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# The Rule of 72 and the Rule of 115

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## How Long Will It Take to Double or Triple an Investment?<sup>1</sup>

The rule of 72 is a handy mathematical rule that helps in estimating approximately how many years it will take for an investment to **double** in value at a specified rate of return.

**Rule of 72:** If 72 is divided by an interest rate, the result is the approximate number of years needed to double the investment. For example, at a 1% rate of return, an investment will double in approximately 72 years; at a 10% rate of return it will take only 7.2 years, etc.

The rule of 115 is similar in that it estimates how long it takes an investment to **triple** in value.

**Rule of 115:** If 115 is divided by an interest rate, the result is the approximate number of years needed to triple an investment. For example, at a 1% rate of return, an investment will triple in approximately 115 years; at a 10% rate of return it will take only 11.5 years, etc.

| Rate of Return  | 1%  | 2%   | 3%   | 4%   | 5%   | 6%   | 7%   | 8%   | 9%   | 10%  | 11%  |
|-----------------|-----|------|------|------|------|------|------|------|------|------|------|
| Years to double | 72  | 36   | 24   | 18   | 14.4 | 12   | 10.3 | 9    | 8    | 7.2  | 6.5  |
| Years to triple | 115 | 57.5 | 38.3 | 28.8 | 23   | 19.2 | 16.4 | 14.4 | 12.8 | 11.5 | 10.5 |

| Rate of Return  | 12% | 13% | 14% | 15% | 16% | 17% | 18% | 19% | 20% | 21% | 22% |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Years to double | 6   | 5.5 | 5.1 | 4.8 | 4.5 | 4.2 | 4   | 3.8 | 3.6 | 3.4 | 3.3 |
| Years to triple | 9.6 | 8.8 | 8.2 | 7.7 | 7.2 | 6.8 | 6.4 | 6.1 | 5.8 | 5.5 | 5.2 |

These rules can also tell you how long before a given item will double or triple in price at an estimated average rate of inflation.

For example, at an estimated average inflation rate of 8%, a loaf of bread will double in price every nine years. ( $72 \div 8 = 9$ ).

The examples discussed here are hypothetical illustrations, shown for informational purposes only. They are not intended to represent any specific investment.

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<sup>1</sup> Investing involves risk, including the possible loss of principal.