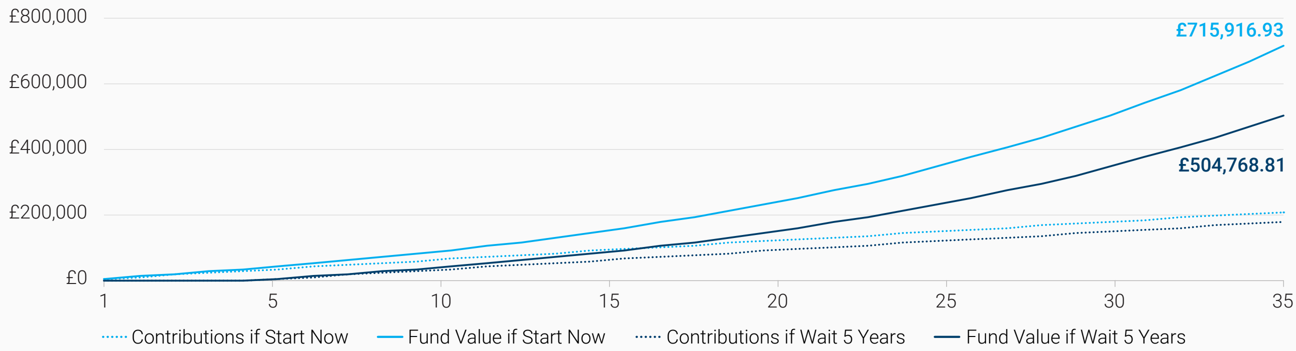
Investing in Context

Understand the cost of delay

The cost of waiting to invest

With competing demands on our finances, it can be easy to put off planning for longer-term goals like retirement. However, when investing, time can really work in our favour. Starting earlier allows greater potential for investment growth and for that growth to benefit from the effects of compounding. The chart below indicates that just delaying starting making contribution by 5 years can have a significant impact on the size of your retirement pot at 65.



Figures assume a 6% annual growth rate after charges and contributions remain level throughout the term.

Investing £500 pm from 30 until age 65 would provide a retirement pot of:

£715,916.93

Waiting 5 years and investing £500 pm from 35 until age 65 would would provide a retirement pot of only:

£504,768.81

The first 5 years missed are worth over £200,000 but would have required only £30,000 in monthly contributions.

Waiting 5 Years would mean:

- £211,148.12 less in the pot
- Almost 30% worse off in retirement

Or to make up the shortfall from 35:

- Increase contributions to £709 per month
- An increase of 42%

Cost to catch up from 35:

- £500 pm from 30 to 65 = £210,000
- £709 pm from 35 to 65 = £255,240
- An additional £45,240

What does it mean for you?

Delaying investing significantly impacts long term outcomes due to lost compounding.

Starting early helps maximis growth while keeping contributions manageable, whereas waiting means lower returns and higher costs to catch up.

Key points

- Starting to invest early allows your investments more time to grow through compounding
- Delaying for even a few years can significantly impact your final pension pot
- Making up for lost time often requires making much higher contributions

Contact us

0207 464 5855

clientsupport@columbiathreadneedle.com

columbiathreadneedle.co.uk/adviser-edge

Telephone calls may be recorded.

To find out more visit **columbiathreadneedle.com**

WF3126148 (03/26). UK