

"Money buys everything except love, personality, freedom, immortality, silence, peace."

CARL SANDBURG

In class work 12 has questions 1 through 3 with a total of 8 points. This assignment is due at the end of the class period (9:55 AM). This assignment is printed on **both** sides of the paper.

- 2 1. Andy is saving his money to purchase a \$12,495 Martin D-18 guitar. To save for the guitar, he invests \$10,000 into a bank CD with an APY of 5.02%. How long will Andy need to wait until he can purchase the Martin D-18?
- 2 2. In April 2004, Ms Oro purchases one ounce of gold for \$647. Today (that is, twenty years later), Ms Oro sells her gold for \$1,995. Find the APY for this investment.

3. To save for the purchase of a new Aston Martin DB11, James purchases a bond with a value of \$100,000 when it matures in 30 years.

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(a) At the time of purchase, the 30 year APY is 5.0%. Find the *purchase price* of the bond.

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(b) After five years, James decides to sell his bond and to use the proceeds to purchase an organic cacao farm in Hawaii. At the time of sale, the 30 year APY is 4.0%. Find the sale price of the bond.