

# WHAT IS THE VALUE OF COMPOUND INTEREST?

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## INTRODUCTION

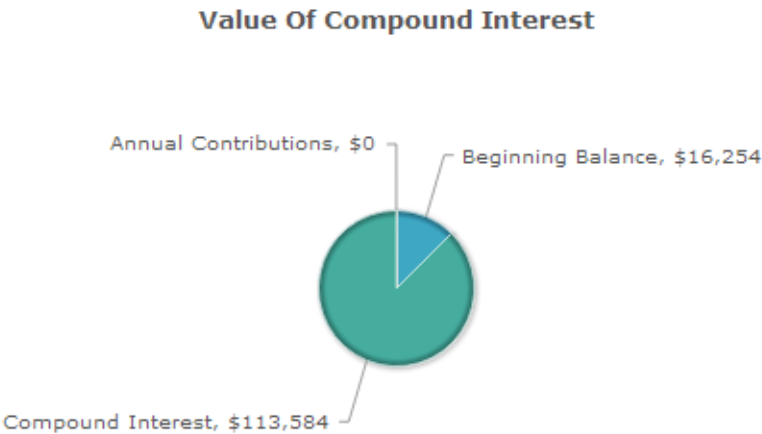
Compound interest can have a dramatic effect on the growth of an investment. Use this compound interest calculator to illustrate the impact of compound interest on the future value of an asset.

## SUMMARY OF INPUT

Initial balance or deposit	\$16,254
Annual savings amount	\$0
Annual increase in contributions	0.00%
Number of years for the analysis	27
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 \$0 per year with the annual contribution being increased by 0% per year (cumulative contributions of \$16,254) you are able to accumulate \$129,838 over 27 years. Compound interest makes up \$113,584 of your future balance.



Year	Beginning Balance	Savings @ 0.00%	Interest @ 8.00%	Ending Balance
1	\$16,254	\$0	\$1,300	\$17,554
2	17,554	0	1,404	18,959
3	18,959	0	1,517	20,475
4	20,475	0	1,638	22,113
5	22,113	0	1,769	23,882
6	23,882	0	1,911	25,793
7	25,793	0	2,063	27,856
8	27,856	0	2,229	30,085
9	30,085	0	2,407	32,492
10	32,492	0	2,599	35,091
11	35,091	0	2,807	37,898
12	37,898	0	3,032	40,930
13	40,930	0	3,274	44,205

14	44,205	0	3,536	47,741
15	47,741	0	3,819	51,560
16	51,560	0	4,125	55,685
17	55,685	0	4,455	60,140
18	60,140	0	4,811	64,951
19	64,951	0	5,196	70,147
20	70,147	0	5,612	75,759
21	75,759	0	6,061	81,820
22	81,820	0	6,546	88,366
23	88,366	0	7,069	95,435
24	95,435	0	7,635	103,070
25	103,070	0	8,246	111,315
26	111,315	0	8,905	120,220
27	\$120,220	\$0	\$9,618	\$129,838

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 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 is for illustrative purposes only. Your results may vary.

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