

The Cost of Playing Catch Up



Earl E. Saver

From age 26 to 35, Earl saves \$2,000 per year in funds that have a return of 8%. Earl then stops contributing and waits until age 60 for retirement. Total contribution is \$20,000.

Earl has a balance of:

\$214,295

Mae B. Later

Mae waits until age 36 before saving \$2,000 per year from age 36 to 60 in funds that also return 8%. Total contribution is \$50,000.

Mae has a balance of:

\$157,909

By starting early, Earl has contributed \$30,000 less than Mae, but has accumulated \$56,000 more.