

**Inquiry Into Saving**  
A MAT115/117 Project

**Part II: Saving Now**

Choose two potential investment options (eg- savings account, mutual fund, CD etc.) . Describe and discuss the **pros and cons** of each. Include rates of return<sup>1</sup>. At the current rate of return for each investment, how much money, on average, do you need to be putting away each year in order to reach your desired savings? Use the formula  $A = I \cdot \frac{(1+r)^t - 1}{r}$  where A is the desired balance, I is the annual saving amount, r is the average return rate of your investment, and t is the time you will be saving. Show your work.

<b>Savings Option 1</b>			
<b>Description</b>	<b>Pros</b>	<b>Cons</b>	<b>Avg. Rate of Return<sup>2</sup></b>
			<b>Annual Investment</b>

<b>Savings Option 2</b>			
<b>Description</b>	<b>Pros</b>	<b>Cons</b>	<b>Avg. Rate of Return<sup>2</sup></b>
			<b>Annual Investment</b>

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<sup>1</sup> This info should be easy to find for savings accounts and CDs. If you or a friend/family member has a savings, checking, or investment based account, this info should be in the literature provided by the servicing institution. Some employers offer savings plans to their employees; if you are employed, this might be a place to start. If you cannot find two examples, talk to the instructor for assistance.

<sup>2</sup> Some investment options have variable return rates, but you should be able to find an average. Fixed vs. variable return rates should be discussed under Pros and Cons.