My Plan Connection

You're Not Too Young to Start Saving for Retirement

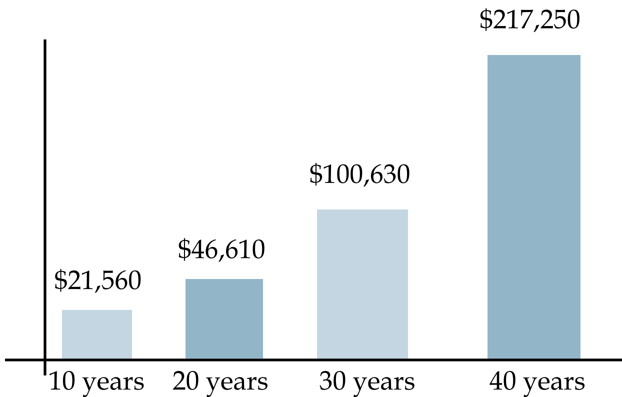
Have you ever heard the story of the king, the chessboard, and the grains of wheat? The story goes that when the creator of the game of chess showed his invention to the king, the king was so pleased that he told the inventor to "name his price." Rather than being paid in gold for his invention, the wily inventor asked his king for one grain of wheat for the first square in the chessboard, two grains for the second, four grains for the third, doubling the amount each time. The king was thrilled, thinking that he was getting a great deal. The king soon learned his mistake. Although the amount of grain was trivial for the first few squares, by the 64th square, the amount of grain accumulated filled a building 25 miles long, 25 miles wide, and 1000 feet tall!

Make your money work for you. Enroll Today!

The principle behind **Compounded Earnings** is similar to the accumulation of the grains of wheat in this story. Earnings compound when you earn returns on your original investment as well as on any previous returns that remain invested. Each year your earnings compound, there is more money available to work for you! The more time you have, the more opportunities you have to compound your earnings. What does this mean for you? The earlier you start, the easier it is to accumulate enough money to meet your retirement income needs. By starting early, you are giving yourself more "squares on the chessboard" or opportunities for your earnings to compound. Just like the king, you will be amazed at what a difference it can make.

So it's never too early. Whether you are 20 or 50, the sooner you start, the easier it will be. What's more, because your investment is not taxed until withdrawal, your original investment, along with all its accumulated earnings, works for you tax-free throughout your pre-retirement years.

Enroll today by calling 800.878.5220 or by visiting www.myplanconnection.com.



Consider a hypothetical example. If you earn an 8% annual return on your investments and reinvest all of your earnings, then every 10 years your account balance will double. In the first 10 years, your original investment of $10,000 will double to more than $21,500. In the second 10 years, your new balance of $21,500 doubles again to over $46,000. Each decade your original investment PLUS your earnings double again. Because you earn returns on your original investment and all earnings accumulated to date, compounded earnings can have a dramatic effect on your savings. The earlier you start, the more your money can work for you.

The information in this article is intended to be educational and to provide you with information that might help you make better use of retirement savings opportunities in realizing your retirement goals. Different assumptions concerning earnings, taxes, investment rates of return, and retirement age will generally yield different results. Examples in this article do not reflect actual returns for any specific investments, and are not intended to imply or guarantee future results. All examples are hypothetical and for illustration purposes only. Actual returns may be higher or lower, and will fluctuate over time. Returns are assumed to be the same each year. Actual values may increase or decrease in any given year. Because the value of your investment will fluctuate with market conditions, you should consider your ability to continue to invest during periods of low price levels. Regular investing does not guarantee a profit or protect against a loss in a declining market. No taxes are applied to plan balances. Plan balances are fully taxable at withdrawal. Withdrawals made prior to age 59½ may trigger an additional 10% early withdrawal penalty tax. This information does not describe all plan features or their applicability to any plan participant. It is provided for general information only and is believed to be accurate and reliable as of the date of printing but may be subject to change. All information in this article is provided for illustrative purposes only and should not be considered tax, investment, or legal advice. Participants should seek professional advice for their particular situation. Contributions to tax-sheltered accounts may not exceed plan or regulatory limits. Additional plan information is available from your plan administrator.