1. Invest $6000/yr into savings for 25 years 1% return

N=25, i/y =1 pmt=$6000

Fv= 169459.20

Invested $6000\*2 years = $150,000 principal

Interest= $169459.20-150,000= $19,459.20

Later year of life / wants guarantee / security / no risk

60-85yrs

1. Invest $6000/yr into bonds for 25 years 4% return

N=25, i/y =4, pmt = 6000 FV =249,875.45

PRINCIPAL= $150,000

INTEREST= $99875.45

SAFE INVESTMENT / NOT GUARANTEED BUT LOW RISK

BETTER RETURN THAN INFLATION (2% ON AVG)

1. Invest $6000/yr into balanced mutual funds (7% return)

N=25, I/Y=7 PMT 6000 FV= 379,494.23

PRINCIPAL=$150,000

INTEREST = $229,494.23

LOW TO MODERATE RISK, NOT GUARANTEED

OPTION FOR SOMEONE TO GROW LONG TERM