The Earlier, The Better

The earlier you start contributing for retirement, the better. Consider the following two scenarios:

**Scenario 1:**
Bob contributes $5,000 per year to his RRSP beginning at age 25. He stops contributing at age 35. Assuming a 7% annual return, at age 65, his investment will be worth $562,683.

**Scenario 2:**
Jill begins contributing $5,000 per year to her RRSP at age 35. She contributes every year until age 65. Assuming a 7% annual return, at age 65, her investment will be worth $505,365.

Conclusion:
Bob only contributed for a 10-year period (a total of $50,000). Jill contributed for a full 30 years (a total of $150,000). Bob’s RRSP grew to $562,683 but Jill’s only grew to $505,365. Bob contributed only one-third of what Jill contributed but had almost $60,000 more at retirement! It really pays to begin contributing early!

Talk to your financial advisor to start your retirement savings.

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