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

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

But waiting too long can make your nest egg much, much smaller.

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

Let's say you start saving at age 25. You save $3,000 per year — which is $250 per month — and you earn an average 5% rate of return. At age 65, you would have $381,505.

If you start saving at age 35 with the same amount and rate of return, you would have $208,065 at age 65.

If you start saving at age 45, you would end up with $102,758.

And if you wait to start saving until age 55, you will have $38,821 – almost $342,000 *less* than if you started investing at age 25.

That's compounding at work. 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.