“Doing Well”: Some Facts to Think About

CTL 100
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May 11, 2011
$1000 Compounded Over 10 Years

- **Blue line (25%)**
  - Year 1: $1,000
  - Year 10: $9,313

- **Red line (10%)**
  - Year 1: $1,000
  - Year 10: $4,046

- **Yellow line (4%)**
  - Year 1: $1,000
  - Year 10: $1,480
How the Power of Compounding Can Work for You

<table>
<thead>
<tr>
<th></th>
<th>Gary</th>
<th>Jane</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starts Contributing at Age</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>Years of Contributions</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>Monthly Deposits</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Total Contributions</td>
<td>$360,000</td>
<td>$480,000</td>
</tr>
<tr>
<td>Total Interest Earnings</td>
<td>$1,140,295</td>
<td>$3,034,281</td>
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<tr>
<td>Total Retirement Savings</td>
<td>$1,500,295</td>
<td>$3,514,281</td>
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</tbody>
</table>

Assumption: Savings grow at a hypothetical 8% rate of return, compounded monthly. Your actual rate of return may vary. For illustrative purposes only. Periodic investing does not assure a profit and does not protect against loss in declining markets.
Risk/Return Tradeoff

Return

Low Risk
Low Return

Standard Deviation (or Risk)

Higher Risk
High Potential Return
FIGURE 3AE  Ratio of average and median CEO total direct compensation to average worker pay, 1965-2007