

## **Time = Retirement Money?**

Benjamin Franklin had it right when he said, “Time is money.” And it’s especially true when it comes to investing for your retirement. Time can be an essential element in helping you achieve your long-term financial goals.

### **The Long and Short of Risk**

Retirement investors with a number of years left before they stop working may benefit from having a long-term view of investment performance. Instead of being constantly concerned about day-to-day or even quarter-to-quarter performance, focus on how your investments are performing over longer periods. Stock investments tend to be volatile over the short term, but as the investment time frame increases, the risk associated with stocks decreases.

### **A Long-term Strategy**

Investors who have many years until they plan to retire should consider that longer time frame when choosing investments for their retirement accounts. Compared to bonds and cash investments, stocks have historically produced the highest relative return over the long term. (Past performance does not guarantee future results.) Including stock investments in their portfolios may help long-term investors accumulate enough for a comfortable retirement.

### **Compounding Is the Key**

Time also unlocks the power of compounding. Compounding occurs when your investments generate earnings and those earnings generate more earnings.

This process repeats itself over time. The longer your plan account has to benefit from compounding, the better. And having your retirement money invested in a tax-deferred account helps keep all your money working for you.

Time is a powerful ally when you are investing. So is your employer’s retirement plan. Take full advantage of the opportunity your plan provides to invest for your future.

### **A Look at Average Annual Stock Returns**

**5-year Return**                      **17.40%**

**10-year Return**                     **7.16%**

**20-year Return**                    **9.10%**

As of 12/31/2013

Average annual total returns measured by the S&P 500 Index, an unmanaged index of stocks of 500 major corporations.

Past performance does not guarantee future results. Your investment results will be different. This chart is for illustrative purposes only and does not represent the performance of any particular investment. Investment cannot be made in an index. Stocks have greater return potential but are more volatile than other investment types.

Source: NPI