First Financial
Investment & Retirement Center

Begin Investing While Young

You're never too young to begin building an investment portfolio. In fact, investing when you're young can have the potential to produce impactful earnings gains. And that's because of a simple concept: compounding.

Like a snowball that grows as it rolls down a hill, compounding gives your money the opportunity to grow, continually reinvesting your investment earnings. With compounding, the more you invest - the greater opportunity you have to create long-term value. We're going to give you some hypothetical examples to illustrate the power of compounding.

- Let's say that you invest $1,000 at age 20 and don't add anything to the principal. You just compound earnings for 50 years until you turn 70. If you take a 7.2% annual rate of return, by age 70, your $1,000 would have grown to $32,000. Not bad.
- Now let's say you take the same approach, but delay investing until you're 30. So that $1,000 has 40 years to grow. And assuming the same annual rate of return of 7.2%, your $1,000 investment will have grown to $16,000. Not nearly as good. In fact, that's a decrease of 50%.
- Finally, if you invest $1,000 at age 20 and contribute an additional $83 a month – or $1,000 a year until you turn 70, assuming that same 7.2% annual rate of return, your total savings will reach $465,000. Wow! That's nearly 15 times the first example, and 30 times the second example.

To be clear, these were hypothetical examples and aren't representative of any specific situation. They're just to illustrate the power of compounding. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing. So, your results will vary.

There's a fairly accurate formula called the rule of 72 that can help you estimate how long it would take for compounding to double an investment: Just divide 72 by the annual rate of return. The answer is the approximate number of years it would take to double your investment's value, assuming a fixed rate of return.

- As an example, if you earn 9% annually - it would take 72 divided by 9, or 8 years to double the value of your investment. Please note that this formula does not guarantee investment results and is just to give you an approximate idea of how quickly your savings can grow when compounding is at play.

For help putting together an investment strategy that works for you, reach out to one of our financial professionals listed below.

Questions? Contact First Financial's Investment & Retirement Center by calling 732.312.1534. You can also email mary.laferriere@lpl.com or maureen.mcgreevy@lpl.com

Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker/dealer (member FINRA/SIPC). *Insurance products are offered through LPL or its licensed affiliates. First Financial Federal Credit Union (FFFCU) and First Financial Investment & Retirement Center* ***are not*** *registered as a broker/dealer or investment advisor. Registered representatives of LPL offer products and services using First Financial Investment & Retirement Center, and may also be employees of FFFCU. These products and services are being offered through LPL or its affiliates, which are separate entities from and not affiliates of FFFCU or First Financial Investment & Retirement Center.*

Securities and insurance offered through LPL or its affiliates are:

Not Insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal.

The rule of 72 is a mathematical concept and does not guarantee investment results nor functions as a predictor of how an investment will perform. It is an approximation of the impact of a targeted rate of return. Investments are subject to fluctuating returns and there is no assurance that any investment will double in value.

This material was prepared by LPL Financial, LLC

Tracking #1-05363539