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Use T-value Chart for Understanding Time Value of Money

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Real estate investing is all about numbers. No better or worse than the bottom line are rates of return, financing, cash flow and property value and a few dozen other measures and ratios. Time value of money of money must be involved to understand that bottom line correctly because any cash flow you expect to receive in the future might not be worth the amount you think. Money must be measured against time, as it never remains static and over time changes value. T-value chart help in keeping a track on the time value of money.

Time erodes the value of money. Due to inflation, you might not enjoy the same purchasing power with that fistful of dollars next year as you would today. Time value in excel and t-value chart makes it easy for you to keep a track on the same. This is the reason why we desperately try to measure and solve for those changes through t-value chart as time value of money is crucial to any kind of investment analysis. With a consideration for the time value money, returns such as internal rate of return (IRR), net present value (NPV), and financial management rate of return (FMMR) are all are used to measure an investor's rate of return.

Present value defines what a dollar is worth today while the Future value defines the worth of a dollar at some future time. In the Present value scenario if you have certain amount of cash stacked then the same amount is the "purchasing power" of that money. In case of future value of money could get over valued or get under-valued depending on the financial environment persistent at that time. Time value in excel can be used to keep a track on Present value and Future value of money.

One must keep in mind that the timing of receipts might be more important than the amount received. Mathematical procedures known as discounting and compounding were developed because it was deemed necessary to consider money from a time value standpoint and for that reason internal rate of return and net present value are used by real estate analysts as measurements of a property's profitability. T-value chart help in keeping a track on the timing of receipts.

Time value of money is obviously complicated stuff. It does require the use of a financial calculator, time value in excel, t-value chart, software programs such as real estate investment software program in case of real estate investments. Crucial to prudent is real estate investment. Rental property justifies an effort to understand and solve for it, as it does consist of increments of cash flows collected over time. In the end, the difference between your making a good or bad investment decision can be made by your ability to measure time value of money by making use of t-value chart, time value in excel and calculators. By making use of these tools, you can get to know the right value associated with the money you have, or the investments you have made.

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Andrew Johnson is the author of this article. He has worked extensively in developing various software on amortization, time value and loan calculations. Through his articles, he is guiding on how a t-value chart, time value calculators and tvalue calculator has made mortgage-related intricate mortgage calculations easy. For more information on a time value in excel, you can also

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