NAME: KOLEMAN PARSLEY

**Project 3**

FIN 138



**Directions: Complete the following questions and show your work. Highlight or circle your final answer. Use Appendix A-1 and A-3 for the following problems.**

1. What is the future value of a $2,000 lump sum, 10% investment over 10 years?

To find this answer I first located which chart, I am using A-3, I then found n =10 and crossed it at the interest rate to find roughly 15.94, so 2000 x 15.94 = roughly $31,880

1. How much more will a lump sum investment of $10,000 grow in a 12% investment over an 8% investment over 30 years? (Include total amount & increase amount over 8%)

To find this answer I first located the chart to use, I am using chart A-3 for both sums then minus 8% sum from 12% sum so 10,000 x 241.33 = $2,413,300 then 8% for 30 years equals 10,000 x 113.28 = 1,132.800, then $2,413,300 – $1,132,800 = $1,280,500 difference!

1. How much more will an annuity investment of $2,000 grow in a 10% investment over an 8% investment for 30 years? (Include total amount & increase amount over 8%)

For this I used the A-3 chart first off, 2000 dollars at 10% investment for 30 years equals 2000 x 164.49 = $328,980

Then 2000 dollars at 8% for 30 years 2000 x 113.28 = $226,560, the difference is $328,960 – $226,560 = $102,400 Difference!

1. What is the future value of a sum of $400 if you invest it at 5 percent for three years?
2. Andrew dreams of buying a house and wants to save money for a down payment. He decided to save $1200 each year for ten years, invested at 8%. What is the future value of his investment?
3. You decided you need $2000 in 3 years to upgrade your car. How much would you have to deposit today at a 5% interest rate to have the needed funds 3 years from now?
4. Jennifer wants to withdraw $6000 in 5 years. How much does she need to deposit today at a 6% interest rate?
5. De’Ron’s mom called him today to ask if he wants $5000 now or $8000 five years from now. If the investment could earn 8% interest over the next five years, which option should De’Ron choose?
6. Tony wants to go on a trip to Europe after he graduates from college. He estimates that the trip will cost $3000. At a 6 percent return, how much does Tony need to invest in a lump sum today to have $3000 five years from now?
7. You graduated from college and estimate that you can save $1200 per year. You found investments for 8% return and 10% return. What is the difference over 15 years?

**You are expected to complete your own work for this course. To indicate your participation, complete the following statement by typing your name on the blank line.**

I, KOLEMAN PARSLEY, completed this assignment and am submitting my own work.