Answer Key: Doubling Your Money: 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 1 percent interest. How long will it take for your money to double?

   Answer: 72/1 = 72 (72 years)

4. 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)

5. 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)

6. 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)

7. Of all the interest rates mentioned in questions 1 through 6, which interest rate would you like to receive?

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

8. 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.