Money Secret: Becoming a Millionaire

Why Do I Need to Become a Millionaire?

So You Can Retire Comfortably, & Possibly Early!

If you start investing when you’re 22:

Salary: $50,000

Goal: Live off 75% of income ($37,500 per year) for ages 65 to 85

Amount Needed: Around $2 million

Time Value of Money

The earlier you invest, the more you’ll have when you retire! This is due to compound interest, when you earn interest on your deposits and on any interest you earn!

<table>
<thead>
<tr>
<th>Age You Start Investing</th>
<th>What You’ll Have at 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>$2,135,930</td>
</tr>
<tr>
<td>23</td>
<td>$1,971,710</td>
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<tr>
<td>24</td>
<td>$1,819,655</td>
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<tr>
<td>25</td>
<td>$1,678,864</td>
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<tr>
<td>26</td>
<td>$1,548,501</td>
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<td>27</td>
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<td>28</td>
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<td>29</td>
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<td>30</td>
<td>$1,116,724</td>
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<td>31</td>
<td>$1,028,002</td>
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<tr>
<td>32</td>
<td>$945,852</td>
</tr>
</tbody>
</table>

If you wait till you’re 32 to start investing, you’ll have lost $1,190,078!

Choosing Investments: Risk Tolerance

Conservative
Willing to accept lower returns for little risk of losing any money

Moderate
Hopes to gain some profit and keep up with inflation

Aggressive
Willing to take on high risk of losing money in exchange for the chance for high profits

Tools

Most Retirement Funds are Made Up of:

Mutual Funds

• A collection of stocks & bonds in a number of different companies, using money pooled from many investors
• A portfolio manager is in charge of overseeing the choices of investments within the fund, sparing you the time required to research individual companies you may want to invest in

Types of Retirement Accounts

Employer 401(k) Plans

• You make a contribution each month
• Many employers match part of the amount that you invest
• An employer match is like getting a bonus - It’s FREE MONEY

Traditional vs. Roth IRAs

• Your money—both the amount you invest and what your investments earn—is not taxed until you withdraw it in retirement
• You do pay taxes on the money you invest in your account - However, you don’t pay taxes when you withdraw the money in retirement

Where to Get Investments

Employer
Financial Advisor
Bank or Credit Union
Online

Bank or Credit Union
Financial Advisor
Employer
Online