

# WHY SHOULD YOU START SAVING FOR RETIREMENT AT THE EARLIEST POSSIBLE AGE?

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This chart makes the point that you can never really start saving for retirement too early. One employee (Chris) saves for only 10 years, but started saving at a young age. Another employee (Pat) saved for many more years, but started at a later age.

Chris still ends up accumulating much more than Pat. The best result was obtained by Alex, who started saving at a young age, and never stopped saving until retirement age.

Assumed investment yield: **8.00%** per year

Assuming the use of an IRA, 401(k) plan, or a 403(b) plan.

Year	Age	Chris			Pat			Alex		
		Contri- bution	Invest- ment Gains	Year-End Balance	Contri- bution	Invest- ment Gains	Year-End Balance	Contri- bution	Invest- ment Gains	Year-End Balance
1	25	2,000	0	2,000	0	0	0	2,000	0	2,000
2	26	2,000	160	4,160	0	0	0	2,000	160	4,160
3	27	2,000	333	6,493	0	0	0	2,000	333	6,493
4	28	2,000	519	9,012	0	0	0	2,000	519	9,012
5	29	2,000	721	11,733	0	0	0	2,000	721	11,733
6	30	2,000	939	14,672	0	0	0	2,000	939	14,672
7	31	2,000	1,174	17,846	0	0	0	2,000	1,174	17,846
8	32	2,000	1,428	21,273	0	0	0	2,000	1,428	21,273
9	33	2,000	1,702	24,975	0	0	0	2,000	1,702	24,975
10	34	2,000	1,998	28,973	0	0	0	2,000	1,998	28,973
11	35	0	2,318	31,291	2,000	0	2,000	2,000	2,318	33,291
12	36	0	2,503	33,794	2,000	160	4,160	2,000	2,663	37,954
13	37	0	2,704	36,498	2,000	333	6,493	2,000	3,036	42,991
14	38	0	2,920	39,418	2,000	519	9,012	2,000	3,439	48,430
15	39	0	3,153	42,571	2,000	721	11,733	2,000	3,874	54,304
16	40	0	3,406	45,977	2,000	939	14,672	2,000	4,344	60,649
17	41	0	3,678	49,655	2,000	1,174	17,846	2,000	4,852	67,500
18	42	0	3,972	53,627	2,000	1,428	21,273	2,000	5,400	74,900
19	43	0	4,290	57,917	2,000	1,702	24,975	2,000	5,992	82,893
20	44	0	4,633	62,551	2,000	1,998	28,973	2,000	6,631	91,524
21	45	0	5,004	67,555	2,000	2,318	33,291	2,000	7,322	100,846
22	46	0	5,404	72,959	2,000	2,663	37,954	2,000	8,068	110,914
23	47	0	5,837	78,796	2,000	3,036	42,991	2,000	8,873	121,787
24	48	0	6,304	85,100	2,000	3,439	48,430	2,000	9,743	133,530
25	49	0	6,808	91,908	2,000	3,874	54,304	2,000	10,682	146,212
26	50	0	7,353	99,260	2,000	4,344	60,649	2,000	11,697	159,909
27	51	0	7,941	107,201	2,000	4,852	67,500	2,000	12,793	174,702
28	52	0	8,576	115,777	2,000	5,400	74,900	2,000	13,976	190,678
29	53	0	9,262	125,039	2,000	5,992	82,893	2,000	15,254	207,932
30	54	0	10,003	135,042	2,000	6,631	91,524	2,000	16,635	226,566
31	55	0	10,803	145,846	2,000	7,322	100,846	2,000	18,125	246,692
32	56	0	11,668	157,514	2,000	8,068	110,914	2,000	19,735	268,427
33	57	0	12,601	170,115	2,000	8,873	121,787	2,000	21,474	291,901
34	58	0	13,609	183,724	2,000	9,743	133,530	2,000	23,352	317,253
35	59	0	14,698	198,422	2,000	10,682	146,212	2,000	25,380	344,634
36	60	0	15,874	214,295	2,000	11,697	159,909	2,000	27,571	374,204
37	61	0	17,144	231,439	2,000	12,793	174,702	2,000	29,936	406,141
38	62	0	18,515	249,954	2,000	13,976	190,678	2,000	32,491	440,632
39	63	0	19,996	269,951	2,000	15,254	207,932	2,000	35,251	477,882
40	64	0	21,596	291,547	2,000	16,635	226,566	2,000	38,231	518,113
Total Contribution		20,000			60,000			80,000		
Investment Gains			271,547			166,566			438,113	