

Step 1: Mutual Funds (due date: 4/19)**Mutual Funds, waiting to invest:**

1. Choose an amount of money (\$100 – \$500) that you will invest MONTHLY until age 68. (PMT)
2. You will invest in a mutual fund earning an average return of 10% compounded ANNUALLY.
3. Research mutual funds. (*see Mutual Fund links on Lib Page*) Record a definition and a list of pros and cons.
4. Complete the “Why I Should Start Investing Now” table using a retirement age of 68.
5. Include a paragraph about your calculations and what you learned about investing over time.

Mutual Fund Definition:

Mutual Fund Pros:

Mutual Fund Cons:

N	
I%	10
PV	
PMT	
FV	
P/Y	
C/Y	

Why I Should Start Investing Now

Person's age	Years a person invests	Future Value
18	50	
28	40	
38	30	
48	20	
58	10	

Paragraph:(minimum of 4 complete sentences written legibly)

Step 2: Credit Card Payoff (due date: 4/19)

- Your credit card limit is \$3,000.
- Research a major purchase and include the website for proof of purchase price.

Assume you can pay only 5% of the purchase price each month. (PMT)

Major Purchase:

Price:

Website:

- Complete a TVM table with a **15% Annual Interest Rate** to find the length of time needed to pay off the purchase.

N	
I%	
PV	
PMT	
FV	
P/Y	
C/Y	

Length of time to pay off loan: _____

Total amount of money paid for purchase: $(N) \times (PMT) =$ _____

If the credit card company required an 11% minimum monthly payment, what would your monthly payment be?

If you paid the 11 % minimum payment every month, would it increase or decrease the total cost of your purchase?

Step 3: Car Purchase (due date: 4/19)

1. Find a vehicle valued at **\$25,000** or less and provide source of the sticker price below.
2. Go to bankrate.com and find rates for both a 48 and 60 month auto loan.
 - a. Click on "auto" choose "loan rate."
 - b. Search by zip code, blue button. In the Product box, select 48 month new car loan, "find rates"
 - c. Select a bank that offers a loan with **no fee** and record the interest rate in the table provided.
 - d. Repeat the process for a 60 month new car loan.
3. Use your graphing calculator to complete the TVM solver tables and complete for 48 and 60 months below.
4. Answer the three questions.

Vehicle description:

Purchase price:

Source:

	48 months		60 months
N		N	
I%		I%	
PV		PV	
PMT		PMT	
FV		FV	
P/Y		P/Y	
C/Y		C/Y	

Answer Questions:

1. How much money did you actually pay the bank for each loan?

48 month loan: \$_____

60 month loan: \$_____

2. How much more money did you pay the bank for a 60 month vs. a 48 month loan?

\$_____

3. How much money could you have saved for each option, if you just paid for the car in cash? (NO INTEREST)

48 month loan: \$ _____

60 month loan: \$ _____

Step 4: Present Value, Waiting to Invest Activity (due date: 4/19)

1. Choose an amount of money (ONE LUMP SUM) that you would like to have when you retire.

\$ _____ (GOAL should be **at least 7 figures.**)

2. Assume you will invest in a mutual fund earning an average of 8% interest, compounded monthly.
3. Assume you will continue to invest in this fund for 40 years after college
4. Using the TVM Solver, complete both FUTURE VALUE tables.
5. **CIOMMENT** on pros and cons of committing \$100 per month vs. \$500 per month and relate to your GOAL.

\$1,000 initial & \$100 monthly investment

N	# years • compounding periods
I%	8%
PV	\$1,000
PMT	\$100
FV	ALPHA enter
P/Y	12
C/Y	1

\$1,000 initial & \$500 monthly investment

N	# years • compounding periods
I%	8%
PV	\$1,000
PMT	\$500
FV	ALPHA enter
P/Y	12
C/Y	1

FUTURE VALUE of monthly investment

Years money is invested	Future Value of Your Investment (FV)		Years money is invested	Future Value of Your Investment (FV)
0	(= initial investment)		0	(= initial investment)
20			20	
25			25	
30			30	
35			35	
40			40	

(Step 4 continued)

- Comment:**
- a. pros and cons of each investment strategy (\$100 monthly vs. \$500 monthly)
 - b. comment on what age you plan to start investing and why
 - c. answer: What is the investment strategy that will meet your retirement fund goal?
(include dollars per month and starting age in your answer)