

# The Rule of 72

## Fundamental Investing

### An easy way to estimate how long it will take to double your money

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

### Market/Systematic risk

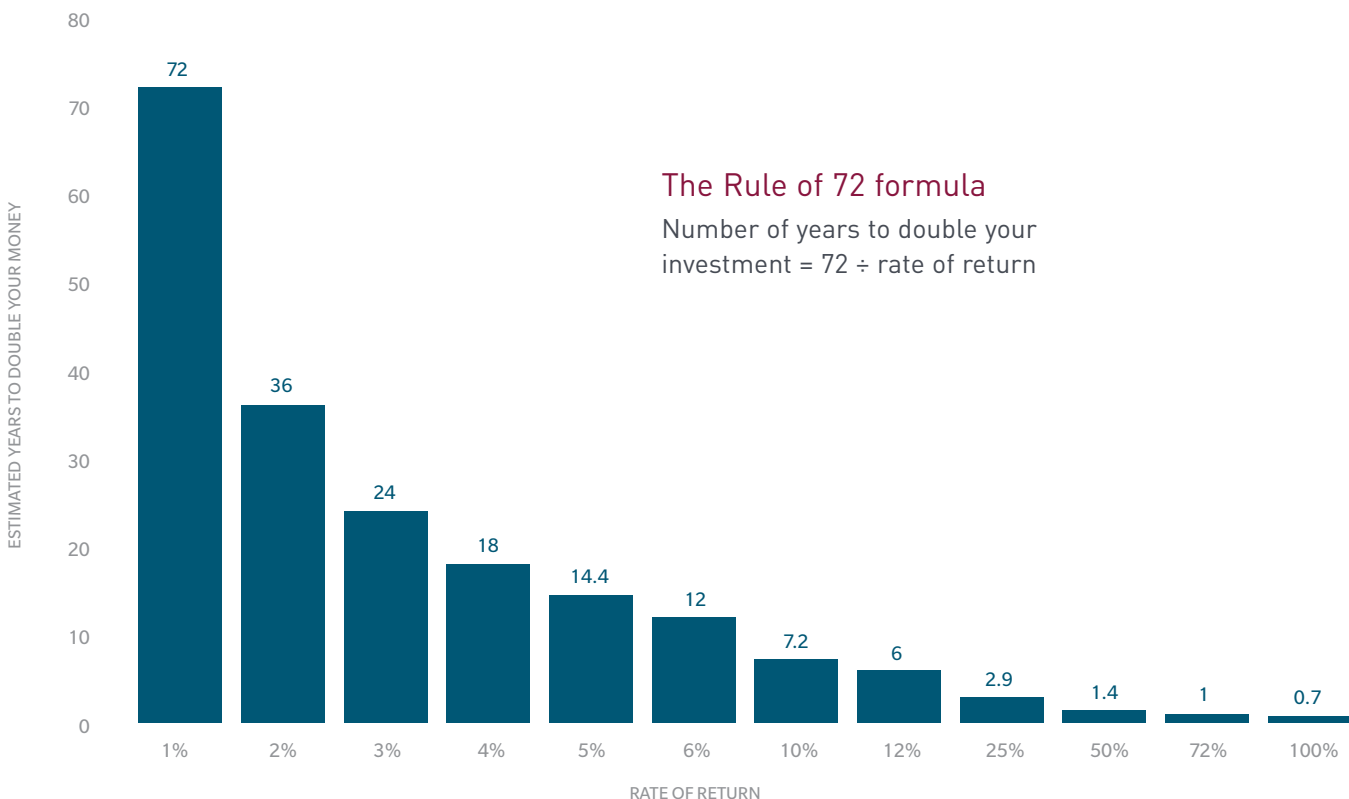
#### When the rate of return is known

To estimate the length of time it will take to double your money at a hypothetical 6% rate, for example, simply divide 72 by the rate of return percentage, 6, to get 12 years.

#### When the number of years is known

To estimate the rate of return needed to double your money in 8 years, for example, simply divide 72 by the number of years, 8, to get 9%.

### How soon can you double your investment?



#### The Rule of 72 formula

Number of years to double your investment =  $72 \div \text{rate of return}$

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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