

State of Alaska Deferred Compensation Plan

STARTING EARLY

Investing Early Can Make All the Difference

Monica

- Monica begins contributing to her tax-deferred retirement plan at age 20.
- She invests \$3,000 a year with a hypothetical 6% annual rate of return.
- Ten years later, she stops contributing.
- Monica's \$30,000 continues to earn a hypothetical 6% annual rate of return until she retires at age 65.

Adam

- Adam doesn't start contributing to his tax-deferred retirement plan until he is 40 years old.
- He invests \$3,000 a year in his account, and his account earns a hypothetical 6% annual rate of return until he retires at age 65.

Year	Age	Annual Contribution	Total Cumulative Contribution	Account Value
1	21	\$3,000	\$3,000	\$3,000
10	30	\$0	\$30,000	\$39,542
20	40	\$0	\$30,000	\$70,814
30	50	\$0	\$30,000	\$126,817
40	60	\$0	\$30,000	\$227,109
45	65	\$0	\$30,000	\$303,923

Year	Age	Annual Contribution	Total Cumulative Contribution	Account Value
1	21	\$0	\$0	\$0
10	30	\$0	\$0	\$0
21	41	\$3,000	\$3,000	\$3,000
30	50	\$3,000	\$30,000	\$39,542
40	60	\$3,000	\$60,000	\$110,357
45	65	\$3,000	\$75,000	\$164,594

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Who Ends up with More Money at Age 65?

Is it Adam, who diligently invested \$75,000? Or Monica, who invested only \$30,000? Although Adam invested 2½ times more than Monica, Monica has \$139,329 more for retirement. Adam couldn't keep up because he lost 20 years of compounding growth.

Even if You Only Invest a Little...

Your money can start working for you right away. And through compounding, your earnings may be even greater. As you can see, starting early can make a big difference at retirement.

You can get started today! Enroll online at www.akdrb.com or contact your local Plan representatives at 1-800-526-0560 or 1-907-276-1500 for more information.

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