AMDM- Test Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

SAS1-SAS6

 **To receive credit for the correct response, you must show your work, be able to prove how you got the correct response!!!!!!!**

1. Twelve years ago, Joan put money into an account paying 6.5% compounded

semiannually. If the account has $18,000 now, how much money did she deposit?

2. Mr. Murphy has just started a career in the aerospace industry. He is 26 years old and wants to save $1,500,000 by the time he retires at age 67. He is going to invest in a retirement plan that earns 5.2% interest (compounded annually) per year. Calculate how much money Mr. Murphy must save today to reach his retirement goal. You must show all steps that led you to your answer.

3. Mary graduates from college at age 20 and immediately starts a retirement fund

at her new job. The retirement fund pays 6% interest compounded monthly. If she contributes $5,000 initially, how old will Mary be when the balance on the account reaches $15,000?

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4. How long does it take $4,000 to triple if it is invested at 7.2% interest compounded monthly?

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**Raul is considering three different job offers with a chain of department stores: an advertising director with a salary of $53,000 per year, a store manager position that pays $28 per hour and assumes a 40 hour workweek, and a sales position that pays a 7% commission on an average of $95,000 sales per month.**

5. Calculate Raul’s Gross Monthly Income

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6. Which job Should Raul accept? Explain your resoning.

**He will pay 15% federal income tax, 6.2% Social Security Tax, 1.45% Medicare Tax, and 4% state income tax.**

7. Calculate Raul’s Monthly After-Tax Income and identify which job Raul should take at this point.

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8. Ronnie wants to save for retirement and believes he needs $1,000,000. He is going to invest money for 30 years. He is offered 4.2% interest. Ronnie also has a choice of quarterly or monthly compounding. What value of money is needed to reach his goal for the two compounds? Which compounding would you rather have? Please explain in complete sentences

9. Ben is 25 years old and wants to be able to retire when he is 65. He plans to begin investing $200 and month into an account paying 5% annually. In 30 years, how much money will Ben be able to retire with?

10. Sally knows that she will need $1million in her account when she retires. If she works for 30 years and pays in to an account each month earning 5% annually, determine the monthly payments Sally needs to make each month to reach her retirement goal.