

Last Name: _____

Birth Month/ Day: _____ (ex. 9/16)

For Security purposes, only fill out your Last Name, Month and Day you were born.

Compound Interest

Year 1:

$$\begin{array}{ccccccc}
 \$100 & \times & 5\% & = & \$5.00 & + & \$100 & = & \$105.00 \\
 \text{Beginning Balance} & & \text{Interest Rate} & & \text{Interest Earned} & & \text{Beginning Balance} & & \text{Ending Balance}
 \end{array}$$

Year 2:

$$\begin{array}{ccccccc}
 \$105 & \times & 5\% & = & \$ & + & \$ & = & \$ \\
 \text{Beginning Balance} & & \text{Interest Rate} & & \text{Interest Earned} & & \text{Beginning Balance} & & \text{Ending Balance} \\
 \text{(Ending Balance Year 1)} & & & & & & & &
 \end{array}$$

Year 3:

$$\begin{array}{ccccccc}
 \$ & \times & 5\% & = & \$ & + & \$ & = & \$ \\
 \text{Beginning Balance} & & \text{Interest Rate} & & \text{Interest Earned} & & \text{Beginning Balance} & & \text{Ending Balance} \\
 \text{(Ending Balance Year 2)} & & & & & & & &
 \end{array}$$

The Rule of 72

$$\frac{72}{\text{Rate of return}} = \text{Years to double investment}$$

Magic 72		Rate of return		Years to double
72	÷	1%	=	72
72		3%		24
72		4%		18
72		6%		12
72		8%		9

Using The Rule of 72

Try it yourself. Divide 72 by the rate of return you are earning, and the number you'll get is the number of years it will take to double your investment.

- 1.) 2% will double in _____ years
- 2.) 5% will double in _____ years
- 3.) 12% will double in _____ years

Return via email to Kris Moore at kmoore@bayportcu.org, drop off at any branch location or mail to:

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