

| Discount rate | 8% | | | | | |
|---|----------------|--------------------------|---------------|---------------|----------------|-------|
| Assume the project is completed in Year 0 | | | Year | | | |
| | 0 | 1 | 2 | 3 | Total | |
| Costs | 100,000 | 25,000 | 25,000 | 25,000 | | |
| Discount factor | 1 | 0.93 | 0.86 | 0.79 | | |
| Discounted costs | 100,000 | 23,250 | 21,500 | 19,750 | 164,500 | |
| Benefits | 0 | 80,000 | 80,000 | 80,000 | | |
| Discount factor | 1 | 0.93 | 0.86 | 0.79 | | |
| Discounted benefits | 0 | 74,400 | 68,800 | 63,200 | 206,400 | |
| Discounted benefits - costs | (100,000) | 51,150 | 47,300 | 43,450 | 41,900 | ← NPV |
| Cumulative benefits - costs | (100,000) | (48,850) | (1,550) | 41,900 | | |
| ROI | → 25% | | | | | |
| | | Payback in Year 3 | | | | |