

Compound interest

Lesson: zerotoinvest.com/en/lesson/compound-interest/

Name _____

Date _____

EXERCISE 1

After roughly how many years does money double at 6 percent a year?

Your answer

EXERCISE 2

\$5,000 grows for 20 years at 5 percent a year. How much is it at the end?

Your answer

EXERCISE 3

\$150 a month, 30 years, 7 percent a year, paid in at the start of each month. What is the final value, and how much of it did you pay in?

Your answer

EXERCISE 4

Anna saves from 25, Ben from 35, both \$200 a month at 7 percent until 65, paid in at the start of each month. How much does each have at the end?

Your answer

Tip: the calculators on zerotoinvest.com help you check your answers.

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Solutions: Compound interest

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Exercise 1. Rule of 72: $72 \div 6 = 12$ years.

Exercise 2. $\$5,000 \times 1.05^{20} = \$13,266$.

Exercise 3. About \$184,063. Paid in: \$54,000, the rest is return.

Exercise 4. Anna about \$528,025, Ben about \$245,417. Starting ten years earlier more than doubles the result here.

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