Activity 3 Assessment
Exploring Interest Rates

Exploring Interest Rates

Identifies how interest rates affect saving and investing	Calculates the amount of an investment	Understands the effects of fixed-rate and variable-rate loans	Chooses a savings account for a financial institution
When I save, I earn interest, so when I withdraw the money, I have more money than I started with. When I borrow, I pay interest, so I have to pay back more money than I borrowed.	For a principal of $500, invested at 3% annual interest, the interest after 1 year is: $500 × 0.03 = $15 The amount is: $500 + $15 = $515	To start, the interest rate for a fixed-rate loan is usually less than the interest rate for a variable-rate loan. The interest rate for the variable-rate loan could increase or decrease at any time, and it may increase so much that a person can no longer afford the loan.	I plan not to withdraw any of the money I save until I go to college, so I shall save my money in a savings account with the greatest interest rate, and which does not allow for withdrawals for 5 years.

Observations/Documentation

Mathology 7
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