

Chapter 5 – Example 1

You have just deposited \$50,000 into a savings account that pays an APR of 3% per year compounded monthly. You plan to begin making quarterly withdrawals from this account 2 years from today. You would like for each withdrawal to be 0.4% larger than the previous one and would like to continue making withdrawals through 5 years from today. How large will be your final withdrawal from the account?