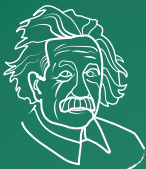


# The Power of Compound Interest



The principle of compound interest is the foundation of wealth building - not only do you earn interest on the money you put away, but you also earn interest on the interest.



Compound Interest is the eighth wonder of the world. He who understands it earns it ... he who doesn't, pays it. - Albert Einstein

## How compound interest works for you

Saving R100 per month\*

		
1 year	R 1 200	R 1 234
3 years	R 3 600	R 3 934
5 years	R 6 000	R 6 977
10 years	R 12 000	R 16 388
20 years	R 24 000	R 46 204

\*calculated at an interest rate of 6% per annum, compounded monthly.

## The rule of 72

$72 \div \text{interest rate} = \text{number of years to double your money}$

So at 6% interest:  $72 \div 6 = 12$  years

You can also use it to calculate the interest rate you'll need to double your money in a specific number of years.

$72 \div \text{years} = \text{interest rate you need}$

## Starting early is key

Bill and Thandi both invest the same amount each month. Bill starts at 25 and Thandi starts at 35.



By the time they are both 65, Bill will have twice as much as Thandi because he started early. The extra he managed to put away grew substantially more in time thanks to COMPOUND INTEREST.

## Make saving a habit



If you buy one less coffee at R20 a day, you could save R36 500 in 5 years.



That's a holiday!

And with the power of compound interest, you would have R42 443 (at 6% per annum, compounded monthly).

That's an even better holiday!

## Compound interest really pays off

Be disciplined, patient and set goals to build wealth slowly with certainty.

### Short term



Pay off debt

Further education



An overseas holiday

### Medium term



Pay off bond



Educate kids



Save to start a business

### Long term



Sufficient money to retire (START TODAY!)

