

RULE OF 72

The "Rule of 72" is a handy mathematical rule which helps to estimate how many years it will take for an investment to double in value at a specified rate of return (or given the number of years designed to double the investment, what rate of return is required). This rule is expressed as:

RATE OF RETURN	# OF YRS TO DOUBLE	# OF YRS TO TRIPLE
1%	72	115
2%	36	57.5
3%	24	38.3
4%	18	28.8
5%	14.4	23
6%	12	19.2
7%	10.3	16.4
8%	9	14.4
9%	8	12.8
10%	7.2	11.5
11%	6.5	10.5
12%	6	9.6

72 = The number of
Rate of Return (%) years it will take
an investment to
double in value.

The "Rule of 115" is a similar rule that allows you to estimate how long it will take an investment to triple in value. This rule is expressed as:

115 = The number of
Rate of Return (%) years it will take an
investment to triple
in value.

APPLICATION

These rules can also tell you how long before a given item will double or triple in price at an estimated average rate of inflation. This rule becomes:

72 = The number of
Projected years it will take for
Inflation Rate (%) prices to double.

RATE OF RETURN	# OF YRS TO DOUBLE	# OF YRS TO TRIPLE
13%	5.5	8.8
14%	5.1	8.2
15%	4.8	7.7
16%	4.5	7.2
17%	4.2	6.8
18%	4.0	6.4
19%	3.8	6.1
20%	3.6	5.8
21%	3.4	5.5
22%	3.3	5.2
23%	3.1	5.0
24%	3.0	4.8

*Note: For illustration purposes only.