



## THE POWER OF TIME IN THE MARKET

# COMPOUNDING GROWTH

### PUT YOUR MONEY TO WORK FOR YOU

Regardless of where you choose to invest your money—cash, stocks, bonds, real estate, or a combination of investments—**the key to saving for retirement is to make your money work for you.** This is possible through the power of compounding. Over time, even a modest amount of savings can grow significantly, thanks to compounding interest.

### INTEREST EARNING INTEREST

You may already be familiar with the concept of compounding. Money you put into a savings account earns interest. Then you earn interest on the money you originally put in, plus on the interest you've accumulated. As your savings account grows, you earn interest on a bigger and bigger pool of money. This effect is typically intensified when the money is invested over longer periods of time, rather than sitting in a savings account with low returns.

"Compounding interest is the 8<sup>th</sup> wonder of the world. He who understands it, earns it...he who doesn't...pays it."

– Albert Einstein

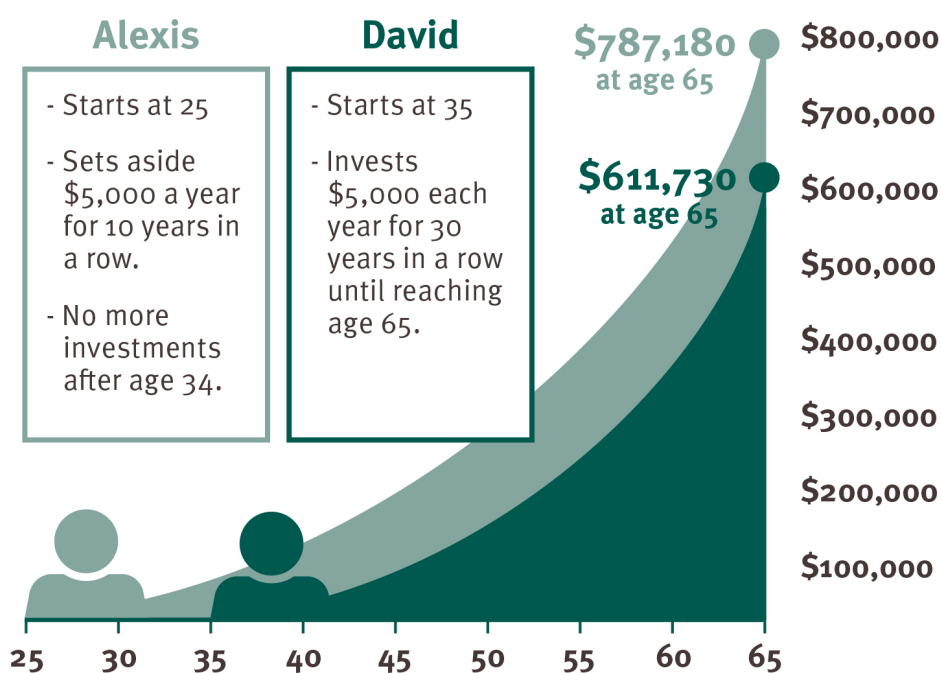
Advisory services offered through TPG Financial Advisors, LLC, an SEC-Registered Investment Advisor and a wholly owned subsidiary of The Partners Group, LTD.

# TIME IN THE MARKET

The real power of compounding comes with time. The earlier you start saving, the more your money can work for you. For every 10 years you delay starting your retirement savings, you will need to save three times as much each month to catch up. No matter your age or salary, the sooner you begin saving for retirement, the better.

## THE EARLIER THE BETTER: AN EXAMPLE

Getting an early start on your savings can pay off in a big way. This example assumes an 8% rate of return, compounded annually with a retirement age of 65. For illustrative purposes only, balances shown are approximate.



Even though David saves 3 times as much as Alexis over the years, he has less money than she does at retirement. Why is that?

Alexis had more time in the market.

**Have questions?** Contact us at [retirement@tpgrp.com](mailto:retirement@tpgrp.com).