Name: _____

# Investing in Your Future

You have the opportunity to invest $5000.00.  You have looked into different savings plans and have narrowed your choices down to two options for investing your money.

| Money Market Account | Certificate of Deposit (CD) |
|---|---|
| The Money Market account offers an interest rate (APR) of 3.5% that is compounded monthly.  In order to open this account, an initial investment of at least $100.00 is required.  You may make deposits to this account at any time. | The CD offers an APR of 4.16% that is compounded monthly for a period of 5 years.  If you choose to invest in the CD, you must deposit the entire $5000.00 up front.  You may not deposit additional funds during the 5-year period. |

Formula for compound interest: $A = P\left(1 + \dfrac{r}{n}\right)^{nt}$

**PROBLEM:**

Your task is to decide which investment scenario will result in the greatest return over a five-year period.  You may choose deposit $5000.00 into the CD or you may choose deposit $100.00 each month for 5 years into the Money Market account.

A.  Predict which scenario would be the better investment. Justify your reasoning.

B.  Using the Lists & Spreadsheets application of your TI-Nspire handheld, compare the monthly balances for each type of investment.  Was your prediction correct? Explain why or why not, using the data from the spreadsheet to support your explanation.