Time and Growth of Money

Time is a vital factor in accumulating wealth. The following tables illustrate the effect of time and after-tax interest in accumulating funds.

Growth of a Single Lump-Sum Investment

Years of Growth	$20,000 Compounded at	
	5%	8%
5	$25,526	$29,387
10	32,578	43,178
15	41,579	63,443
20	53,066	93,219
25	67,727	136,970
30	86,439	201,253
35	110,320	295,707
40	140,800	434,490

In other words, in a period 8 times longer (40 years rather than 5 years) the investment result at 8% is 15 times greater growth ($434,490 divided by $29,387).

Growth of a Fund to Which $5,500 Is Added at the Beginning of Each Year

$5,500 per Year at 5%	Total Contributed	Will Grow to	Growth	Percent Increase
5	$27,500	$31,911	$4,411	16%
10	55,000	72,637	17,637	32%
15	82,500	124,616	42,116	51%
20	110,000	190,956	80,956	74%
25	137,500	275,624	138,124	100%
30	165,000	383,684	218,684	133%
35	192,500	521,600	329,100	171%
40	220,000	697,619	477,619	217%

These tables assume a 5% rate of return after taxes and that the earnings are reinvested.