

# Accumulating One Million Dollars

How long does it take to accumulate \$1,000,000?

The answer depends on three things.

1. How many years are available to accumulate the fund,
2. The after-tax rate of return, and
3. The method of contribution: One lump sum, or monthly contributions.

The table below shows how long it takes to accumulate \$1,000,000 under varying circumstances. The results shown are hypothetical.<sup>1</sup> The actual growth will depend on a number of factors.

Annual Rate of Return (after taxes)<sup>2</sup>

Years	Annual Rate: 6%		Annual Rate: 8% <sup>3</sup>		Annual Rate: 10% <sup>3</sup>		Annual Rate: 12% <sup>3</sup>	
	Lump Sum	Monthly	Lump Sum	Monthly	Lump Sum	Monthly	Lump Sum	Monthly
5	\$741,372	\$14,333	\$671,210	\$13,610	\$607,789	\$12,914	\$550,450	\$12,244
10	\$549,633	\$6,102	\$450,523	\$5,466	\$369,407	\$4,882	\$302,995	\$4,347
15	\$407,482	\$3,439	\$302,396	\$2,890	\$224,521	\$2,413	\$166,783	\$2,002
20	\$302,096	\$2,164	\$202,971	\$1,698	\$136,462	\$1,317	\$91,806	\$1,011
25	\$223,966	\$1,443	\$136,237	\$1,051	\$82,940	\$754	\$50,534	\$532
30	\$166,042	\$996	\$91,443	\$671	\$50,410	\$442	\$27,817	\$286
35	\$123,099	\$702	\$61,378	\$436	\$30,639	\$263	\$15,312	\$155
40	\$91,262	\$502	\$41,197	\$286	\$18,622	\$158	\$8,428	\$85

**Example:** If you contribute \$1,698 per month to an investment which returns 8% after taxes, you should accumulate \$1,000,000 in 20 years. Likewise, if you currently have \$202,971 invested at 8% (after-tax) for 20 years, it will grow to \$1,000,000 without any additional contribution.

<sup>1</sup> The calculations shown assume monthly compounding. Monthly contribution amounts are calculated on an end-of-month (ordinary-annuity) basis.

<sup>2</sup> The rates of return used in the illustration are not indicative of any actual investment and will fluctuate in value. An investment will not provide a consistent rate of return; years with lower (or negative) returns than the hypothetical returns shown may substantially affect the scenario presented.

<sup>3</sup> Seeking a higher rate of return generally involves a greater degree of volatility and risk.