

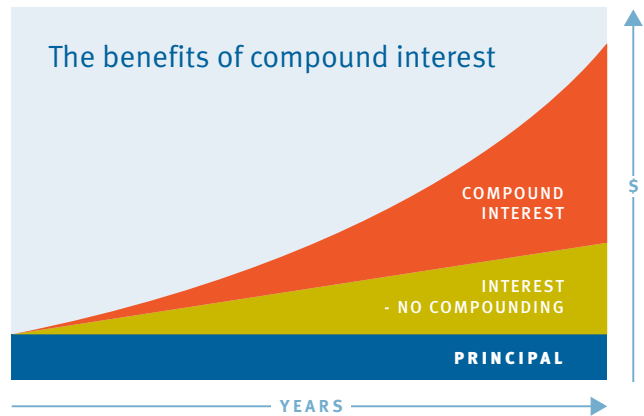
Let compound interest work for you

The best time to plant a tree was 20 years ago, the second best time is now.
– Chinese proverb

Saving is a lot like planting a tree – time will help make it grow. When you put aside money in a designated savings account, you will be paid for keeping your money there – this is called **interest**.

There are two types of interest. **Simple interest** is calculated based on the initial amount of money invested (**principal**), the **interest rate**, and the **length of time** of the investment.

Compound interest works similarly to simple interest, except any interest earned is reinvested, so that even more interest is earned. This means that your interest will grow with time, even if you do not make any more deposits.



Try it yourself

Try the Compound Interest Calculator created by the Ontario Securities Commission (OSC) to see how your investment will grow over time with compound interest.

Scenario 1: Invest \$50 to start and save \$0 per week

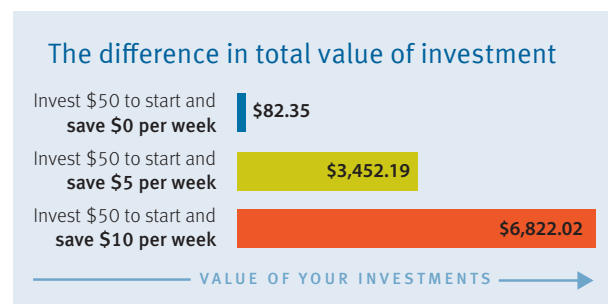
Initial investment:	\$50
Regular addition:	\$0 weekly
Interest rate:	5%
Interest is compounded:	monthly
Years to grow:	10
Total value of your investment:	\$82.35

Scenario 2: Invest \$50 to start and save \$5 per week

Initial investment:	\$50
Regular addition:	\$5 weekly
Interest rate:	5%
Interest is compounded:	monthly
Years to grow:	10
Total value of your investment:	\$3,452.19

Scenario 3: Invest \$50 to start and save \$10 per week

Initial investment:	\$50
Regular addition:	\$10 weekly
Interest rate:	5%
Interest is compounded:	monthly
Years to grow:	10
Total value of your investment:	\$6,822.02



An initial investment of \$50 has the potential to grow to \$82.35 even if no new deposits are made, all because of compound interest. If you put in just an extra \$5 every week, you have the potential to save over \$3,400! Saving \$10 every week will amount to over \$6,800!