

Quiz: 2/6/12

Name & Class time _____

Quiz: Assume you want to withdraw \$100 per quarter from an account that pays an APR of 6.5% with monthly compounding. Your first withdrawal will occur three years from today and your final withdrawal will occur four years from today. To fund this account, you plan to make a series of monthly deposits into the account. The first deposit would occur two months from today, the final deposit would occur two years from today, and each deposit would be 1% larger than the previous one. How large should you make your first deposit?

Note: Bonus WSJ Questions on back of page