

# THE POWER OF COMPOUND INTEREST

Get ahead by starting early

Investing can be overwhelming, especially for young investors. The table below shows a hypothetical scenario of two investors over a 40-year period. Because of the power of compound interest, the sooner you start, the greater the advantage you will have.

CONTRIBUTIONS		
Year	Investor A	Investor B
1	\$7,000	\$0
2	\$7,000	\$0
3	\$7,000	\$0
4	\$7,000	\$0
5	\$7,000	\$0
6	\$7,000	\$0
7	\$7,000	\$0
8	\$7,000	\$0
9	\$7,000	\$0
10	\$7,000	\$7,000
11	\$0	\$7,000
12	\$0	\$7,000
13	\$0	\$7,000
14	\$0	\$7,000
15	\$0	\$7,000
16	\$0	\$7,000
17	\$0	\$7,000
18	\$0	\$7,000
19	\$0	\$7,000
20	\$0	\$7,000
21	\$0	\$7,000
22	\$0	\$7,000
23	\$0	\$7,000
24	\$0	\$7,000
25	\$0	\$7,000
26	\$0	\$7,000
27	\$0	\$7,000
28	\$0	\$7,000
29	\$0	\$7,000
30	\$0	\$7,000
31	\$0	\$7,000
32	\$0	\$7,000
33	\$0	\$7,000
34	\$0	\$7,000
35	\$0	\$7,000
36	\$0	\$7,000
37	\$0	\$7,000
38	\$0	\$7,000
39	\$0	\$7,000
40	\$0	\$7,000
<b>Total Contributions</b>	<b>\$70,000</b>	<b>\$217,000</b>
<b>Ending Balance</b>	<b>\$2,345,689</b>	<b>\$1,483,432</b>

Source: Bloomberg, Morningstar, First Trust Advisors. A 10.3% rate of return was used, which is the 98-year average annual return of the S&P 500 Index. **The hypothetical results shown do not reflect actual investment results and are not a guarantee of future results.** For illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Index returns do not reflect any fees, expenses, or sales charges. Investors cannot invest directly in an index.

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