ING Special Report

This information is provided for your education only by ING Financial Advisers, LLC (member SIPC).

The Cost of Waiting

Start Saving Today

Have you begun saving yet for your retirement? Do you think you'll be okay if you start tomorrow? Or next month? Or next year? Think again. Putting away even a small amount each month can make a huge difference when you're ready to retire. So what are you waiting for? Start saving today!

More years, more money

The good news is, odds are, you'll probably live longer than past generations. The bad news is, living longer means you'll need more money for retirement – possibly up to 30 years' worth. Whatever your retirement dream is – whether it's traveling the world, playing golf or just relaxing and enjoying the grandkids – the last thing you want to worry about is outliving your money.

A good rule of thumb is to save enough money to make sure you live the way you've always lived. You can't expect to spend less on living expenses in your Golden Years than you do today. Most financial advisors agree that you'll need 70 percent or more of your pre-retirement income to maintain your lifestyle in retirement.

Also keep in mind that the cost of retirement living continues to increase as the cost of healthcare, housing, energy and other costs increase. And don't underestimate the power of inflation, as even low inflation can damage the purchasing power of your retirement dollars. For example, if you project a 3% inflation rate over the next 25 years, a gallon of milk purchased today for $4.29 will cost you $8.37 in 2031.

So, while your expenses may at best remain the same, or even increase, you can't expect the same for your income. That's why every day that goes by in which you don't save is another dollar you likely won't have in retirement.

Save now, pay later

One of the best and simplest ways to begin saving is to take advantage of your employer-sponsored retirement plan, such as a 401(k), 403(b) or 457 Deferred Compensation plan. And if you're worried about whether you can afford it, keep in mind that such plans can save you money today and down the road. Here's how:

- Less tax today: Contributions to your plan are made prior to income tax deductions, which means you're paying less in current taxes from each paycheck.
- Less tax tomorrow: Your account grows tax deferred, meaning you won't pay taxes on it until you withdraw funds from the plan. Since you'll most likely be in a lower tax bracket at that time, you'll pay less in taxes than you would today. (Note: penalties may apply to early withdrawals – usually before age 59½.)

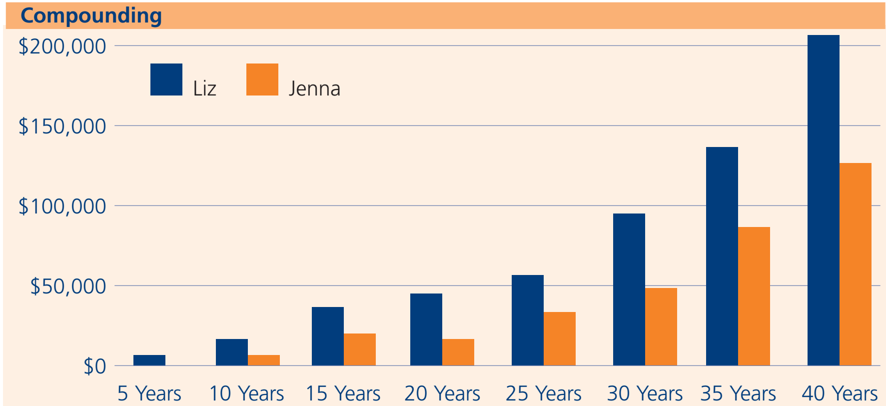
Your money is your money-maker

When you invest, you earn interest on your money. And then that interest earns interest. That's called compound interest, and it's how your account grows over time. The sooner you start, the more you can save.

Compounding Circumstances

Liz and Jenna, both 24, started work for the same employer on the same day. After a year, when she was eligible to participate in her employer's plan, Liz began making an annual contribution of $1,000. Jenna chose to wait another 10 years before joining the plan. Liz stops investing after 15 years, while Jenna continues to invest $1,000 a year until she retires at age 65.

Both contributed $1,000 a year. Both earned an 8 percent rate of return on their investment. Liz invested for 15 years and a total of $15,000; Jenna invested for 31 years and a total of $31,000 – more than double Liz's investment. Yet Liz still came out ahead. (See chart to the top right.) That's the power of compounding!



This illustration does not reflect the performance of any specific investment. The returns are hypothetical and do not reflect the past or future performance of any specific investment option. Payment of income taxes is not reflected. Systematic investing does not ensure a profit or guarantee against loss. You should consider your financial ability to continue purchases through periods of low price levels.

Beware of severe "wait" loss

Still not convinced that putting off saving for retirement will cost you down the road? The following chart shows that waiting just five years may cost you more than you may think (depending on your investment choices and market conditions).

Loss by waiting

Beginning Age	Account balance at age 65	Years lost by waiting	Lost Earnings
25	$702,856	0	$ 0
30	$461,835	5	$241,021
35	$300,059	10	$402,797
40	$191,473	15	$511,383
45	$118,589	20	$584,267
50	$ 69,669	25	$633,187
55	$ 36,833	30	$666,023
60	$ 14,793	35	$688,063

This illustration assumes a $200 monthly contribution that earns interest at 8%. It does not reflect the performance of any specific investment. The returns are hypothetical and do not reflect the past or future performance of any specific investment option. Payment of income taxes is not reflected. Systematic investing does not ensure a profit or protect against loss. You should consider your ability to invest consistently in up- and down-markets.

KEEP LEARNING

Your ING representative can help you understand more about the cost of waiting. If you're ready to take the next step and learn more about how to make the most of your retirement investments, see ING's Special Reports on Asset Allocation, Diversification, and Model Portfolios.

www.ing.com/us www.ingretirementplans.com

Insurance products, annuities and retirement plan funding that are issued by (third party administrative services may also be provided by) ING Life Insurance and Annuity Company and ReliaStar Life Insurance Company are distributed by ING Financial Advisers, LLC (member SIPC), 151 Farmington Avenue, Hartford, Connecticut, 06156. These companies are wholly owned, indirect subsidiaries of ING Groep N.V. Securities may also be distributed through other broker-dealers with which ING has selling agreements. Insurance obligations are the responsibility of each individual company. Products and services may not be available in all states. Products and services offered through the ING family of companies. © 2007 ING North America Insurance Corporation C07-0102-002 (2/07)

M.P.SR.30-7 (1/07)
142305

Retirement Insurance Investments

ING

Your future. Made easier.℠