MEL 3E – Grade 11 Workplace Mathematics Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

***How Can I Make The Most Money?***

* *For each of the following investment scenarios, organize the information using the chart below.*

1. a) **Scenario One**

* You have $5000 to invest in a Term Deposit.
* The interest is paid annually at the rate of 4.2% per annum and you will invest for 2 years.
* Calculate the total interest that you are paid and the value of your investment after 2 years.

b) **Scenario Two**

* You received a $1000 bonus at work.
* You have invested it in a six-month, simple interest Guaranteed Investment Certificate (GIC) that pays 5.425% per annum.
* Calculate the total interest on your investment and the value of your investment when the GIC matures.

c) **Scenario Three**

* You have just inherited $2000 from your grandmother.
* You decide to go to the bank and invest your money in a Term Deposit.
* The interest rate is 3.7% per year.
* Calculate the total interest that you are paid and the value of your investment after 5 years.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Scenario**  **Number** | **Principal**  **($)** | **Interest Rate**  **(in decimal form)** | **Time**  **(years)** | **Interest Earned**  **[I = Prt]**  **($)** | **Amount at end of investment period [A = P + I]**  **($)** |
| **One** |  |  |  |  |  |
| **Two** |  |  |  |  |  |
| **Three** |  |  |  |  |  |

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2. A friend has inherited $5000. The money will be invested for two years. He has asked you to help him choose between two investment options.

**Option 1**

* A two-year Term Deposit that pays 4.75% per annum.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Principal**  **($)** | **Interest Rate**  **(in decimal**  **form)** | **Time**  **(years)** | **Interest Earned**  **[I = Prt]**  **($)** | **Amount at end of investment period [A = P + I]**  **($)** |
|  |  |  |  |  |

**Option 2**

* A six-month Term Deposit that pays 4.5% per annum.
* After each six-month period, the interest is added on and then reinvested.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Six-Month**  **Period**  **Number** | **Principal**  **($)** | **Interest Rate**  **(in decimal**  **form)** | **Time**  **(years)** | **Interest Earned**  **[I = Prt]**  **($)** | **Amount at end of investment period [A = P + I]**  **($)** |
| 1 | 5000 | 0.045 | 0.5 | 112.50 | 5112.50 |
| 2 | 5112.50 |  |  |  |  |
| 3 |  |  |  |  |  |
| 4 |  |  |  |  |  |

**Conclusion**

* Which investment option should your friend choose? Explain.

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