

# THE POWER OF COMPOUND INTEREST: A KEY TO BUILDING WEALTH

Compound interest is one of the most powerful concepts in personal finance.

## WHAT IS COMPOUND INTEREST?

Simply put, it's earning interest on interest.



## HOW DOES IT WORK?

When you make an initial investment, your principal starts accruing interest.

As you earn interest, the account balance grows.

Over time, you continue to earn interest on the growing balance.

This leads to the exponential growth of your investments long-term.

## COMPOUND INTEREST VARIABLES



### Principal

The amount of money initially invested



### Interest Rate

How much interest you earn



### Compound Period

How frequently interest compounds—daily, monthly, or annually



### Time

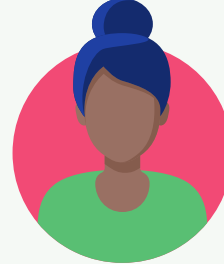
How long the money is left to compound

## COMPOUND INTEREST IN ACTION

See what difference compound interest can make.



Julian



Jade

### Open the same account with a 7% annual interest rate\*

Opens at age 35  
Invests \$800 per month

Opens age 25  
Invests \$400 per month

### Total Contributions Saved by Age 65

\$288,000

\$192,000

### Total Assets at Age 65

\$975,976

\$1,049,925

**Time matters: Jade has about \$74,000 more than Julian by age 65, despite saving less overall.**

## START TODAY

The earlier you start saving, the more exponential growth can occur. But it's never too late. You can harness the power of compound interest at any time.

Talk to a financial professional about how you can start saving today.



\*This is a hypothetical interest rate that is not representative of any specific account