



Cutting Back on Coffee Could Perk Up Your Future



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According to a recent study, the average American spends more than \$1,000 per year at coffee shops, with women averaging \$2,327 per year and men averaging \$1,934 per year.¹ 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

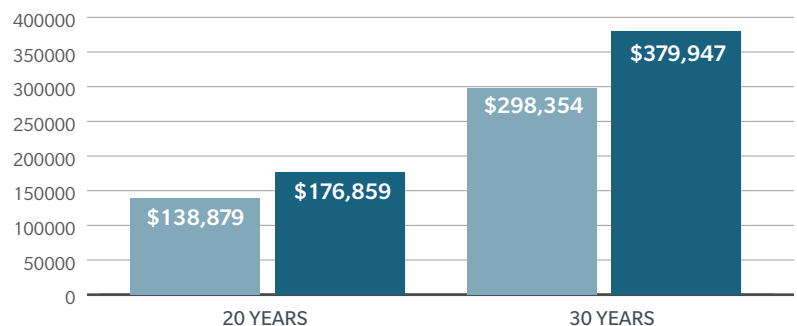
With lots of time, compounding the earnings on your coffee money could help it grow in to a fuller pot! The chart below shows how. In the first scenario, an employee defers 6% of their \$60,944 salary (\$3,657 per year) into a workplace retirement plan such as a 401(k). In the second scenario, the same employee puts the additional \$1,000 of coffee money in the 401(k), increasing their retirement contribution to about 7% of their salary (\$4,656 per year).

Based on a \$60,944 average annual salary

- 6% Deferral Rate
- 7% Deferral Rate²

Key assumptions

- Yearly salary = \$60,944 (median US annual salary of full-time wage and salary workers age 25 and over, Q3 2023)³
- Fixed rate of return = 6%
- Contribution assumed mid-year



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.

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

INSIGHTS AND ACTION STEPS

- Track your coffee spending.
- Decide how much you can cut back on coffee at the local café.
- Redirect these dollars toward increasing retirement plan contributions.

¹ Amerisleep, "Caffeine Kick," October 2023, [amerisleep.com/blog/caffeine-kick/](https://www.amerisleep.com/blog/caffeine-kick/).

² Adding an additional \$1,000 to savings equates to an 7.6% annual contribution rate.

³ Source: US Bureau of Labor Statistics, Usual Weekly Earnings of Wage & Salary Workers, Table 3, Third Quartered 2023. Released October 18, 2023.

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.

