The Rule of 72

Money

Doubling time, worked out in your head, for growth or for inflation.

Divide 72 by the annual percentage rate to get the years it takes for an amount to double.

years to double ≈ 72 ÷ rate

At 6% a year 72 ÷ 6	**12 years**
At 9% a year 72 ÷ 9	**8 years**
3% inflation It works on costs too.	**prices double in 24 years**

THE COMMON MISTAKE

× **Using it at very high rates**

✓ **It is accurate roughly between 4% and 15%**

It is an approximation of a logarithm. Outside that band the error grows quickly.

It cuts both ways: 20% credit card interest doubles a debt in under four years if nothing is repaid.