

Work Longer, Save More

Working longer can have a huge impact on your retirement assets. The table below shows two scenarios for a hypothetical 65-year-old investor with \$400,000 in savings. In the first case, she retires immediately; in the second, she works until age 68.

As you can see, working longer allows her to contribute more and postpone withdrawals—which in turn allows her savings to generate more growth, producing a much larger nest egg.

And the benefit is even greater than it appears: Working longer also means she'll draw on her savings for fewer years, increasing the likelihood that her money will last through retirement. What's more, she can postpone taking Social Security, resulting in a larger monthly benefit when she does retire. Consult your advisor to see the impact that retiring later might have on your finances.

The Patience Payoff

Age	RETIRES AT 65			KEEPS WORKING AND SAVING		
	Withdrawal	Investment Growth	Balance at End of Year	Contribution	Investment Growth	Balance at End of Year
65	\$20,000	\$23,356	\$403,356	\$22,000	\$24,709	\$446,709
66	\$20,600	\$23,538	\$406,294	\$22,000	\$27,511	\$496,220
67	\$21,218	\$23,694	\$408,770	\$22,000	\$30,482	\$548,702

Assumes 6% annualized return and withdrawals of 5% the first year, increased 3% annually for inflation. Contributions and withdrawals occur monthly.