DAY 3 – Using TVM Solver and The Effects of Changing Conditions

1. A $675 investment earns interest at 3.4% per year, compounded semi-annually, for five years.
   a. Find final amount and interest

   b. What will be better if you
   i. Double the interest rate? ii. Double the total length of time?

2. Barb plans to invest $10 000 in a term deposit for two years. She has three choices
   A 6.8% per year, simple interest
   B 6.2% per year, compounded semi-annually
   C 6.0% per year, compounded quarterly
   Which plan should she choose? Why?

3. Your goal is to have $10 000 in five years.
   a. How much needs to be invested today
      i. at 6% per year, compounded monthly?

      ii. at 6% per year, compounded semi-annually?

   b. Which principal is greater? Why?