3. Calculate the future value of $2000 in

a) 5 years at an interest rate of 5% per year.

b) 10 years at an interest rate of 5% per year.

c) 5 years at an interest rate of 10% per year.

d) Why is the amount of interest earned in pat (a) less than half the amount of interest earned in part (b)?

7. You are thinking of retiring. Your retirement plan will pay you either $250,000 immediately on retirement or $350,000 five years after the date of your retirement. Which alternative should you choose if the interest rate is

a) 0% per year?

b) 8% per year?

c) 20% per year?