

Power of Compounding

Many retirees frequently say their biggest regret is that they did not start saving earlier. By committing to a savings plan early, you can contribute less but save more.

How does this work?

This financial phenomena is known as the Power of Compounding. As the years pass, the money you invest in the RSA-1 Deferred Compensation Plan will continue to earn tax-free monies. By reinvesting these monies, additional funds are earned, continuing this cycle year after year. The following example illustrates the power of compounding. This example assumes a 6% rate of interest and is for illustrative purposes only. It is in no way indicative of the future performance of any of the investment options available through RSA-1.

- Will started deferring \$50 monthly into his RSA-1 Deferred Compensation Plan account when he was 25 years old. At age 55, Will's account balance will be \$50,226.
- Katherine started deferring \$75 monthly into her RSA-1 Deferred Compensation Plan account when she was 35 years old. At age 55, Katherine's account balance will be \$34,653.
- Both contributed a total of \$18,000 but Will contributed a smaller amount each month over a longer period of time and still accumulated \$15,573 more than Katherine. **This is the power of compounding.**