

MODULE 1, LESSON 1.3 WORKSHEET



The Power of Compound Interest

Investing Essentials for Beginners

Key Concepts at a Glance

- **Compound Interest:** When your investment returns begin to earn returns themselves.
- **Consistency:** Regular investing helps the compounding effect grow stronger.
- **Time:** The most important ingredient in compounding.
- **Core Idea:** The longer your money stays invested, the more powerful compounding becomes.

A Simple Example

*You invest £1,000 and earn 5% in year one.
In year two, you earn returns not just on your £1,000, but also on the gains from year one.*

*Over time, this creates a snowball effect where growth accelerates.
This is why investing early and staying invested matters far more than trying to time the market.*

Take a Moment to Reflect

- What long-term goal would I like compound interest to help me achieve?

- When could I realistically start investing so compounding begins working in my favour?

- What might stop me from staying invested long term, and how could I plan around it?

Key Takeaway

Compound interest allows your money to grow on itself.
Time and consistency matter more than starting with a large amount.

What Comes Next?

Module 2

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