INVESTMENT STRATEGY 101

The Power of Returns & Consistent Contributions

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Building Wealth Through Time and Discipline

Building on the Baby Boomer case study in *The Power of Early Investing*—which used long-term S&P 500 performance to highlight the value of investing early—let's now take a closer look at two key principles: the impact of returns and the power of consistent contributions. The tables below show hypothetical examples of how a portfolio might grow over time. These illustrations are for educational purposes only and don't account for taxes or transaction costs.

The Power of Strong Returns | To highlight the impact of returns, we illustrate how contributing $12,000 annually ($1,000/month) can grow under different return scenarios—3%, 5%, 8%, and 10%. The takeaway: higher returns can lead to significantly greater portfolio values over time. While higher returns often come with increased risk and volatility, long-term investors—especially those with higher exposure to equities—may benefit from stronger performance through the power of compounding.

Total Amount Invested	Year	Average Annual Return (Hypothetically) 3%	5%	8%	10%
$12,000	1	$12,360	$12,600	$12,960	$13,200
$60,000	5	$65,621	$69,623	$76,031	$80,587
$120,000	10	$141,694	$158,481	$187,746	$210,374
$180,000	15	$229,883	$271,890	$351,891	$419,397
$240,000	20	$332,118	$416,631	$593,075	$756,030

Consistency Fuels Compounding | Disciplined investing is a cornerstone of long-term wealth accumulation. In this example, we assume a steady 8% annual return and explore how varying annual contribution amounts—$1,200 ($100/month), $6,000 ($500/month), $12,000 ($1,000/month), and $23,500 (the current annual 401(k) max contribution limit)—impact portfolio growth. The message is clear—the more you invest, the greater your portfolio's potential for growth. Over time, compounding becomes a powerful driver of this long-term wealth creation.

Year	Average Annual Contribution (Hypothetical Average Annual Return: 8%) $1,200	$6,000	$12,000	$23,500
1	$1,296	$6,480	$12,960	$25,380
5	$7,603	$38,016	$76,031	$148,894
10	$18,775	$93,873	$187,746	$367,669
15	$35,189	$175,946	$351,891	$689,121
20	$59,308	$296,538	$593,075	$1,161,439

Always remember to work with your financial advisor to create a personalized investment plan!

Source: Bloomberg (1955 - 2025)
These are hypothetical examples for illustration purposes only. Actual investor results will vary.

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S&P 500 | The S&P 500 Total Return Index: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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