

Dear “Money Works”

Money Works is a financial blog. Its authors receive e-mails and offer people advice. Here are two emails received.

E-mail 1:

I started babysitting last year. I have saved \$200 in my coin bank. My parent says I should put it in a savings account that pays annual interest of 2%, with a \$2 annual fee.

My grandparent says I should invest in a GIC with annual interest of 3%.

*I want to keep the money in my coin bank!
How can I decide?*

- Determine the value of each option after 1 year.

- What advice would you give?
- Write a blog post response:

Dear “Money Works” (cont’d)

E-mail 2:

I borrowed \$200 to buy a tablet.

I have these options to pay back the loan in 1 year:

- *Pay an annual interest rate of 1% and a \$10 annual fee, or*
- *Pay an annual interest rate of 4% with no fee.*

Which should I choose?

- Determine the amount owing for each option after 1 year.

- What advice would you give?
- Write a blog post response: