



The Power of Compound Earnings

- Marine #1
Ages 25-34
Saves \$100/month
- Ages 35-64
No new savings
- Total savings = **\$12,000**
- Marine #2
Ages 25-34
Does not save
- Ages 35-64
Saves \$100/month
- Total savings = **\$36,000**

At age 65, who has more money for retirement?

Assumptions: Investments average 8% per year over this 40 year period.



Suggested way to use the Power of Compound Earnings sheet

- Give them a copy
- Walk through the 2 savings options
- Ask them who they think should have more at age 65, the one who saved \$36,000 or the one who only saved \$12,000?
- Have them write in the answers:
 - the one who saved \$36,000 would have **\$149,000**
 - the one who saved \$12,000 would have **\$200,000**
- The reason this happens is that in the 11th year when the 1st Marines stops saving his account would still earn **\$1,726**
- Ask them if they are using the Thrift Savings Plan to save for their future? If not, why not?