

### Concept of Economics - Tutorial 3

1. What will be your Rs. 1000 worth after five years at 10% ?
2. A person plans to contribute Rs. 2,000 every year ( at year end) to a retirement account which pays 8% interest. If the person retires in 30 years, what is the future value of this amount?
3. How much you should deposit in a bank annually (at year end) so that you get Rs. 1,50,000 at the end of 10 years at 10% rate of interest?
4. How much Rs 100 paid at the end of each year for next 3 year worth now at discount rate of 5% per annum?
5. Exactly ten years from now Sri Chand will start receiving a pension of Rs 3000 per year. The payment will continue for sixteen years. How much is the pension worth now if rate of interest is 10%.
6. Ten years from now, Emma will start receiving a pension of Rs 4000 per year. The payment will continue for twenty years. How much is the pension worth now if the rate of interest is 8%?
7. Your father has promised to give you Rs 1,00,000 in cash on your 25<sup>th</sup> birthday. Today is your 16<sup>th</sup> birthday
  - a) If he decides to make annual payments into fund after one year, how much will each have to be if the fund pays 8%
  - b) If he decides to invest in a lumpsum in the account after one year and let it compound annually, how much will be the lumpsum.