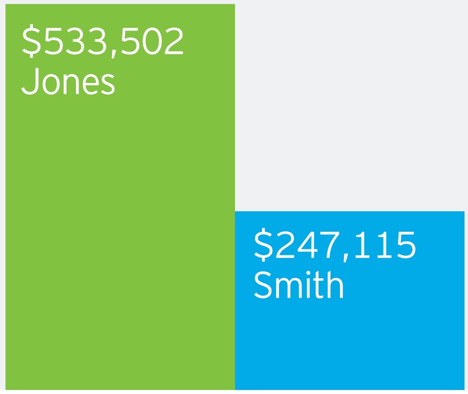
- The Smith's began investing at 46
- $5,000 annually in their 401(k)
- Stopped investing at 65
- Assuming an 8% hypothetical average annual return

At 65, their 401(k) had grown to $247,115

Source: Invesco. This hypothetical example and estimate of an 8% average annual total return are for illustrative purposes only and are not intended to represent the actual performance of any particular investment product or real investor. Your actual return isn't likely to be constant from year to year, and there is no guarantee that a specific rate or return will be achieved.

Because the Joneses started saving 10 years earlier than the Smiths, they ended up with $286,387 more in retirement savings

The Joneses $100,000 in savings grew to $533,502 over 30 years



The Smith's $100,000 in savings grew to $247,115 over 20 years

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Talk to your financial professional

Building a retirement strategy may sound complicated, but a financial professional can help you create a plan that's right for you. If you've been procrastinating about saving for your retirement, now's the time to begin.

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