

Quiz 2

50 Points (End time: 10:00am)

Question (50 points)

Write the complete statement that would calculate the present worth of the following transactions. All values that are known and can be calculated must be indicated in the formulas but you do not need to find the actual values of factors or perform actual calculations.

Duration: 20 years

Interest rates: 10% from 0-10, 12% from 10-20, compounding annually except between years 9-11 which is compounding monthly

Investment: 5000 in year 0, 10000 in year 10

Withdrawals: 1000 in year 2 increasing yearly by 200 to year 14 then reducing by 15% each year to year 20