The Cost of Waiting to Invest: Effect on Your Wallet Today – Video Transcript

It can be easy to want to wait for a better time to begin investing.

But waiting too long can make reaching your goal much more difficult.

That’s because money compounds over time, so the longer it's invested, the more opportunity it has to grow.

Let’s say your goal is to have a million dollars at age 65 for retirement.

If you start saving at age 25 and earn a 5% average annual return, you’ll need to save about $655 per month to reach one million at age 65.

If you start saving at age 35 and earn the same 5% average annual return, you’ll need to save almost double that amount — about $1,202 per month.

If you start at age 45 and earn the same return, you’ll need to save about $2,433 per month.

And if you start at age 55, you’ll need to save about $6,440 per month.

The difference is remarkable.

It’s important to find a way to begin saving for future goals as soon as possible.

Your future self will thank you.

All investing involves risk, including the possible loss of principal. Examples are hypothetical examples of mathematical principles used for illustrative purposes only and do not represent the performance of any specific investment. Fees, expenses, and taxes are not considered and would reduce the performance shown if they were included. Actual results will vary. Rates of return will vary over time, particularly for long-term investments. Investments with the potential for higher rates of return also carry a greater degree of risk of loss.