

Financial Literacy Review

How to Have a Net Worth of \$1 Million at Age 55

Monthly Savings Age	Return of 10%	Return of 8%	Return of 4%	Return of 2%
20	\$264	\$435	\$1,094	\$1,646
25	\$442	\$670	\$1,440	\$2,030
30	\$754	\$1,051	\$1,945	\$2,572
35	\$1,317	\$1,697	\$2,726	\$3,392
40	\$2,413	\$2,889	\$4,063	\$4,768
45	\$4,882	\$5,466	\$6,791	\$7,535
50	\$12,914	\$13,609	\$15,083	\$15,861

Interest Rates and Their Effect on Your Investments

Investing \$100 Per Month

	5-yrs	10-yrs	20-yrs	30-yrs	40-yrs
0%	\$6,000	\$12,000	\$24,000	\$36,000	\$48,000
1%	\$6,155	\$12,625	\$26,578	\$41,998	\$59,038
2%	\$6,315	\$13,294	\$29,529	\$49,355	\$73,566
4%	\$6,652	\$14,774	\$36,800	\$69,636	\$118,590
6%	\$7,012	\$16,470	\$46,435	\$100,954	\$200,145
8%	\$7,397	\$18,417	\$59,295	\$150,030	\$351,428
10%	\$7,808	\$20,655	\$76,570	\$227,933	\$637,678
12%	\$8,249	\$23,234	\$99,915	\$352,991	\$1,188,242

Rule of 72

The rule of 72 says if you take the interest rate you are receiving and divide it into 72, it will give you the number of years it will take for your investment to double.

	Interest Rate (Lump Sum Investment)					
Year	2%	4%	6%	8%	10%	12%
	$72 \div 2 = 36$	$72 \div 4 = 18$	$72 \div 6 = 12$	$72 \div 8 = 9$	$72 \div 10 = 7.2$	$72 \div 12 = 6$
0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
6	\$1,130	\$1,268	\$1,432	\$1,617	\$1,813	\$2,047
12	\$1,277	\$1,607	\$2,051	\$2,616	\$3,288	\$4,191
18	\$1,443	\$2,037	\$2,937	\$4,231	\$5,962	\$8,579
24	\$1,631	\$2,583	\$4,206	\$6,843	\$10,811	\$17,561
30	\$1,843	\$3,274	\$6,023	\$11,067	\$19,603	\$35,950
36	\$2,083	\$4,151	\$8,625	\$17,899	\$35,545	\$73,592

Financial Philosophies for Success (Words to Live By)

- Spend less than you earn (live within your means).
- Invest as early as you can (today).
- Pay yourself first (401k, Roth IRA, etc.).
- Invest/save 50% of your annual raise each year.
- Pay off your credit card balance each month.
- Work smart, Invest hard, Retire early.
- Give back (time & money) – to charities, churches, communities, etc.
- Visit www.flip4u.org for more information on financial literacy & planning.