

1:25 Quiz: 1/30/12

Name _____

Quiz: Assume a rich relative has just promised to give you money once a year. The first payment will occur four months from today and your final payment will occur six years and four months from today. The first payment will equal \$1000 and the payments will grow by 2% each. If the interest rate is 5.5% per year, what amount of money today would be equivalent to this gift you have received? Note: you don't have to solve anything, just set up all of the equations and fill in all of the numbers that would be required to solve the problem.

Note: Bonus WSJ Questions on back of page