



# MoneyTalks

*Wisconsin Deferred Compensation Program*

## Powers of One (Percent)

*A small change can make for big returns.*

Imagine receiving a \$50,000 winning lottery ticket right about the time you are getting ready to retire. It sure could make things a little easier. However, the odds of that happening are very low.

But there is a surer way to retire \$50,000 richer—if you can improve the rate of return on your investments by as little as 1%. Here's how: Suppose you contribute \$150 to the WDC each month, and your savings earn 8% for 30 years. At retirement, you'd have \$223,554. But if you took on a little more risk and increased your average return to 9%, then you'd retire with \$274,612. That one little percent could earn you more than \$50,000 worth of additional security!

Even if you only have 15 years until retirement, 1% can still make a difference. Using the same \$150 per month and 8% annual return, your total nest egg would grow to \$51,905. With a 9% average return, you'd have an additional \$4,855.

How can you improve your rate of return? One strategy to potentially boost earnings is to increase your exposure to stock funds, which have historically offered higher investment returns than bond funds or cash equivalents. With careful risk planning, you could begin your golden years with a hefty nest egg. ■



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