

# WHAT IS THE VALUE OF COMPOUND INTEREST?

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## INTRODUCTION

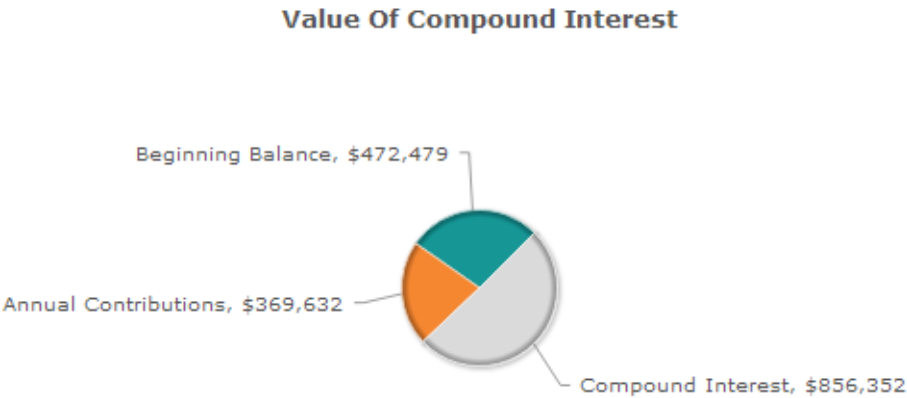
Compound interest can have a dramatic effect on the growth of an investment. Use this compound interest calculator to illustrate the impact of compound interest on the future value of an asset.

## SUMMARY OF INPUT

Initial balance or deposit	\$472,479
Annual savings amount	\$31,000
Annual increase in contributions	1.60%
Number of years for the analysis	11
Before-tax return on savings	8.00%

## ANALYSIS

Compound interest is the difference between the cash you contribute to an investment and the actual future value of the investment. In this case, by contributing just \$31,000 per year with the annual contribution being increased by 2% per year (cumulative contributions of \$842,111) you are able to accumulate \$1,698,463 over 11 years. Compound interest makes up \$856,352 of your future balance.



Year	Beginning Balance	Savings @ 1.60%	Interest @ 8.00%	Ending Balance
1	\$472,479	\$31,000	\$40,278	\$543,757
2	543,757	31,496	46,020	621,274
3	621,274	32,000	52,262	705,535
4	705,535	32,512	59,044	797,091
5	797,091	33,032	66,410	896,533
6	896,533	33,561	74,408	1,004,501
7	1,004,501	34,098	83,088	1,121,687
8	1,121,687	34,643	92,506	1,248,836

This information may help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. The calculations do not infer that the company assumes any fiduciary duties. The calculations provided should not be construed as financial, legal or tax advice. In addition, such information should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we cannot guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.

9	1,248,836	35,197	102,723	1,386,757
10	1,386,757	35,761	113,801	1,536,318
11	\$1,536,318	\$36,333	\$125,812	\$1,698,463

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