

EXCEL: Savings Brainteaser Part II

You are presented with the following choices:

- Option 1: \$1,000,000 in one month, or
- Option 2: A single penny doubled every day for the period of one month

Which would you choose and why?

Activity

1. Review this website and state how much Option 2 from the brainteaser is worth at the end of the month.
<https://thecollegeinvestor.com/17145/would-you-rather-have-a-penny-that-doubles-each-day-for-a-month-or-1-million/>
2. Explain why option 2 is the better choice if you want to have more money at the end of the month.
3. Explain how this is an example of compound interest.
 - a. What is the interest rate?
 - b. What is the time period?
 - c. At what frequency is it compounded?
4. For long-term goals, why is it important to start saving early?