## The legacy

## Resource sheet 2

## Model B

What does this model do?

## Things to think about

- What is the interest rate in this spreadsheet?
- What is the inflation rate?
- Why is the annual expenditure going up each year?
- What annual expenditure would leave no (or a very small) balance left at the end of 50 years? What is the total income/expenditure at the end of 50 years in this case?
- What would the total income be if the interest rate is 4% and you spend:
  - nothing each year?
  - the same amount each year (taking into account inflation)?
- Investigate which interest rates and inflation rates would guarantee an income of £3 000 000 if you spend the same amount each year (taking into account inflation), with only a small balance, or no balance, at the end.

Prepare a presentation on the strengths and weaknesses of this model and why the school might choose it.