

# Answer Key: The Rule of 72

How long does it take to double the money you save or invest? Follow the Rule of 72. The equation is this: Years to double your money = 72 divided by the interest rate.

1. Your money is invested in an account that earns 8 percent interest. How long will it take for your money to double?

**Answer:  $72/8 = 9$  (9 years)**

2. Your money is invested in an account that earns 4 percent interest. How long will it take for your money to double?

**Answer:  $72/4 = 18$  (18 years)**

3. Your money is invested in an account that earns 3 percent interest. How long will it take for your money to double?

**Answer:  $72/3 = 24$  (24 years)**

4. Your money is invested in an account that earns 1 percent interest. How long will it take for your money to double?

**Answer:  $72/1 = 72$  (72 years)**

5. Your money is invested in an account that earns 18 percent interest. How long will it take for your money to double?

**Answer:  $72/18 = 4$  (4 years)**

6. Your money is invested in an account that earns 9 percent interest. How long will it take for your money to double?

**Answer:  $72/9 = 8$  (8 years)**

7. Your money is invested in an account that earns 6 percent interest. How long will it take for your money to double?

**Answer:  $72/6 = 12$  (12 years)**

8. Your money is invested in an account that earns 12 percent interest. How long will it take for your money to double?

**Answer:  $72/12 = 6$  (6 years)**

9. Your money is invested in an account that earns 2 percent interest. How long will it take for your money to double?

**Answer:  $72/2 = 36$  (36 years)**

(continued)

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10. Your money is invested in an account that earns 16 percent interest. How long will it take for your money to double?

**Answer:  $72/16 = 4.5$  (4 1/2 years)**

11. Of all the interest rates mentioned in questions 1 through 10, which interest rate would you like to receive?

**Answer: 18 percent interest rate where your money doubles in 4 years.**

12. Do you want to invest your money in something with a high interest rate—or a low interest rate?

**Answer: A high interest rate because your money doubles faster.**