

S&P 500 Index Returns

(5-Year Holding Periods)

Inflation-Adjusted Returns

5 Year Period		Average Annual Compound Return*	Over 5 Years \$10,000 Becomes...	Total Return Over Period	Average Annual Net Compound Return*	Over 5 Years \$10,000 Becomes...	Total Net Return Over Period
1926	1930	8.67%	\$15,158	51.58%	11.09%	\$16,921	69.21%
1927	1931	-5.11%	\$7,694	-23.06%	-0.20%	\$9,901	-0.99%
1928	1932	-12.47%	\$5,138	-48.62%	-6.25%	\$7,243	-27.57%
1929	1933	-11.24%	\$5,509	-44.91%	-5.12%	\$7,689	-23.11%
1930	1934	-9.93%	\$5,929	-40.71%	-4.07%	\$8,123	-18.77%
1931	1935	3.12%	\$11,659	16.59%	7.69%	\$14,485	44.85%
1932	1936	22.47%	\$27,556	175.56%	23.77%	\$29,047	190.47%
1933	1937	14.29%	\$19,500	95.00%	11.97%	\$17,600	76.00%
1934	1938	10.67%	\$16,604	66.04%	8.95%	\$15,354	53.54%
1935	1939	10.90%	\$16,778	67.78%	9.74%	\$15,918	59.18%
1936	1940	0.50%	\$10,251	2.51%	-0.36%	\$9,820	-1.80%
1937	1941	-7.51%	\$6,767	-32.33%	-10.25%	\$5,823	-41.77%
1938	1942	4.62%	\$12,534	25.34%	0.89%	\$10,452	4.52%
1939	1943	3.77%	\$12,035	20.35%	-0.85%	\$9,580	-4.20%
1940	1944	7.67%	\$14,472	44.72%	2.41%	\$11,263	12.63%
1941	1945	16.96%	\$21,885	118.85%	11.11%	\$16,932	69.32%
1942	1946	17.88%	\$22,757	127.57%	9.68%	\$15,873	58.73%
1943	1947	14.86%	\$19,990	99.90%	6.69%	\$13,822	38.22%
1944	1948	10.87%	\$16,751	67.51%	2.97%	\$11,575	15.75%
1945	1949	10.69%	\$16,617	66.17%	3.48%	\$11,866	18.66%
1946	1950	9.91%	\$16,041	60.41%	2.17%	\$11,134	11.34%
1947	1951	16.69%	\$21,640	116.40%	12.26%	\$17,833	78.33%
1948	1952	19.36%	\$24,232	142.32%	16.72%	\$21,667	116.67%
1949	1953	17.86%	\$22,741	127.41%	15.71%	\$20,739	107.39%
1950	1954	23.92%	\$29,217	192.17%	21.37%	\$26,334	163.34%
1951	1955	23.89%	\$29,184	191.84%	22.37%	\$27,436	174.36%
1952	1956	20.18%	\$25,076	150.76%	19.22%	\$24,080	140.80%
1953	1957	13.58%	\$18,900	89.00%	12.06%	\$17,667	76.67%
1954	1958	22.30%	\$27,367	173.67%	20.52%	\$25,426	154.26%
1955	1959	14.96%	\$20,076	100.76%	12.90%	\$18,342	83.42%
1956	1960	8.92%	\$15,331	53.31%	6.72%	\$13,840	38.40%
1957	1961	12.79%	\$18,256	82.56%	10.99%	\$16,846	68.46%

