

THE POWER OF COMPOUNDING

MAKE YOUR MONEY WORK AS HARD AS YOU DO



COMPOUNDING is when earnings are generated, not only on your initial investment, but also on all previously accumulated earnings – which means interest builds on top of interest.

Think of every dollar you save, working hard to earn more money for you. The harder your money works, the less you'll have to stress about preparing for retirement. By understanding and using the power of compounding, you can make sure your money works just as hard as you do.



Scan or click here to log in to your myMERS account and make sure you're taking full advantage of compounding

How to benefit from compounding and maximize your retirement savings



START EARLY: The sooner you start, the more time your investments have to grow.

BE CONSISTENT: Regular contributions can really boost the compounding effect.

STAY INVESTED: Avoid taking money out early so it can keep growing.

FASTER GROWTH: Over time, your money grows faster as you earn returns on both your original amount and the accumulated earnings.

Let's see how **STARTING EARLY** works with compounding

Alex starts putting \$5,000 a year into his retirement plan at age 35 and continues til 65 (30 years).

\$150,000 of own money invested



Grows to \$611,000 by age 65*

Bonnie starts **EARLY**, putting \$5,000 a year into her retirement plan at age 25 and stops at 35 (10 years).

\$50,000 of own money invested



Grows to \$787,000 by age 65*

This shows how starting early can make a huge difference, even if you invest less money overall.

* Both examples assume 8% annual return.