

What Crisis? Young investors are counting time on their side

FIVE REASONS TO START INVESTING NOW

Reason Three: The sooner you start, the more you can take advantage of time.

The more time your money can spend sitting in your retirement account, the more it's going to work for you, because you're not just earning income on your original contribution, you're also earning money on the income you've accumulated over time.

It's called the time value of money, and the younger you are, the more time you have to take advantage of it.

Put \$100 in an account that pays a 10 percent return at the end of each year, and the first year you'll earn \$10. But in year two you'll earn \$11, because you're getting a return on both the original \$100 and the \$10 you earned in year one. That's the magic of compounding.

Now consider that you're adding another \$100 each month, like you might with an employer-sponsored 401k plan, or with automatic deposits to an Individual Retirement Account (IRA). You can begin to see how the money can add up.

You can retire with nearly a million dollars if you can get \$200 a month going into a retirement account when you're 22, with an eight percent average return. But wait until you're 32 to start, and you have to put in \$550 a month to get to the same target with the same return. Factor in things like employer matching contributions and the gap gets even wider.

The bottom line: Want to make time work for you? The best time to start saving is yesterday.