

72-33-50 Rule

The “Rule of 72” is oftentimes used to calculate how long it takes for money to double. What happens if we add income taxes into the equation? If a client is in the 33% federal tax bracket, the number of years required to double the investment is increased by 50%!



Years To Double Investment

Rate of Return	Rule of 72	72-33-50 Rule
2%	36	54
3%	24	36
4%	18	27
5%	14.40	21.60
6%	12	18



This is a great rule to use to illustrate the power of tax-deferral. A client who invests \$100,000 into a fixed deferred annuity earning 2.50% can double the investment in 28.80 years. A client who invests \$100,000 into a CD earning 2.50% won't double for 43.2 years! What a HUGE difference!