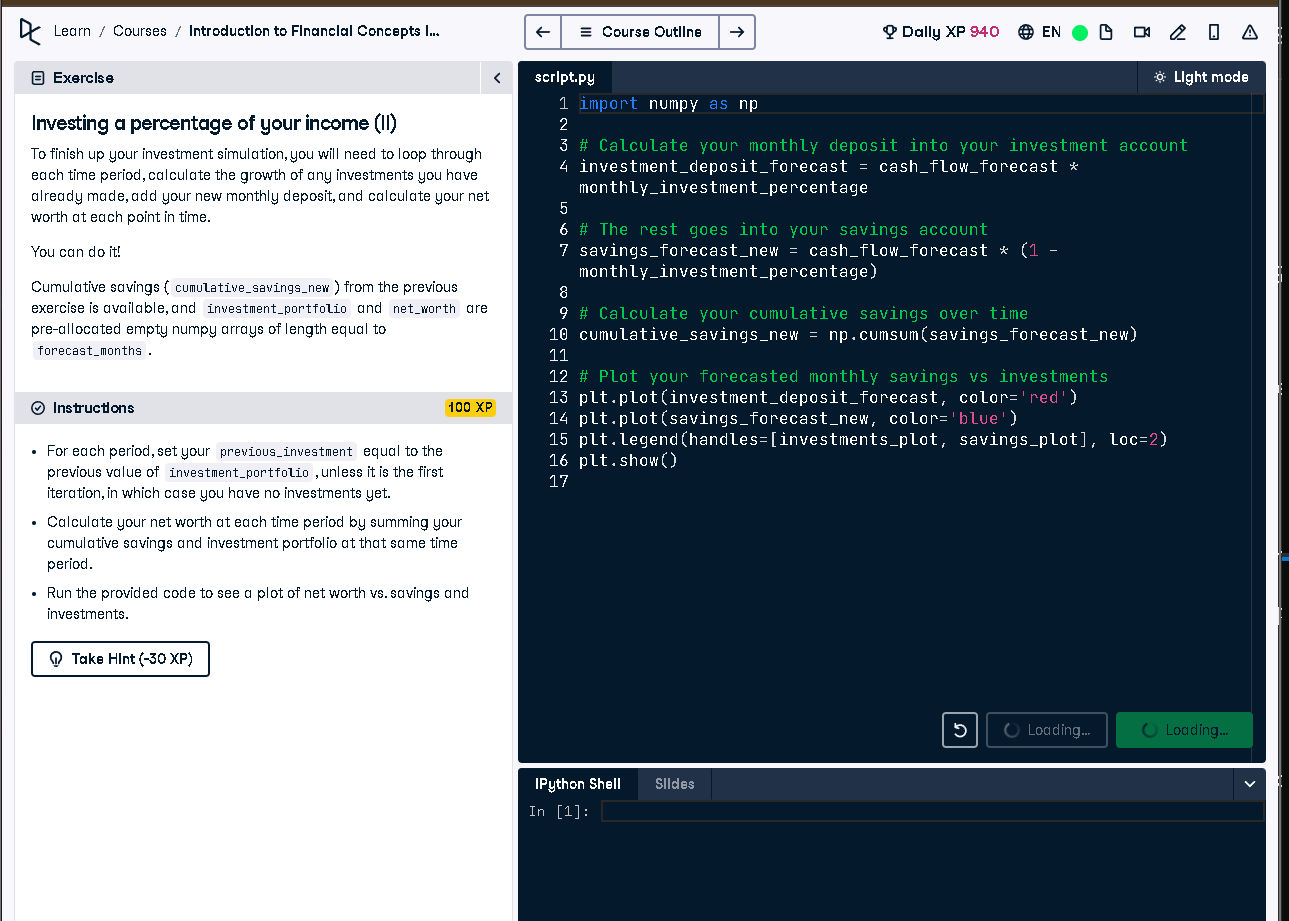
Investing a Percentage of Your Income (II) - Corrected Full Answer



# Full Code Answer:

import numpy as np  
  
# Loop through each forecast period  
for i in range(forecast\_months):  
   
 # Find the previous investment deposit amount  
 if i == 0:   
 previous\_investment = 0  
 else:  
 previous\_investment = investment\_portfolio[i-1]  
   
 # Calculate the value of your previous investments, which have grown  
 previous\_investment\_growth = previous\_investment\*(1 + investment\_rate\_monthly)  
   
 # Add your new deposit to your investment portfolio  
 investment\_portfolio[i] = previous\_investment\_growth + investment\_deposit\_forecast[i]  
   
 # Calculate your net worth at each point in time  
 net\_worth[i] = investment\_portfolio[i] + cumulative\_savings\_new[i]  
   
# Plot your forecasted cumulative savings vs investments and net worth  
plot\_investments(investment\_portfolio, cumulative\_savings\_new, net\_worth)

# Question:

How do you compute net worth over time by combining investment growth with savings deposits each forecast period?

# 20-word Explanation (Question):

Net worth calculation includes cumulative savings plus investment portfolio growth, updated monthly for accurate financial forecasting.

# Answer:

Each month, grow previous investments by monthly rate, add new deposits, then sum with cumulative savings for net worth.

# 20-word Explanation (Answer):

We simulate monthly compounding on investments and add cash deposits, then combine with savings to track net worth.