

ON EARLY INVESTING

# The *compounding* advantage.

Why a small habit started at 20 beats a large one started at 35 — and what every business student should do about it this month.

THE ARGUMENT

Wealth is built by *time*,  
not by income.

*The single highest-leverage financial decision most students will ever make happens before they earn a real paycheck — and it only takes ten minutes.*

THE MATH THAT CHANGES EVERYTHING

A \$100 monthly habit,  
started now, *ends in a  
quarter of a million dollars.*

Not because you earned more. Not because you picked the right stocks. Because you gave a small amount of money four decades to work.

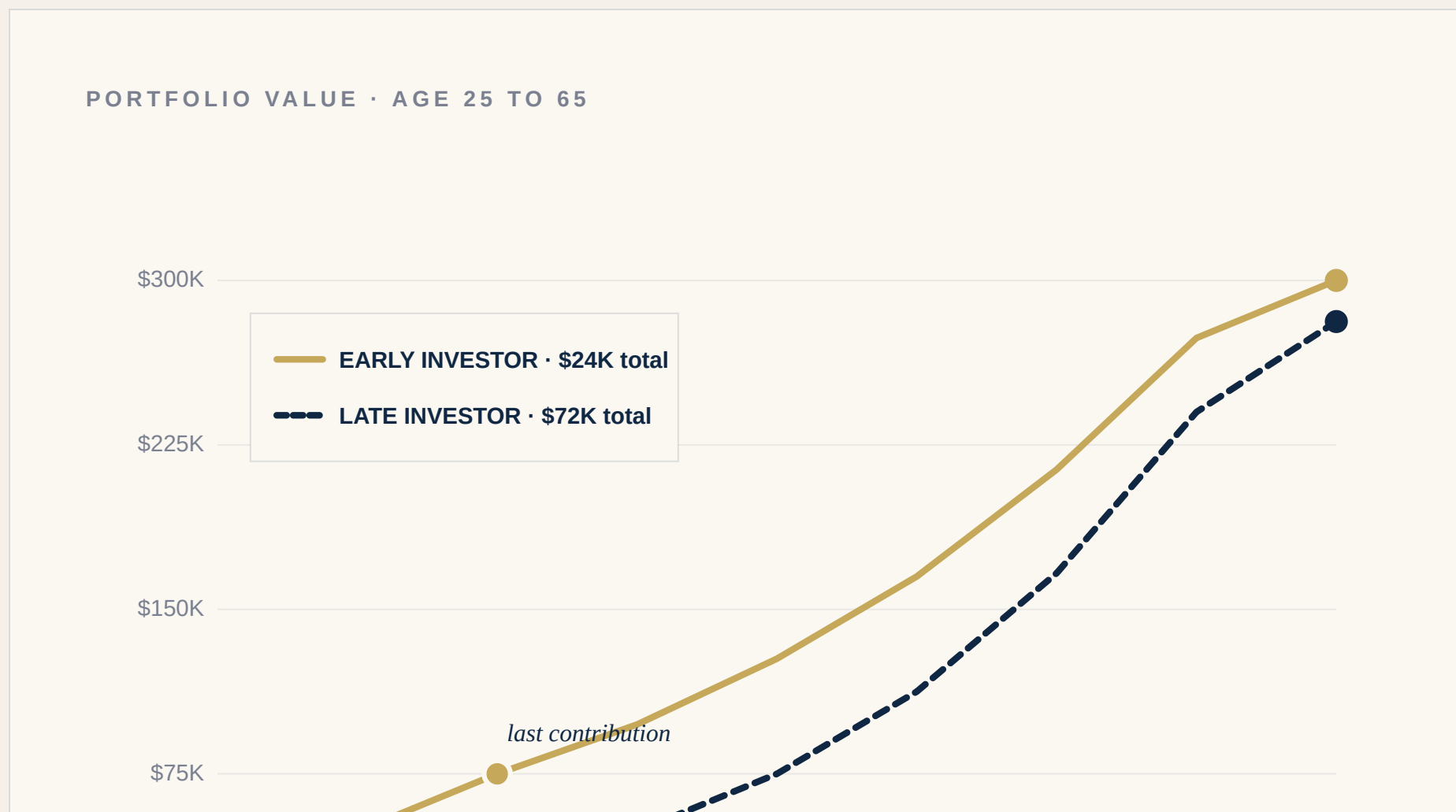
STARTING AT AGE 20

**\$250K**

Projected value at 60. *\$100/month, 7% average annual return, 40 years.*

TWO INVESTORS, SAME CONTRIBUTION RATE

The one who starts at **25** and stops at 35 still beats the one who starts at 35 and never stops.



EARLY INVESTOR

**\$285K**

Invested \$200/month from 25 to 35. Contributed \$24,000 total.

