

Clicker Question

1. What is the total savings plus interest when \$25 is deposited into an account every month for 8 months at 1% compounded monthly?

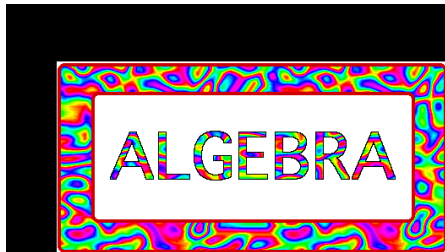
- a) $25(1 + \frac{.01}{12})^{8 \times 12}$
- b) $\frac{25((1 + \frac{.01}{12})^{8 \times 12} - 1)}{\frac{.01}{12}}$
- c) $\frac{25((1 + \frac{.01}{8})^8 - 1)}{\frac{.01}{8}}$
- d) $\frac{25((1 + \frac{.01}{12})^8 - 1)}{\frac{.01}{12}}$
- e) other

Answer the clicker question and then work with a neighbor to write out a scenario for each of the choices.

Clicker Question

2. Joan saved early for the first 10 years and then vacationed for the remaining 34 years. Which formulas must be used to calculate her total savings plus interest?

- a) lump
- b) periodic payment
- c) both of the above
- d) other



http://www.youthink.com/images_quiz/2008/07/01/100_734404393.jpg



Clicker Question

3. What algebraic operations did we use to derive the periodic payment/annuity formula?

- a) multiplication, distribute, factor
- b) rule for powers—add the exponents
- c) subtraction
- d) all of the above

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shift our view via transforming it by a common piece ($1+\text{rate}$) and then we combined the shifted equation with the original (subtraction). The overlap cancelled to give us a manageable formula

Clicker Question

4. For the lottery, would you take a lump sum or periodic payment option?

- a) lump
- b) periodic
- c) neither—I would refuse the winnings

