

Start Saving Today Not Tomorrow!

I know you're busy with work and raising a family and you'll think about retirement when things 'settle down.' You might dream about not having to work, but actual retirement is decades away, so why bother with it now?

When retirement finally comes which amount of money would you rather have?

\$565,122 or \$189,842. There's no catch either; the difference simply has to do with saving today instead of tomorrow.

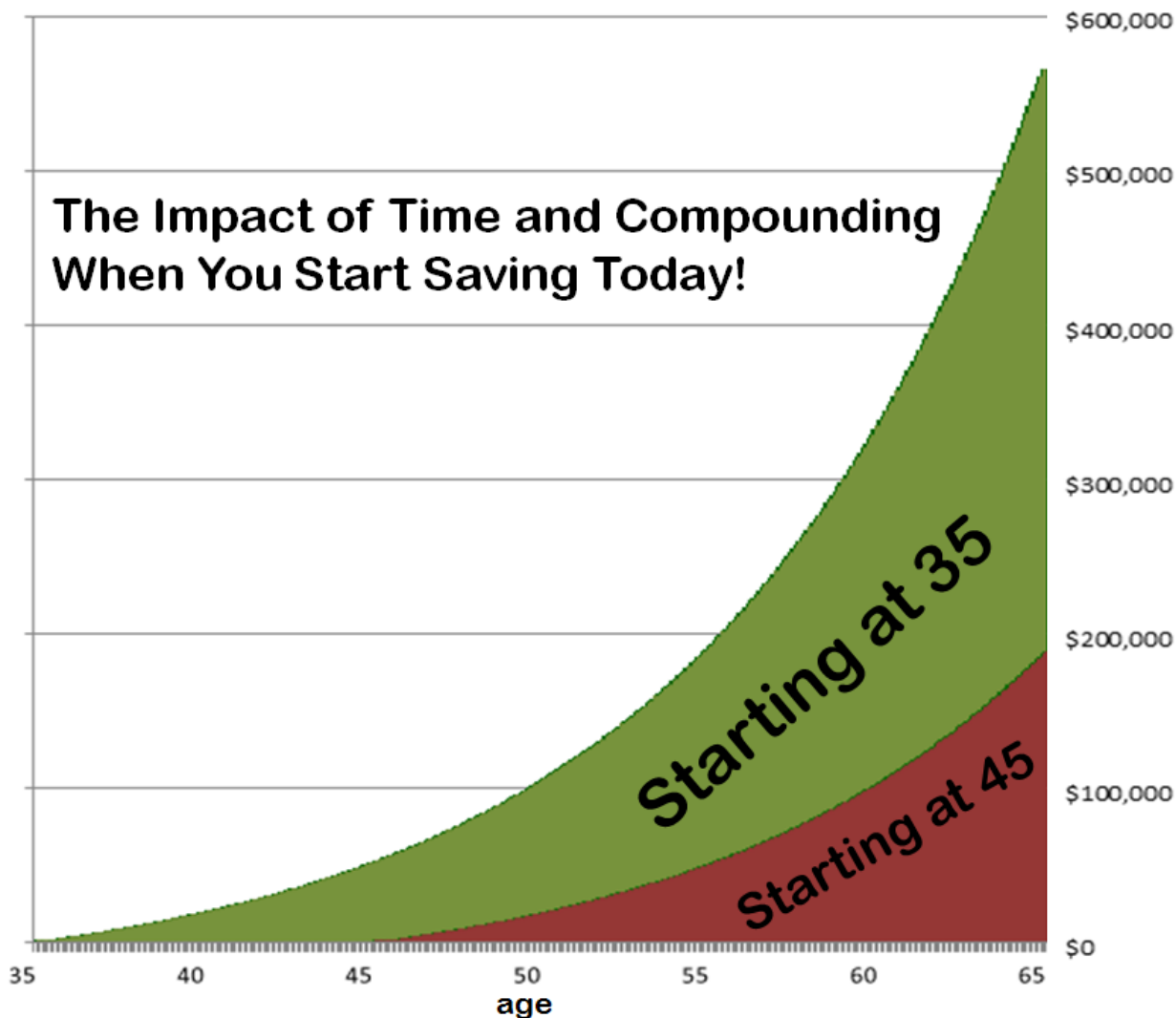
Here's why...

