1. For each of the following, compute the Present value:

|  |  |  |  |
| --- | --- | --- | --- |
| Present Value |  Years |  Interest rate |  Future value |
|  |  6 |  7% | 15,451 |
|  |  7 |  13 | 51,557 |
|  |  23 |  14 | 886,073 |
|  |  18 |  9 | 550,164 |

2. Suppose you are still committed to owning a $170,000 Ferrari. If you believe your mutual fund can achieve a 12 percent annual rate of return and you want to buy the car in 9 years on the day you turn 30, how much must you invest today?