Starting early and the impact of waiting

The best time to put your plan into action is now

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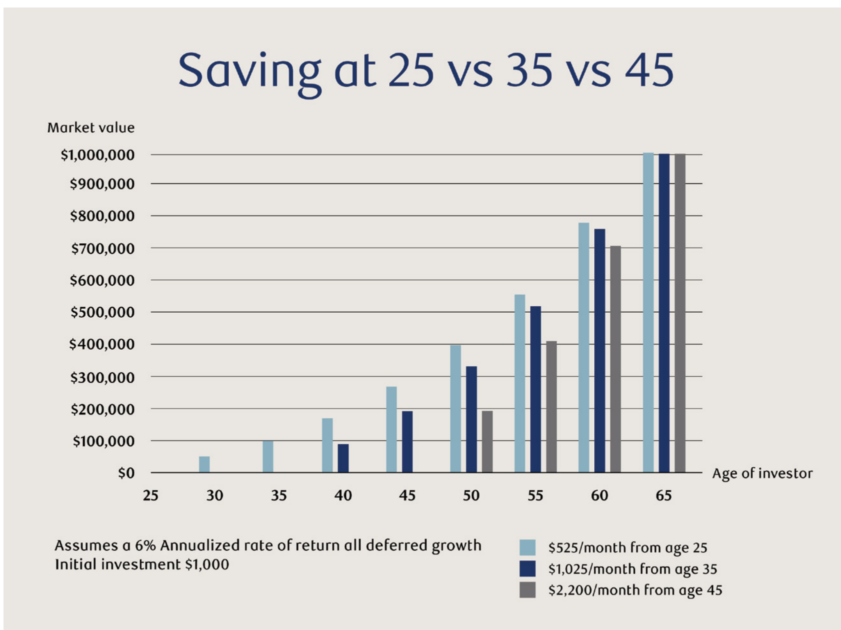
You may have postponed saving for retirement because there always seems to be another competing demand for your money. Whether retirement is in the distant future or around the corner, the best time to start saving is as early as possible so that you build a habit of saving and put time on your side.

Saving early and often means more savings, and more money earned through the power of compounding.



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We all need to save, whether for retirement or an emergency fund. The only difference between a 25-year-old and a 45-year-old starting to save for the future is making up for lost time.

But you can start to make up for it by:

- saving larger amounts
- changing your saving and investment approaches, as long as you understand any risk involved

Saving more

If you have delayed saving and are trying to catch up, increasing the amount you save may make up for lost time. Someone who has been saving since they started working may have a head start, but saving larger amounts now can certainly help to bridge that gap. Of course, saving significant amounts of money isn't always feasible.

Adjusting your approach

If you are willing to take on more risk for the possibility of higher returns and have time to ride out any short-term volatility, working with a professional to adjust your investment approach could enhance your savings.

For example, an advisor could recommend investing your savings in mostly equity-based mutual funds in the hopes of achieving greater growth over the longer term, e.g. over 10-15 years. That said, while these types of funds tend to post stronger gains than other investment options over time, they are also likely to expose you to a heightened amount of volatility that you may or may not be comfortable with. This is why discussing your short- and long-term savings needs with an advisor is important.

It's also good to start with a budget and to look at other strategies for building your savings – like a pre-authorized savings plan that will allow you to save smaller amounts each month to avoid having to come up with a large lump sum amount to invest. Use this budget worksheet to help determine how much you can save.

Contact us at Willms Private Wealth Management Group today to discuss the best time to implement your plan.