LATE INVESTOR

**\$245K**

Invested \$200/month from 35 to 65. Contributed \$72,000 total.

THE GAP

**3× less money,**

## THE FIRST PRINCIPLE

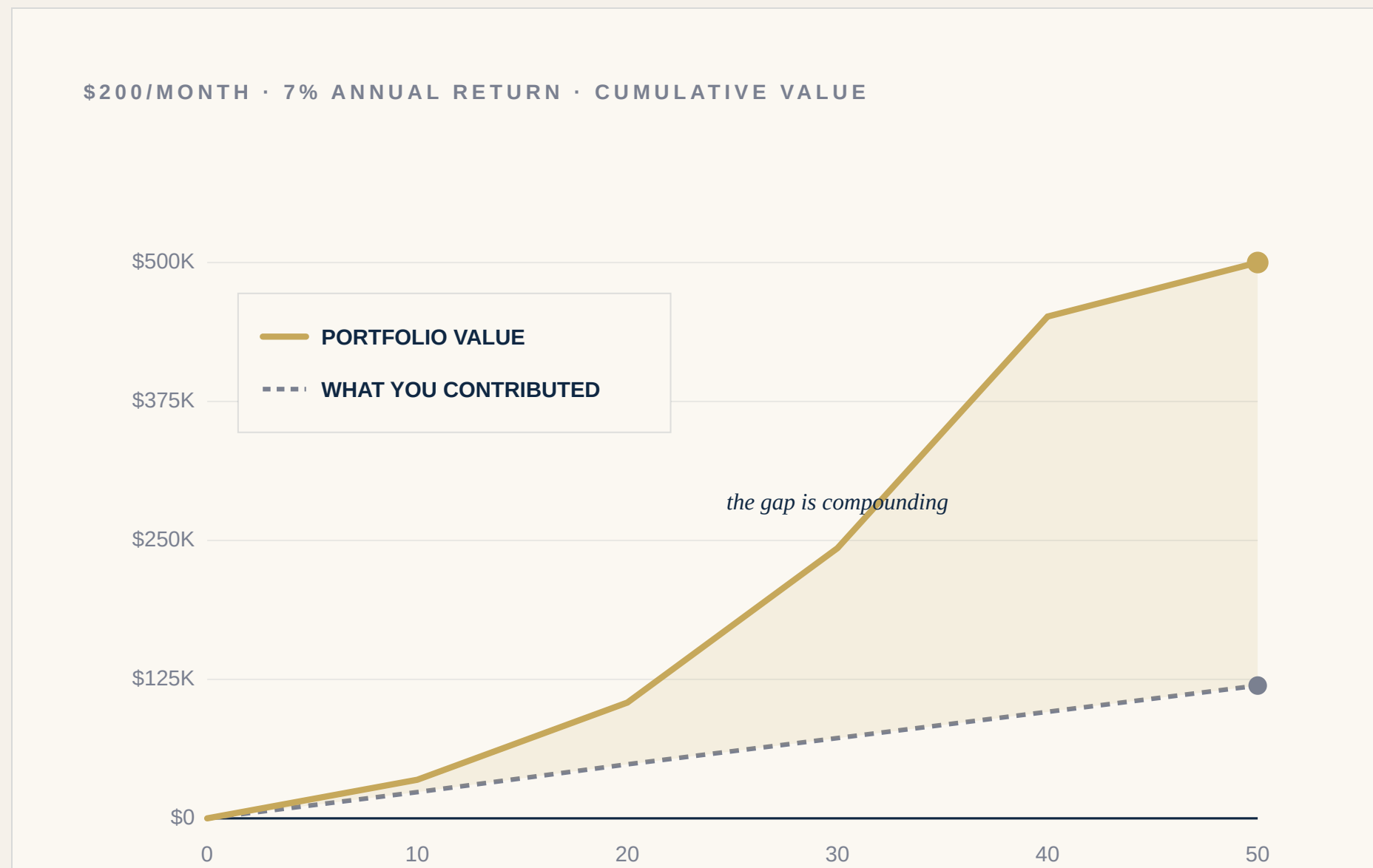


# Consistency *beats* amount.

You do not need a high-paying job to start. You need a habit. A recurring \$50 transfer on payday — automated, invisible, boring — outperforms the best-intentioned lump sum that never happens.

## HOW COMPOUNDING ACTUALLY WORKS

Returns *on your returns* do the heavy lifting — and they don't show up for a decade.



AFTER 10 YEARS

**\$10.6K**

of your portfolio is *growth* — the rest is still your contributions.

AFTER 30 YEARS

**\$171.9K**

of your \$243.9K is *growth*. Compounding is now doing 70% of the work.

