

How Time and Interest Affect Money

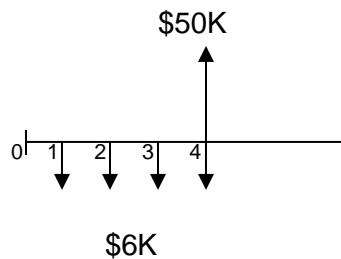
Excel Lab

Find and use the appropriate Excel function(s) to do the following. Where possible, find two different paths to the solution.

Exercise 1 – How much do you need to invest today in a CD with an ROR of 5.5% if you want to purchase a car 3 years from now for \$10,000?

Exercise 2 – Your monthly rent and living expenses are \$625. How much should be put into your money market amount today to pay for the next 12 months? Assume your money market is currently paying 5% annually.

Exercise 3 – What is the ROR on an investment with the following cash flow?



\$6K is paid out at end of periods 1, 2, 3, & 4 with the investment worth \$50K at end of period 4.

Exercise 4 – How many years do you need to invest to obtain \$100,000 at the end of year n , given that you can only invest \$1500 per year? Assume 8% interest.

Exercise 5 – If you can invest \$1000 now in a money market account and increase that amount by \$150 each year for the next 10 years, how much will you have in the account at the end of that time if the account pays 4.75% per year?