

The legacy

Resource sheet 1

Model A

What does this model do?

Things to think about

- What is the starting interest rate in this spreadsheet?
- What is the annual expenditure (amount you spend each year)?
- How much could be spent after 50 years if you withdrew:
 - nothing until the end of the year?
 - the same amount every year?

Experiment with changing the variables. For example:

- What would the total money available to spend over 50 years be if you invested at an interest rate of 4% and you spent:
 - nothing each year?
 - the same amount each year?
- What interest rate and annual expenditure would guarantee a total spend on the initial investment of £3 000 000 (with only a small balance, or no balance, left at the end)?

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