

## The Rule of 72

For those of you who have heard of the Rule of 72 here is a simple explanation of what it is:

The Rule of 72 is a simple method to estimate the number of years an investment will take to double in value based on a certain rate of return. For example, if you want to calculate how long it will take to double an investment if it earns 6% pa compounding, we divide 6 into 72 and get 12. Based on a 6% pa compounding return it will therefore take 12 years for the value of your investment to double.