

## Growing Your Nest Egg

**Q:** What's the point of contributing to my employer's retirement-savings plan at my age (20)? If I make larger contributions when I'm 40, can't I make up for lost time?

**A:** Waiting to start contributing will deprive you of the potential value of compounding for many years. And you'll have to contribute a whole lot more when you finally do start. To illustrate this, compare the hypothetical cases of Andrea and Erik. Each expects to retire at age 65. Andrea starts contributing \$500 a month to her retirement plan when she's 20; Erik delays contributing until he's 40. Assuming an 8% annual return on her investment, Andrea will accumulate \$2,637,270 by age 65. To reach that same \$2,637,270, assuming the same 8% annual return, late-starting Erik must contribute \$2,773 a month— more than five times as much per month as Andrea. That assumes no matching employer contribution to the plan. Add an employer match and Erik falls even further behind Andrea, since the match, if not used in a given year, is lost forever.

*This example is for illustrative purposes only and does not represent the performance of any of your plan's investment options. Your results will vary.*

**Q:** I changed jobs but kept my retirement plan account with my former employer. What are the pros and cons of moving my assets to my new employer's plan?

**A:** If you particularly like the investment options in your former employer's plan, you may wish to leave the assets in that plan. You won't have to fill out any paperwork or decide where to move the assets or how to reinvest them. Roll over the assets to your new employer's plan, however, and you can consolidate your retirement assets in one place. That should help you streamline your financial affairs and keep you on top of your retirement assets and how they are performing. You'll be able to look at a single statement and know how close you are to reaching your retirement goals. Finally, when you reach age 70½ and must begin taking required minimum distributions, it will be easier to have one account to withdraw from than several.

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