CUTTING BACK ON COFFEE COULD PERK UP YOUR FUTURE

According to a study done by Acorns, the average American spends about $1,100 on coffee each year\(^1\), rather than making it themselves. If you skipped your trips to the local cafe and invested the money instead, you could increase your total retirement savings.

**The power of compounding**

With lots of time, compounding the earnings on your coffee money could help it grow to a fuller pot! The chart below shows how. In the first scenario, an employee defers approximately 6% of his/her $61,372 salary ($3,682 per year) into a workplace retirement plan such as a 401(k). In the second scenario, the same employee puts the additional $1,100 of coffee money in the 401(k), increasing his or her retirement contribution to approximately 8% of salary ($4,782 per year).

![Chart showing the impact of deferring 6% vs. 8% of salary into a 401(k) over 20 and 30 years.]

Based on a $61,372 average annual salary

- Deferral Rate: 6%  ▪  8%
- 20 Years: $230,504  ▪  $299,367
- 30 Years: $659,411  ▪  $856,410

Although retirement plan contribution limits may vary, it is clear that forgoing that daily coffee, and starting early can improve your chance of having the retirement savings you need. And it’s proof positive that time is an asset — your asset.

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1. Acorns 2017 Money Matters Report

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Hypothetical examples are for illustrative purposes only. This material should be used as helpful hints only. Each person’s situation is different. You should consult your investment professional or other relevant professional before making any decisions.
Insights and action steps

1. Track your coffee spending.
2. Decide how often you’re willing to forgo coffee out.
3. Redirect these dollars toward increasing retirement plan contributions.

For more information about the power of compounding or other resources to help you achieve your retirement goals, talk to your financial professional.