Question 26 (4 marks)

Nina plans to invest $35 000 for 1 year. She is offered two different investment options.

Option *A*: Interest is paid at 6% per annum compounded monthly.

Option *B*: Interest is paid at *r*% per annum simple interest.

(a) Calculate the future value of Nina's investment after 1 year if she chooses Option *A*.

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(b) Find the value of *r* in Option *B* that would give Nina the same future value after 1 year as for Option *A*. Give your answer correct to two decimal places.

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