Investing

The time value of money

If an uncle died and left you $50,000 in his will, would you prefer to get your hands on that money today or wait a year to receive it? Most likely, your answer would be: "Now, please." You know instinctively that the sooner you receive the money, the sooner you can benefit from it.

The Time Value of Money (TVM) is a core financial principle stating that money available today is worth more than the same amount in the future due to its potential earning capacity. When money held today can be invested, it grows over time, making immediate cash more valuable.

It works much the same way when saving for retirement. The sooner you begin adding more to your retirement plan, the more time your extra contribution will have to grow and compound. Compounding is basically money making money. And time is the most important piece of the compounding formula. The longer your money is invested, the more you benefit from compounding.

The cumulative result after years of contributions and earnings may be the nest egg you'll need to see you through the retirement years. When you increase your retirement plan contributions, you allow time and compounding to do the work for you. That's where the magic happens.

Growing your savings

An extra retirement plan contribution of $200 a month could potentially grow to:

After 10 years	$32,776
After 20 years	$92,408
After 30 years	$200,903
After 40 years	$398,298

Source: SS&C Technologies, Inc.

This is a hypothetical example used for illustrative purposes only and is not representative of any particular investment vehicle. It assumes a 6% average annual total return compounded monthly. Your investment performance will differ.

This content is for general informational and educational purposes only and should not be relied upon as the only source of information. It is not intended to represent advice or a recommendation of any kind, as it does not consider the specific investment objectives, financial situation and/or particular needs of any participant.

© 2026 USI Consulting Group. All rights reserved. | 1026.S0217.99007