THE MAGIC OF COMPOUNDING

What is Compounding?

Compounding is what happens when the money you save (in a savings account, an investment account or an employer-sponsored retirement plan) grows – and that increased amount remains in your account to be reinvested with the potential to earn even more. Over time, if you savings continue to grow, compounding can play a more important role as your total account balance increases. That's because your account may be earning more on a larger amount of money.

The Important Role That Time Plays

The longer your money is invested, the greater its chance to compound. Given enough time, even small investments can grow to impressive amounts. Here's an example: Assuming the average annual 6% rate of return, if you are age 30 and your retirement account has a balance of $20,000, after 35 years (assuming no additional contributions), your account balance has the potential to compound to $153,722 when you're ready to retire at age 65.

Note: This is a hypothetical example and is not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of taxes or the fees and charges inherent to investing. Investing involves risk, including possible loss of principal.

Put Compounding To Work For You

Investing in your employer-sponsored retirement plan is an ideal way to harness the power of compounding for your financial future. **Why?** Because any money that your contributions earn will be automatically reinvested in your account. Keep in mind that the more you contribute to your retirement account, the more you'll boost your account balance.

Learn More About The Power Of Compounding

For personal assistance or to learn more about the important role that compounding – together with your own contributions – can play in helping to achieve a more financially secure future, call the representatives at EPIC Retirement Services.