

“Rule of 72”



- Mathematical Formula to simplify investment growth relative to your financial goal
- “Divide your anticipated growth rate into the number 72 to determine how many years it will take that investment to double.”
- Example—
 - Invest \$10,000 with 6% anticipated growth
 - Dividing 72 by 6 yields 12 which is the number of years it will take to have \$20,000

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\$10,000 original investment



<i>Number of years</i>	<i>at 6%</i>	<i>at 12%</i>
6		\$20,000
12	\$20,000	\$40,000
18		\$80,000
24	\$40,000	\$160,000
30		\$320,000
36	\$80,000	\$640,000

8-Fold increase in 36 years at 12% compared to 6%