

My Dear Friend,

I want to preface this by saying that I am in no way, shape, or form trying to tell you what to do with your own life. I am simply suggesting alternate options for you to consider when choosing your financial path to retirement. At dinner the other night, you told me that you were not going to start saving for retirement until you are 35 years old because you would only be able to invest \$300 dollars per month. Of course, any form of saving is better than no saving at all. However, I have done the math for what that would look like by the time of your retirement and it would only leave you with a nest egg of \$601,610.611. Don't get me wrong, that is a good amount of money but I have found two other options that you might enjoy more.

In scenario 2, let's say you start saving in the same account at age 22, only contributing the \$300 a month you said you could spare, until age 35. Once you have a steadier, increased income, let's say you start contributing \$600 a month, which is much less than what you are planning to do now. By age 65, you will have a nest egg of \$578, 183.1549. Yes, it is a little less than scenario 1, but you personally invest less money with almost the same return.

Scenario 3 starts the same way as scenario 2 from age 22 to 35. At 35, instead of contributing \$600, you invest your originally planned amount of \$750 per month but only until age 55. At this point, you stop making monthly payments and just collect interest until retirement at age 65. I know how much you love traveling, so I have accounted for you taking two major vacations, spending about \$20,000 dollars each at age 55 and age 60. Even with the vacations, you retire with \$701, 417.903, approximately \$100,000 more than what you are planning to earn right now.

I understand that I just threw a lot of information at you, so I have comprised all of the data into a summary table for you to look at. You can see that each column highlights a different financial aspect that can affect your decision. For example, you might want to choose the scenario where you invest less, or you may want to choose the scenario where you gain the most

interest, etc. Scenario 3 has a lot of moving parts to it, so I made a separate table for you breaking it down further.

Summary Table

Scenario	Nest Egg w/ Interest (Age 65)	Amount Personally Invested	Interest Earned
1	\$601,610.611	\$270,000	\$331,610.611
2	\$578,183.1549	\$262,800	\$315,383.1549
3	\$701,417.903	\$226,800	\$474,617.903

Scenario 3: Further Analysis

Age	Monthly Deposit	Withdrawals	Account Balance
22 - 35	\$300		\$64,804.27819
35 - 55	\$750	-\$20,000	\$450,181.5956
55 - 60	\$0	-\$20,000	\$552,019.0662
60 - 65	\$0		\$701,417.903

Like I said at the beginning of the letter, it is ultimately your decision, but I wouldn't be a good friend if I didn't show you other options that could potentially earn you more money. I understand that life is not always so exact though, so remember these are just examples of what you could do instead. As your friend, I highly encourage you to think about saving as early as possible. It is the best way to accumulate the most interest and money overall.

Talk to you soon,

Emmie