

Put Time on Your Side

Watching your college-age child take control of his or her finances may inspire you to take positive steps of your own. Your smartest move may be to increase contributions to your employer's retirement plan and IRA.

The more you save in these tax-advantaged retirement accounts, the greater your savings' growth potential.

The Impact of 5%

Consider Kevin, 47, a hypothetical worker who plans to retire in 20 years. He saved \$100,000, and contributes 5% of his \$50,000 pre-tax annual salary—\$208 a month—to his workplace retirement plan. In 20 years, Kevin's savings would potentially amount to roughly \$490,000, assuming a 7% annual return, thanks to the account's tax advantaged growth potential.

What if Kevin doubled his contribution? Over 20 years he could potentially accumulate roughly \$600,000, or more than \$100,000 over his original savings target.

