

# COMPOUND INTEREST

*Save early, Save often!*



**Penny** opened a Tax-Deferred Retirement Account (IRA or 401K) and invested \$3000 a year for 8 years starting at age 19 and then stopped investing. Her investments averaged a 10% return.

Age	Payment	Year End	Age	Payment	Year End
19	\$3000	\$3,330	42		\$173,407
20	\$3000	\$6,930	43		\$190,748
21	\$3000	\$10,923	44		\$209,823
22	\$3000	\$15,315	45		\$230,805
23	\$3000	\$20,147	46		\$253,885
24	\$3000	\$25,462	47		\$279,274
25	\$3000	\$31,308	48		\$307,201
26	\$3000	\$37,308	49		\$337,921
27		\$41,512	50		\$371,712
28		\$45,663	51		\$408,885
29		\$50,230	52		\$449,773
30		\$55,253	53		\$494,751
31		\$60,778	54		\$544,227
32		\$66,856	55		\$598,648
33		\$73,542	56		\$658,513
34		\$80,896	57		\$724,364
35		\$88,985	58		\$796,810
36		\$97,883	59		\$876,480
37		\$107,672	60		\$964,129
38		\$118,439	<b>Total Invested</b>		
39		\$130,283			
40		\$143,312			
41		\$157,643			

INTEREST IS MORE INTERESTING WHEN YOU ARE **RECEIVING** IT.



**Bill** didn't open a Tax-Deferred Retirement Account (IRA or 401K) until he was 27 and invested \$3000 a year for the next 34 years. His investments also averaged a 10% return.

Age	Payment	Year End	Age	Payment	Year End
19			42	\$3000	\$118,634
20			43	\$3000	\$133,798
21			44	\$3000	\$150,477
22			45	\$3000	\$168,825
23			46	\$3000	\$189,008
24			47	\$3000	\$211,208
25			48	\$3000	\$235,629
26			49	\$3000	\$262,492
27	\$3000	\$3,330	50	\$3000	\$292,041
28	\$3000	\$6,930	51	\$3000	\$324,545
29	\$3000	\$10,923	52	\$3000	\$360,300
30	\$3000	\$15,315	53	\$3000	\$399,630
31	\$3000	\$20,147	54	\$3000	\$442,893
32	\$3000	\$25,462	55	\$3000	\$490,482
33	\$3000	\$31,308	56	\$3000	\$542,830
34	\$3000	\$37,738	57	\$3000	\$600,413
35	\$3000	\$44,812	58	\$3000	\$663,755
36	\$3000	\$52,593	59	\$3000	\$733,430
37	\$3000	\$61,153	60	\$3000	\$810,073
38	\$3000	\$70,568	<b>Total Invested</b>		
39	\$3000	\$80,924			
40	\$3000	\$92,317			
41	\$3000	\$104,849			

**Direction:** Determine the total amount invested by Penny and Bill. Drag and drop the dollar amount to its correct box.

**\$24,000**

**\$102,000**