

## CHAPTER 8 TASK

### Socking It Away

1. Suppose you have a part-time job and earn \$10.50/h. Suppose you work an average of 20 h per week during the school year and 40 h per week during the 9 weeks of the summer.

- a) Calculate your annual gross income based on the values above. Show your calculations.
- b) If you are able to save 20% of this income, how much will you save in one year? Round your answer to the nearest hundred dollars.



2. a) Research the following investment opportunities and complete the table.

	<b>Annual Interest Rate Earned</b>	<b>Simple or Compound Interest?</b>	<b>Compounding Frequency (if applicable)</b>
A youth savings account from a bank or credit union			
A savings account from an Internet bank			
A Canada Savings Bond			

- b) Without making any calculations, which option do you think you should choose? Explain your reasoning.
3. a) Determine the future value of the savings invested in each option above, at the end of one year.
- b) In how many years will you be 65 years old? Assuming that this one-time investment continues to be reinvested year after year until you turn 65, and assuming that the interest rates stay the same (they won't but just assume for now that they will), how much will your original investment be worth when you are 65?
- c) Estimate how much money you would have when you turn 65 if you invested the amount that you invested this year, every year. Explain your answer.