

The Rule of 72: Double the Fun

Who wants to double their money? A rhetorical question, but Triathlon Partners LLC isn't about getting rich quick ponzi pyramid schemes. Our process is methodical, and philosophy involves lowering the volatility of your portfolio through product and asset diversification.

The rule of 72 is a back of the envelop calculation that tells you how long it will take to double your money. Seventy-two is the product of the annual rate of return and the number of years it takes to double your money. Earning 8% a year for 9 years will double your money, as 8 times 9 is 72. 10 & 7.2, 6 & 12, 4 & 18. It's a nice rule of thumb and gives an overall frame of reference for a long-term investor.

A 48-year-old has a 401k from a previous employer that is just languishing paying high mutual fund fees and a bonus fee that employers like to tag onto ex-employees. The balance of the account is \$100k. The investor will start taking required minimum distributions, RMDs at age 75, which is 27 years from now. A moderately aggressive allocation should have an average annual performance of 8%. From the rule of 72, we know that the money will double every 9 years. Over the next 27 years, there are three 9-year periods, so the account balance should double 3 times. Double once is 2, double twice is 4 and double 3 times is 8. Because the 401k is qualified, no money will be taxed until withdrawal, and there will likely be no deposits into the old 401k rollover account. So, it is very reasonable to expect that an allocation that should produce an 8% annual return will increase the \$100k investment to \$800k in 27 years.

Triathlon Partners LLC philosophy doesn't involve smoke or mirrors. We assist our clients attain their financial goals. If one of your goals is to get rich, we won't judge, and we can create a financial plan that can help achieve.

Try combining the rule of 72, with [Early and Often: The Slogan of a Savings Champion](#).

Triathlon Partners LLC understands that a thorough and disciplined approach to your personal finances can have a large and positive impact on your future. Do you have dormant accounts from previous employers? Contact Triathlon Partners and let us help you maximize your financial potential.

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