

Results matter: Even a small increase in returns can dramatically improve outcomes

Demographic assumptions

Starting balance	\$0
Starting age	25
Starting salary	\$45,000
Annual salary growth rate	3%
Annual contribution rate	10%
Retirement age	65
Ending salary at 65	\$146,792

Scenario assumptions

	Market baseline	+50 bps	+100 bps
Returns before 65	5.5%	6.0%	6.5%
Returns after 65	3.5%	4.0%	4.5%
Account balance at 65	\$997,216	\$1,116,765	\$1,253,449
Annual retirement income*	\$67,792	\$67,792	\$67,792
Years of retirement spending	20 years	25 years	36 years

*Withdrawal that produces 20 years of income in the baseline scenario, which equates to a 46% income replacement.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice. Securities offered through American Funds Distributors, Inc.

Source: Capital Group. The demographic assumptions, returns and ending balances are hypothetical and provided for illustrative purposes only, and are not intended to provide any assurance or promise of actual returns and outcomes. Returns will be affected by the management of the investments and any adjustments to the assumed contribution rates, salary or other participant demographic information. Actual results may be higher or lower than those shown. Past results are not predictive of results in future periods. Based on an exhibit from Russell Investments. The additional years of retirement spending are intended to represent a conservative measure. Totals may not reconcile due to rounding.

American Funds Distributors, Inc.

Lit. No. MFGEOS-044-0224P Printed in USA CGD/TM/9768-S99191 © 2024 Capital Group. All rights reserved.

Impact of 50 bps and 100 bps increases in return in a hypothetical savings and withdrawal scenario

