

B-24.05

Below are four independent scenarios relating to the investment of a single lump-sum amount. Calculate the future value of each, using the algebraic formula illustrated in the textbook. Then, verify your answer by reference to the "future value of \$1" table. If you have a "business" calculator, additionally verify your calculations using the future value functions included with your calculator.

- (a) An investment of \$1,000 for 10 years, at a 5% annual rate, compounded annually.
- (b) An investment of \$5,000 for 2 years, at a 6% annual rate, compounded monthly.
- (c) An investment of \$2,500 for 3 years, at a 10% annual rate, compounded semi-annually.
- (d) An investment of \$7,500 for 5 years, at a 8% annual rate, compounded quarterly.