THE LESSON

*The curve looks flat for a decade. That is the price of admission.*

## WHERE TO PUT THE MONEY

Two accounts matter before you turn 25. *Use both if you can.*

## OPTION 01

## Roth IRA

- **You open it yourself.** No employer needed.
- **You pay tax now, not later.** Withdrawals in retirement are tax-free.
- **\$7,000/yr contribution limit** as of 2024 — start with \$50/month.
- **You choose the investments.** Pick an index fund and stop touching it.

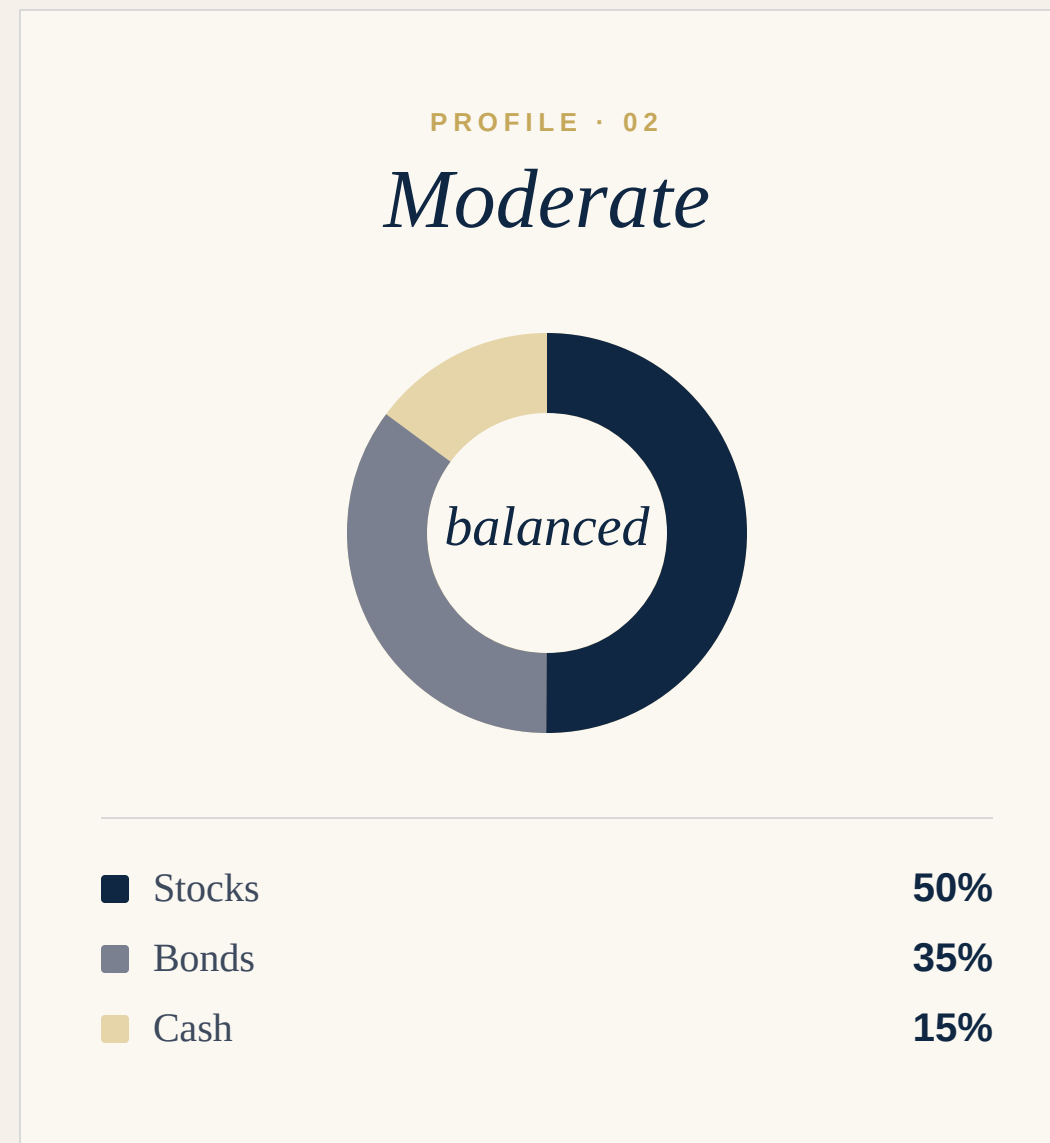
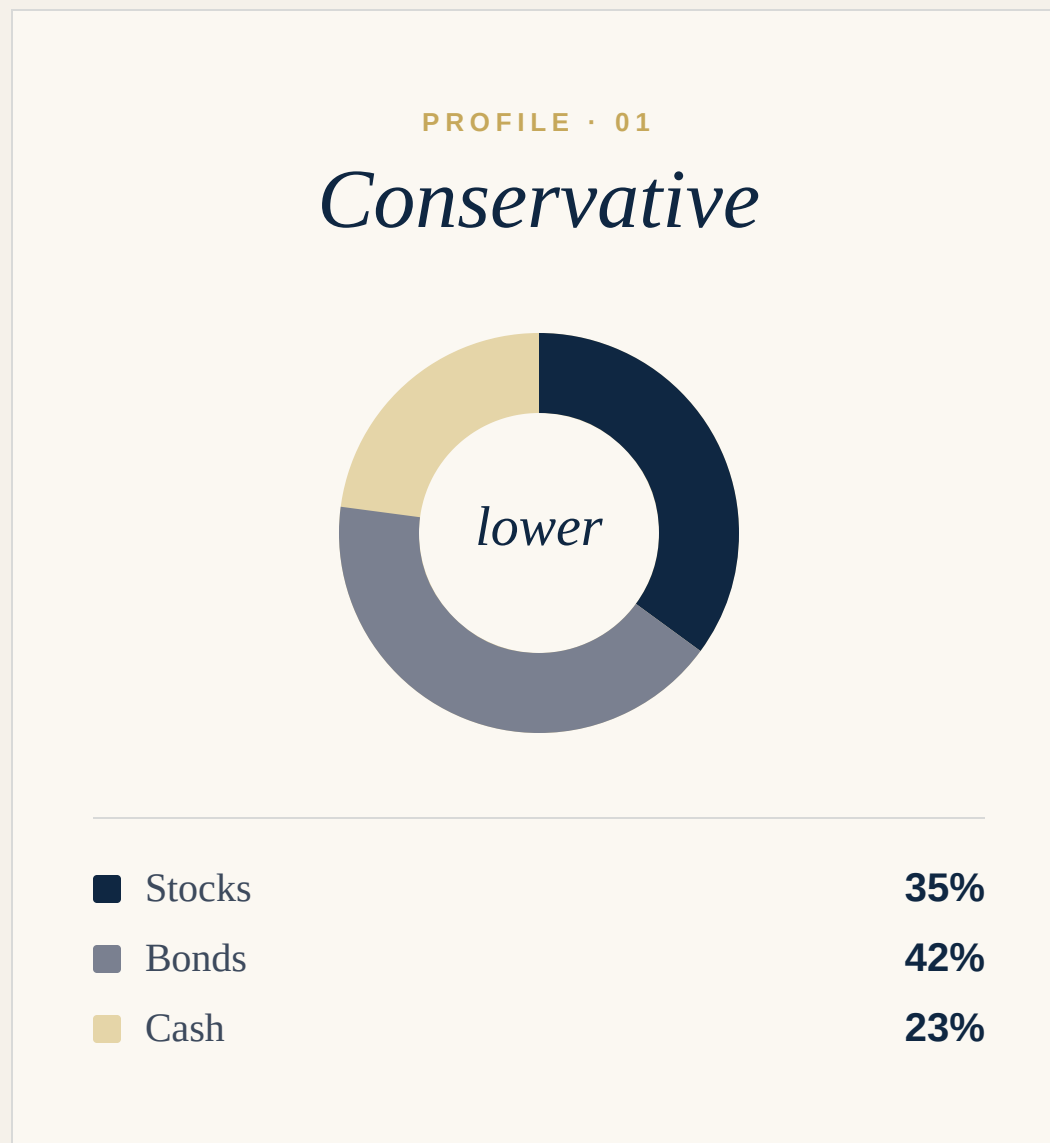
## OPTION 02

## 401(k) with Match

- **Offered through your employer.** First real job — ask about it Day 1.
- **If your employer matches, contribute at least that much.** Anything less is leaving money on the table.
- **Higher contribution limit** — \$23,000/yr for most accounts.
- **The match is a 100% return** before the market does anything. There is no other investment like this.

ONCE YOU'RE IN, WHERE DOES THE MONEY GO?

At 20, you have one advantage no older investor has: *time to absorb risk.*



Your greatest asset is  
*you* — and you only  
have one  
compounding clock.

*Start it today.*

THREE ACTIONS, RANKED

If you take one thing  
from this room, *take this.*

*i.*

Open a Roth IRA

Fidelity or Schwab. 15 minutes. No minimum to start.  
Automate \$25 on the 1st of every month.

*ii.*

Buy one index fund

A total-market index fund (VTI or FXAIX). One decision.  
Stop checking it.

*iii.*

Leave it alone

The first ten years will feel slow. The next thirty will not. Do  
not touch it.

QUESTIONS

# Start the *clock*.

The best day to begin was four years ago. The second-best day is today.