

Time and Growth of Money The Compounding Effect

Time is a vital factor in accumulating wealth. The following tables illustrate the effect of time and after-tax interest in accumulating funds.

Growth of a Single Lump-Sum Investment

Years of Growth	\$20,000 compounded at	
	5%	8%
5	\$25,526	\$29,387
10	32,578	43,178
15	41,579	63,443
20	53,066	93,219
25	67,727	136,970
30	86,439	201,253
35	110,320	295,707
40	140,800	434,490

In other words, in a period 8 times longer (40 years rather than 5 years) the investment result at 8% is 15 times greater growth (\$434,490 divided by \$29,387).

Growth of a Fund to Which \$5,500 Is Added at the Beginning of Each Year

\$5,500 per Year at 5%	Total Contributed	Will Grow to	Growth	Percent Increase
5	\$27,500	\$31,911	\$4,411	16%
10	55,000	72,637	17,637	32%
15	82,500	124,616	42,116	51%
20	110,000	190,956	80,956	74%
25	137,500	275,624	138,124	100%
30	165,000	383,684	218,684	133%
35	192,500	521,600	329,100	171%
40	220,000	697,619	477,619	217%

These tables assume a 5% rate of return after taxes and that the earnings are reinvested. Values shown in this presentation are hypothetical and not a promise of future performance.

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All investing involves risk including loss of principal. No strategy assures success or protects against loss.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.