

# WHAT IS THE VALUE OF COMPOUND INTEREST?

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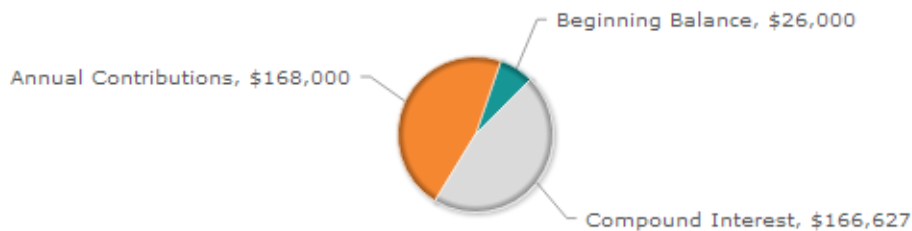
## INTRODUCTION

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.

## 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 \$8,400 per year with the annual contribution being increased by 0% per year (cumulative contributions of \$194,000) you are able to accumulate \$360,627 over 20 years. Compound interest makes up \$166,627 of your future balance.

### Value Of Compound Interest



Year	Beginning Balance	Savings @ 0.00%	Interest @ 5.00%	Ending Balance
1	\$26,000	\$8,400	\$1,720	\$36,120
2	36,120	8,400	2,226	46,746
3	46,746	8,400	2,757	57,903
4	57,903	8,400	3,315	69,618
5	69,618	8,400	3,901	81,919
6	81,919	8,400	4,516	94,835
7	94,835	8,400	5,162	108,397
8	108,397	8,400	5,840	122,637
9	122,637	8,400	6,552	137,589
10	137,589	8,400	7,299	153,288
11	153,288	8,400	8,084	169,773
12	169,773	8,400	8,909	187,081

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.

These projections are hypothetical. This information is meant to provide you with a general idea about your retirement income needs. The results given are for illustrative purposes only and do not represent the actual performance of any current or future investment. Rates of return will vary over time, especially for long-term investments.

13	187,081	8,400	9,774	205,255
14	205,255	8,400	10,683	224,338
15	224,338	8,400	11,637	244,375
16	244,375	8,400	12,639	265,414
17	265,414	8,400	13,691	287,505
18	287,505	8,400	14,795	310,700
19	310,700	8,400	15,955	335,055
20	\$335,055	\$8,400	\$17,173	\$360,627

## SUMMARY OF INPUT

Initial balance or deposit	\$26,000
Annual savings amount	\$8,400
Annual increase in contributions	0.00%
Number of years for the analysis	20
Before-tax return on savings	5.00%

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