

Area – Consumer and Family Resources
Problem – Rule of 72 – Double your money

Standards

SD FACS Standard

FCS 7.3.1

Examine the need for personal and family financial planning.

SD Mathematics Standards

Math 9-12.N.2.1

Add, subtract, multiply, and divide real numbers including integral exponents.

Problem

You have decided to invest the \$1000 your grandmother gave you when you graduated from high school. You want to know how long it will take to double your money. Your FACS teacher told you to apply the Rule of 72. What did she mean?

The Rule of 72 works like this – Divide 72 by an interest rate to determine the number of years it will take your money to double.

$(72/\text{rate}=\text{time})$ You can also figure out what interest rate you need to earn to double your money by dividing 72 by the number of years you want to invest. $(72/\text{time}=\text{rate})$ Using the theory of the Rule of 72, determine the following:

% of interest	Number of years
2.5%	_____
3%	_____
_____	10
_____	20
6%	_____
9%	_____

What will you need?

Calculator

Answer Key

How will you be evaluated?

Key with correct answers