

MA 110 WORKSHEET (3.3)

Name Solutions

Think before you do each part – do you always need the TVM-Solver?

- A. When you get your first "good" job, how much should you save each month in your retirement account (for 30 years) at 7% compounded monthly to be a millionaire when you retire?

N =	360
I% =	7
PV =	0
PMT =	-819.69
FV =	1000000
P/Y =	12
C/Y =	12

- B. How much money will **YOU** deposit in total?

$$30 * 12 * 819.69 = \$295,088.40$$

- C. How much interest will you earn?

$$1000,000 - 295,088.40 = \$704,911.60$$

- D. How many years would you have to save to accumulate \$1,000,000, when you retire, if you only save \$200 a month?

N =	586
I% =	7
PV =	0
PMT =	-200
FV =	1,000,000
P/Y =	12
C/Y =	12

$$586/12 \sim 49 \text{ years}$$