

1:1-2:1-3:1 **GROWTH CHART**

\$60,000 SAVINGS 8% Return



Market and economic factors can change rapidly, investments involve risk and clients can experience a loss. Actual results may vary materially from example.



CWA's philosophy on compounding interest focuses on how to get your money to work for you by reaching 3:1 growth. The chart illustrates this idea, which is earning three dollars to every one dollar invested through compounding interest and investment return.

1:1

Pay attention to the blue line. It's assuming you save \$60,000 annually in an environment that gives you an 8% return. It will take about nine years for your money to grow to 1:1, in other words earning one dollar of growth for every dollar saved. While trying to reach 1:1, the most important part is the amount saved.

2:1

In this example, it will take about six more years to reach the 2:1 milestone, and about four more years to reach 3:1. The investment return is especially important here, as it dictates how quickly you reach these milestones.

3:1

Once you hit the goal of 3:1, the most important thing to have now is time to let your money continue to grow. As you can see, if you stop saving once you hit 3:1, (blue line) the total money is nearly as much as if you had continued to save annually (red line).

ORANGE LINE

The orange line is representative of a scenario where saving for retirement is delayed until later in one's career. Perhaps a point of time where student or practice debt is paid off, or financial liquidity is greater. This scenario does not allow for the time to fully benefit from compounding interest. Thus, this savings scenario may not reach 3:1 before retirement, and perhaps not reach long term retirement goals.