		Inflation-Adjusted Returns				
5 Year Period	Average Annual Compound Return*	Over 5 Years \$10,000 Becomes...	Total Return Over Period	Average Annual Net Compound Return*	Over 5 Years \$10,000 Becomes...	Total Net Return Over Period
	1958 1962	13.31%	\$18,676	86.76%	11.97%	\$17,598
1959 1963	9.85%	\$15,998	59.98%	8.53%	\$15,057	50.57%
1960 1964	10.73%	\$16,643	66.43%	9.46%	\$15,715	57.15%
1961 1965	13.25%	\$18,628	86.28%	11.90%	\$17,547	75.47%
1962 1966	5.72%	\$13,204	32.04%	3.78%	\$12,038	20.38%
1963 1967	12.39%	\$17,936	79.36%	10.08%	\$16,167	61.67%
1964 1968	10.16%	\$16,221	62.21%	7.25%	\$14,191	41.91%
1965 1969	4.97%	\$12,742	27.42%	1.00%	\$10,510	5.10%
1966 1970	3.34%	\$11,786	17.86%	-1.30%	\$9,368	-6.32%
1967 1971	8.42%	\$14,979	49.79%	3.72%	\$12,004	20.04%
1968 1972	7.53%	\$14,375	43.75%	2.78%	\$11,471	14.71%
1969 1973	2.01%	\$11,046	10.46%	-3.76%	\$8,256	-17.44%
1970 1974	-2.35%	\$8,877	-11.23%	-9.92%	\$5,930	-40.70%
1971 1975	3.21%	\$11,709	17.09%	-4.76%	\$7,836	-21.64%
1972 1976	4.87%	\$12,685	26.85%	-3.41%	\$8,407	-15.93%
1973 1977	-0.21%	\$9,896	-1.04%	-8.94%	\$6,260	-37.40%
1974 1978	4.32%	\$12,357	23.57%	-4.42%	\$7,976	-20.24%
1975 1979	14.76%	\$19,904	99.04%	6.46%	\$13,673	36.73%
1976 1980	13.95%	\$19,211	92.11%	4.74%	\$12,605	26.05%
1977 1981	8.08%	\$14,751	47.51%	-1.82%	\$9,123	-8.77%
1978 1982	14.05%	\$19,295	92.95%	4.50%	\$12,461	24.61%
1979 1983	17.27%	\$22,183	121.83%	8.69%	\$15,167	51.67%
1980 1984	14.76%	\$19,903	99.03%	8.10%	\$14,762	47.62%
1981 1985	14.71%	\$19,864	98.64%	9.57%	\$15,791	57.91%
1982 1986	19.87%	\$24,748	147.48%	16.55%	\$21,509	115.09%
1983 1987	16.49%	\$21,450	114.50%	13.03%	\$18,449	84.49%
1984 1988	15.38%	\$20,452	104.52%	11.80%	\$17,467	74.67%
1985 1989	20.40%	\$25,306	153.06%	16.71%	\$21,652	116.52%
1986 1990	13.14%	\$18,541	85.41%	8.88%	\$15,300	53.00%
1987 1991	15.36%	\$20,431	104.31%	10.70%	\$16,623	66.23%
1988 1992	15.89%	\$20,905	109.05%	11.55%	\$17,274	72.74%
1989 1993	14.51%	\$19,685	96.85%	10.51%	\$16,483	64.83%
1990 1994	8.69%	\$15,167	51.67%	5.09%	\$12,818	28.18%
1991 1995	16.57%	\$21,526	115.26%	13.77%	\$19,059	90.59%
1992 1996	15.20%	\$20,292	102.92%	12.35%	\$17,902	79.02%

		Inflation-Adjusted Returns					
5	Average	Over	Total	Average	Over	Total	
Year	Annual	5 Years	Return	Annual Net	5 Years	Net Return	
Period	Compound	\$10,000	Over	Compound	\$10,000	Over	
	Return*	Becomes...	Period	Return*	Becomes...	Period	
1993	1997	20.24%	\$25,134	151.34%	17.60%	\$22,497	124.97%
1994	1998	24.06%	\$29,382	193.82%	21.64%	\$26,636	166.36%
1995	1999	28.55%	\$35,104	251.04%	26.16%	\$31,961	219.61%
1996	2000	18.35%	\$23,216	132.16%	15.70%	\$20,732	107.32%
1997	2001	10.70%	\$16,623	66.23%	8.43%	\$14,988	49.88%
1998	2002	-0.59%	\$9,710	-2.90%	-2.98%	\$8,597	-14.03%
1999	2003	-0.57%	\$9,719	-2.81%	-3.00%	\$8,587	-14.13%
2000	2004	-2.30%	\$8,903	-10.97%	-4.83%	\$7,807	-21.93%
2001	2005	0.55%	\$10,276	2.76%	-1.97%	\$9,055	-9.45%
2002	2006	6.19%	\$13,504	35.04%	3.45%	\$11,847	18.47%

Source: Although I performed these calculations myself, the underlying source for the annual returns is Morningstar's Stocks, Bonds, Bills, and Inflation 2007 Yearbook.

AllFinancialMatters.com

*Average Annual Compound Return during the period