

Investing with a PAC

Investment Insights

Start small and finish bigger

How small increases to your PAC can help you reach your long-term goals faster.

Big dreams can become reality – and it depends on three things: starting the journey, taking small steps to build momentum, and making adjustments along the way.

Similarly, one of the simplest ways to plan for your future, retirement in particular, is to make investing automatic using a pre-authorized contribution (PAC) plan.

While some investors try to “pay themselves first,” many of these investors fail to adjust their plan as their financial circumstances change. Over the course of your life, it’s likely that you will experience changes in your cash flow as student loans are paid off, child care and extra-curricular expenses decline and mortgages are paid down. At the same time, your income is likely to increase over the course of your career, increasing your disposable income. Think about giving yourself a raise by upping your regular contributions to reach your goals that much faster.

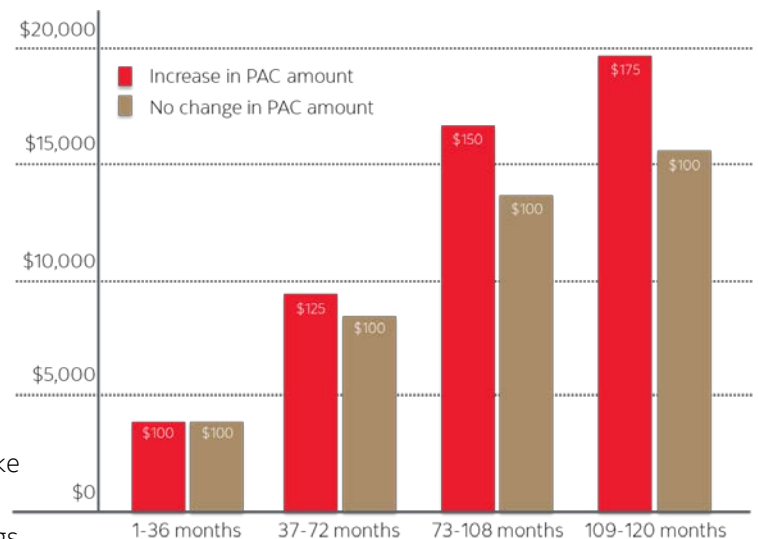
Putting it into action

Consider the following example of two investors who each start saving \$100 on a monthly basis for 10 years.

The first investor faithfully continues saving but doesn’t revisit his plan as his income grows and expenses decrease.

The second investor also contributes, but increases her monthly contribution by \$25 every 3 years. After 10 years, all other things being equal, the impact of revisiting the plan really starts to add up – possibly to over \$4,000 as illustrated in this example.

While having a plan to automatically invest without thinking about it is a great practice, consider the difference it can make by simply revisiting the plan regularly. Thanks to the power of compounding, this incremental increase is given added legs.



Establishing a financial plan with your needs in mind, investing in solutions that match your goals, and revisiting your plan when your financial circumstances change is a great way to help you reach your long-term goals faster.

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Legal disclaimer

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