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Organizing Your Finances

JEN: Hey! Turtle!

TURTLE: Hey, ah, no refunds, kid. Them's the breaks.

JEN: Don't worry, I get it. You may be a streetwise con man.

TURTLE: I prefer con turtle.

JEN: But when it comes to compound interest, you do know your stuff.

TURTLE: Go on.

JEN: The more time you give your compounding investments, the more money your money makes for you.

TURTLE: Interest earning interest on interest, as I always say.

JEN: What I want to know now is how my investment will sync up with my savings goal.

TURTLE: Uh huh.

JEN: I need to figure out how long it will take to double my money if my interest rate is 3%.

TURTLE: Woah! Hold your horses, Purple Pants. This is big league stuff.

JEN: Well, can you figure it out?

TURTLE: The only way—and I mean the only way—to figure it out is to use this very complex crazy math. You gotta use your exes and your logs and your bases. There is literally—and I can't stress this enough—literally no other way to calculate this or even estimate it.

JEN: Oh.

TURTLE: I can do it.

JEN: Oh?

TURTLE: But you'll have to shell out. 20 bucks.

JEN: Oh, uh, OK, I guess...

JUNIOR: What about the Rule of 72?

JEN: Wha?

JUNIOR: The Rule of 72!

TURTLE: Junior.

JUNIOR: What's your interest rate again, Purple Pants?

JEN: 3%.

TURTLE: Junior, the first rule of 72 is you don't talk about the Rule of 72!

JUNIOR: Hmmm... 24 years! At 3% interest, it will take 24 years for your investment to double in value.

TURTLE: Aaaargh!

JEN: You did that so fast!

JUNIOR: It's easy with the Rule of 72! All you have to do is divide 72 by the annual rate of return—that's your interest rate. Yours is 3%, so 72 divided by 3 is 24.

JEN: That's amazing! So if my interest rate is 6%?

JUNIOR: 72 divided by 6 is 12. It would take 12 years to double.

JEN: Or 1.5%?

JUNIOR: 72 divided by 1.5 is 48. It would take 48 years to double.

JEN: I like this system better.

JUNIOR: It's not as exact as the compli-mi-cated math, but it's a very close approxi-mer-ation!

JEN: You are as adorable as you are financially knowledgeable. And you saved me 20 bucks!

TURTLE: Aaaargh!

JUNIOR: In times of historically low interest rates, it's even more important to start investing early. I'm still a baby turtle, and even I'm earning compound interest.

JEN: Oooo, so cute.

TURTLE: Would you look at that? Nap time. Show's over! Come on, Junior. See ya.

JEN: Hey!

TURTLE: Let's go over this one more time. When Pops is working, Junior should...

JUNIOR: Pretend to be a banana.

TURTLE: 'Cause?

JUNIOR: Because bananas are quiet and don't give away secrets or ruin careers.

TURTLE: That's right.