

Each of the following scenarios is independent. Utilize the appropriate future value or present value table, and calculate the requested amount. Then, if available, utilize the related function in an electronic spreadsheet (or financial calculator) to verify your calculation.



- (a) How much will a lump sum of \$10,000, invested at 7% per annum, grow to in 20 years?
- (b) How much will be in account after 2 years, if \$50 is placed into the account at the beginning of each month? Assume the account's interest rate is 6%, with monthly compounding.
- (c) How much should be set aside today, so that it will grow to \$30,000 in 15 years? The discount rate is 9%.
- (d) What is the present worth of an income stream that includes annual end-of-period payments of \$100,000 for 20 years? Assume the appropriate discount rate is 8% per year.

**SPREADSHEET
TOOL:**

*Future value/
Present value
functions*