You're 35 years old and you save \$250 a month every month, you invest it and get an average yearly return of 10%, you continue to do this for 30 years until you retire at 65. At that time you will have over \$565,000 in your retirement account (\$565,121.98 to be exact).

OR...

You don't think twice about retirement, you're still young and you've got a lot of other responsibilities, so you'll wait until your kids are grown before you start saving. Now you're 45 years old, settled down and ready to start saving, so you put away \$250 a month every month like you didn't do when you were 35, you invest it and get an average yearly return of 10%, you continue to do this for 20 years until you retire at 65. At that time you will have over \$189,000 in your retirement account (\$189,842.21 to be exact).

Why did this happen, why do you have only about a third of the amount that 35 year old you has now? Two reasons: Time and Compounding. 1) The longer you allow your money to grow, the bigger it will get with what is known as exponential growth due to 2) Compounding, which is when your money earns interest and that interest earns interest and so on.



I'd rather see my retirement portfolio be the green one instead of the red one.

Let's look at it another way...

Would you rather save \$250 a month or \$744 a month? If you want to reach a retirement portfolio value of \$565,000 when you're 65 you can either save \$250 a month starting at 35 (as we saw above) or you can save \$744 (\$744.20 to be exact) a month starting at 45. It will take you saving over \$744 a month at 45 to equal what you would get come retirement if you started saving just \$250 a month at 35.

You don't have to save thousands of dollars a month (of course, the more you save the more you'll have), and you don't have to be poor now to be rich later, either; just putting away a few dollars now means you don't have to put away a LOT more later.

More than half of people's biggest financial regret is not saving money sooner.

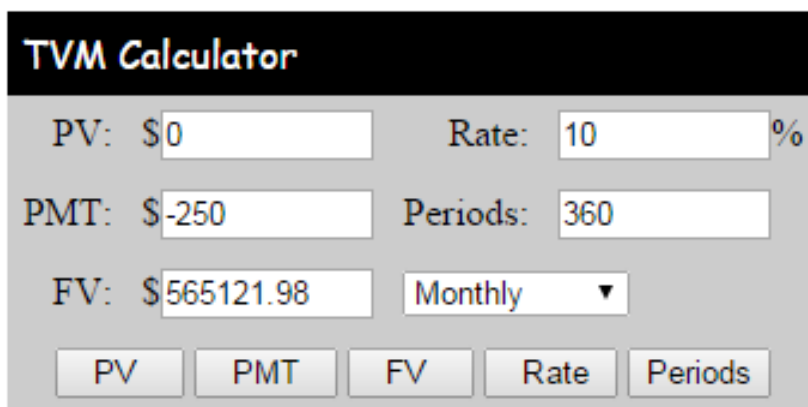
Let's learn from their mistakes and start saving today.

Saving is easy (just don't spend, right?), but smartly investing and patiently growing your money over time is actually easy, too, but it takes the right approach and you want to get started off on the right foot. Pensinger Financial can help you with this. Please contact us at mike@pensingerfinancial.com or through our website's contact page at www.pensingerfinancial.com/contact-us/ if you would like to learn more.

You can use this time value of money tool to test my calculations:

<http://www.zenwealth.com/businessfinanceonline/TVM/TVMCalculator.html>

Time Value of Money Calculator



The screenshot shows a TVM Calculator interface with a black header and a grey body. The header contains the text "TVM Calculator". The body contains several input fields and buttons. The first row has "PV: \$0" and "Rate: 10 %". The second row has "PMT: \$-250" and "Periods: 360". The third row has "FV: \$565121.98" and a dropdown menu set to "Monthly". At the bottom, there are five buttons: "PV", "PMT", "FV", "Rate", and "Periods".

Enter: 0 for PV (present value – how much you're starting with now); 10 for your rate of return; -250 for PMT (payment – which is how much you will contribute every period, make sure it is negative because money is going out, not coming in); 360 for Periods (12 months * 30 years); and choose Monthly in the dropdown box. Now click on the FV (future value) button to see what you will have in the end. Play with the inputs to see how time greatly impacts your retirement savings.