## 4 EXAMPLES OF COMPOUND INTEREST

| Starting with $\$ 100,000$ |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| YEAR | Scenario \#1 |  | Scenario \#2 |  | Scenario \#3 |  | Scenario \#4 |  |  |
| 1 | $+10 \%$ | $\$ 110,000$ | $+12 \%$ | $\$ 112,000$ | $+5 \%$ | $\$ 105,000$ | $0 \%$ | $\$ 100,000$ |  |
| 2 | $+10 \%$ | $\$ 121,000$ | $+15 \%$ | $\$ 128,000$ | $+5 \%$ | $\$ 110,250$ | $0 \%$ | $\$ 100,000$ |  |
| 3 | $+10 \%$ | $\$ 133,100$ | $-5 \%$ | $\$ 122,360$ | $+5 \%$ | $\$ 115,763$ | $0 \%$ | $\$ 100,000$ |  |
| 4 | $+10 \%$ | $\$ 146,410$ | $+8 \%$ | $\$ 132,149$ | $+5 \%$ | $\$ 121,551$ | $0 \%$ | $\$ 100,000$ |  |
| 5 | $+10 \%$ | $\$ 161,051$ | $+10 \%$ | $\$ 145,364$ | $+5 \%$ | $\$ 127,628$ | $0 \%$ | $\$ 100,000$ |  |
| 6 | $+10 \%$ | $\$ 177,156$ | $-5 \%$ | $\$ 138,096$ | $+5 \%$ | $\$ 134,010$ | $0 \%$ | $\$ 100,000$ |  |
| 7 | $-10 \%$ | $\$ 159,440$ | $0 \%$ | $\$ 138,096$ | $+5 \%$ | $\$ 140,710$ | $0 \%$ | $\$ 100,000$ |  |
| 8 | $+10 \%$ | $\$ 175,385$ | $+15 \%$ | $\$ 158,810$ | $+5 \%$ | $\$ 147,746$ | $0 \%$ | $\$ 100,000$ |  |
| 9 | $-10 \%$ | $\$ 157,846$ | $+8 \%$ | $\$ 171,514$ | $+5 \%$ | $\$ 155,133$ | $0 \%$ | $\$ 100,000$ |  |
| 10 | $0 \%$ | $\$ 157,846$ | $-10 \%$ | $\$ 154,363$ | $+5 \%$ | $\$ 162,889$ | $0 \%$ | $\$ 100,000$ |  |

"Compound interest is the eighth wonder of the world.
He who understands it, earns it, he who doesn't pays it." Albert Einstein

