# Activity: Getting a Late Start

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| **THE ADVANTAGE OF STARTING EARLY** |
| Starting at Age 18 |  | Starting at Age 31 |
| Amount Whitney Invested: $20,000 | Amount Whitney Invested: $70,000 |
| 7% APY | Year-End Balance | Age | 7% APY | Year-End Balance |
| $2,000 | $2,140 | 18 | Starting later to invest$2,000annually for 35 years. | $0 |
| $2,000 | $4,430 | 19 | $0 |
| $2,000 | $6,880 | 20 | $0 |
| $2,000 | $9,502 | 21 | $0 |
| $2,000 | $12,307 | 22 | $0 |
| $2,000 | $15,308 | 23 | $0 |
| $2,000 | $18,520 | 24 | $0 |
| $2,000 | $21,956 | 25 | $0 |
| $2,000 | $25,633 | 26 | $0 |
| $2,000 | $29,567 | 27 | $0 |
| Stopping early after investing$2,000 annually forten years. | $31,637 | 28 | $0 |
| $33,852 | 29 | $0 |
| $36,221 | 30 | $0 |
| $38,757 | 31 | $2,000 | $2,140 |
| $41,470 | 32 | $2,000 | $4,430 |
| $44,372 | 33 | $2,000 | $6,880 |
| $47,479 | 34 | $2,000 | $9,502 |
| $50,802 | 35 | $2,000 | $12,307 |
| $54,358 | 36 | $2,000 | $15,308 |
| $58,163 | 37 | $2,000 | $18,520 |
| $62,235 | 38 | $2,000 | $21,956 |
| $66,591 | 39 | $2,000 | $25,623 |
| $71,252 | 40 | $2,000 | $29,567 |
| $76,240 | 41 | $2,000 | $33,777 |
| $81,577 | 42 | $2,000 | $38,281 |
| $87,287 | 43 | $2,000 | $43,101 |
| $93,397 | 44 | $2,000 | $48,258 |
| $99,935 | 45 | $2,000 | $53,776 |
| $106,931 | 46 | $2,000 | $59,680 |
| $114,416 | 47 | $2,000 | $65,998 |
| $122,425 | 48 | $2,000 | $72,758 |
| $130,995 | 49 | $2,000 | $79,991 |
| $140,164 | 50 | $2,000 | $87,730 |
| $149,976 | 51 | $2,000 | $96,012 |
| $160,474 | 52 | $2,000 | $104,872 |
| $171,707 | 53 | $2,000 | $114,353 |
| $183,727 | 54 | $2,000 | $124,498 |
| $196,588 | 55 | $2,000 | $135,353 |
| $210,349 | 56 | $2,000 | $146,968 |
| $225,073 | 57 | $2,000 | $159,395 |
| $240,828 | 58 | $2,000 | $172,693 |
| $257,686 | 59 | $2,000 | $186,922 |
| $275,724 | 60 | $2,000 | $202,146 |
| $295,025 | 61 | $2,000 | $218,436 |
| $315,677 | 62 | $2,000 | $235,867 |
| $337,774 | 63 | $2,000 | $254,518 |
| $361,418 | 64 | $2,000 | $274,474 |
|  | **$386,718** | 65 | $2,000 | **$295,827** |

### Directions:

Study the Advantage of Starting Early chart. As you can see in the chart, after a late start Whitney would have to invest more money for more years to catch up to the amount in an account started earlier.

In Whitney’s second scenario, what is the cost of starting later?

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*Investments are assumed to be made annually and at the beginning of the investment period.*

*Balance amounts are rounded to the nearest dollar and are not adjusted for inflation.*