

# The Rule of 72

## The power of compounding interest:

Divide 72 by an annual interest rate to calculate approximately how many years it takes for money to double (assuming the interest is compounded annually)

1%

$$72 \div 1\% = 72$$

AGE	29	101
AMOUNT	\$10,000	\$20,000

4%

$$72 \div 4\% = 18$$

AGE	29	47	65
AMOUNT	\$10,000	\$20,000	\$40,000

6%

$$72 \div 6\% = 12$$

AGE	29	41	53	65
AMOUNT	\$10,000	\$20,000	\$40,000	\$80,000

10%

$$72 \div 10\% = 7.2$$

AGE	29	36	43	50	57	65
AMOUNT	\$10,000	\$20,000	\$40,000	\$80,000	\$160,000	\$320,000

%

**Albert Einstien**

*"Those who understand compounding interest earn it, and those who don't pay for it"*