Name_____

Accounting 20
"Rule of 72" Assignment

Directions: ***Use the "Rule of 72" to answer the following questions.***

1.   How long will it take the following investments to double? (Round answers to two decimal places).

Investment	Interest Rate	Years to Double
Money Market Mutual Fund	3.1%	
Small Company Stock	12.6%	
3 year Certificate of Deposit	2.8%	
5 year Certificate of Deposit	5.1%	
Large Company Stock	11.3%	
Government Bond	5.3%	
Treasury Bills	3.8%	
Money Market Account	2.6%	
Savings Account	2.3%	

2.   Jenny has a $3,000 balance on her credit card with an 18% interest rate. If she makes no payments on her card and no late fees were charged, how long will it take for her debt to double? (Please show your work).

3.   What if Jenny's APR was 22% and she makes no payments on her card and no late fees were charge? (Please show your work).

4.   Tanner has invested $500 for college. What rate of return must Tanner earn for his investment to double in 4 years? (Please show your work).

5.   Kari would like to make a down payment on a house. She currently has $7,000. What rate of return must Kari receive for her investment to double in 7 years? (Please show your work).

6. Mark has invested $300 at age 16 into a money market account earning 6%. How many times will Mark's investment double before age 52? What will his investment be worth? What would Mark's investment be if he had invested at age 28? (Please show your work).

7. Jackie's parents invested $3,000 into a common stock earning 10% when she was born. How many times will Jackie's investment double before age 36? What will her investment be worth? What would Jackie's investment be worth if her parent's had waited to invest until she was age 7? (Please show your work).

8.   Provide a reason why it is valuable to invest early.