The Rule of 72

Fundamental Investing

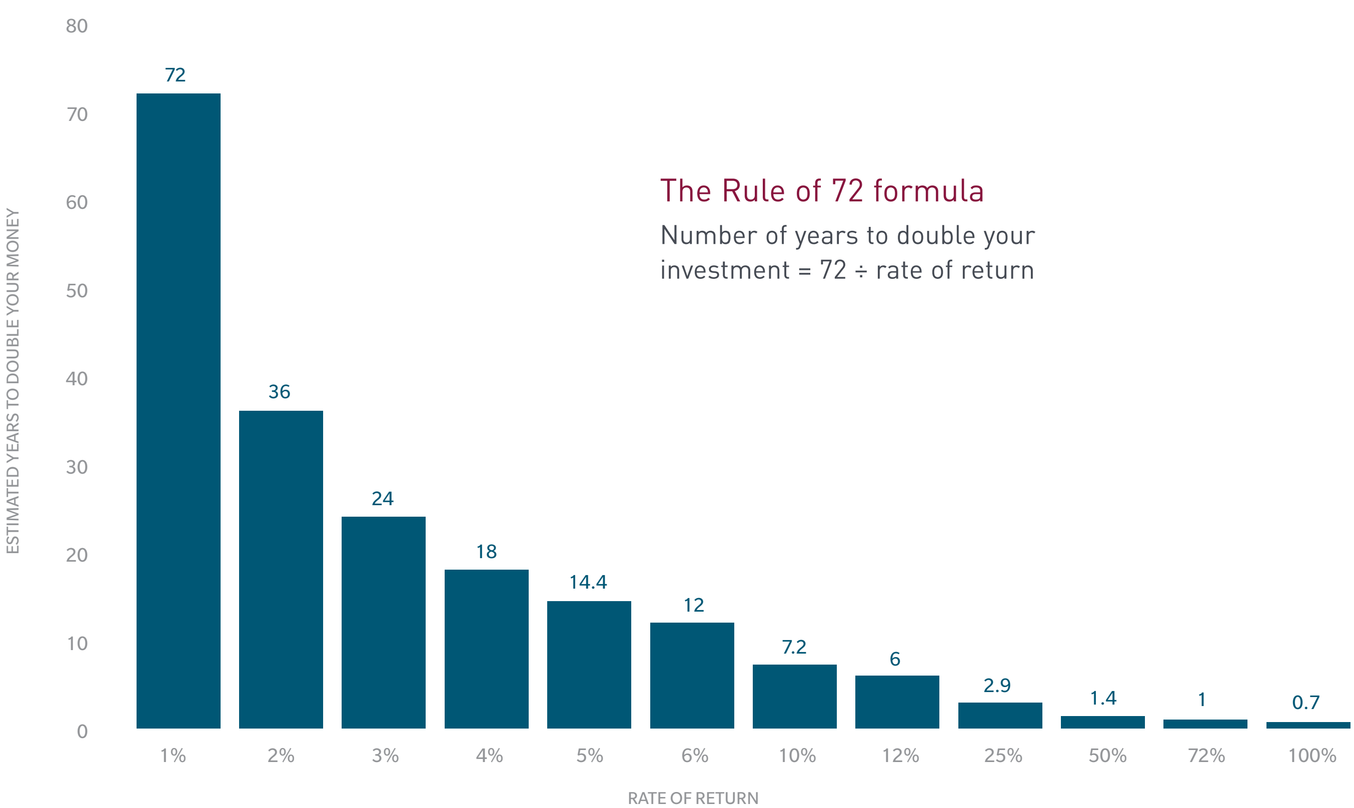
How soon can you double your money, and what rate of return is required?

The Rule of 72 is a simple mathematical formula that can help you estimate how long it will take to double your money if you earn an X% after-tax compound annual rate of return and also the rate of return you must earn to double your money in X years.

When you know the percentage of your rate of return, how many years will it take to double your money?
To answer this, simply divide 72 by the the percentage of your rate of return. For example, at a rate of return of 6%, you will double your money in 12 years, because 72 divided by 6 equals 12.

When you know how soon you want to double your money, what rate of return is required?
To answer this, simply divide the number of years by 72. For example, to double your money in 8 years, you need a rate of return of 9%, because 72 divided by 8 equals 9.

How soon can you double your investment?



All investments carry a certain amount of risk, including the possible loss of the principal amount invested.

Keep in mind that no investment strategy can guarantee a profit or protect against a loss.

These examples are for illustrative purposes only and are not intended to predict the returns of any investment choices. Rates of return will vary over time, particularly for long-term investments. There is no guarantee the selected rate of return can be achieved.

See the reverse side for important information.

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