

Investing to Travel Western Canada

Deb and her best friend Kali have always talked about taking a road trip through Western Canada. They want to go in July so they can attend the Calgary Stampede, Edmonton's Capital EX, the Winnipeg Folk Festival, the Craven Country Jamboree in Saskatchewan, and the Williams Lake Stampede in British Columbia. Deb has a goal of saving \$2250 to pay for her portion of the gas, hotels, tickets, and food. She has \$200 in a savings account that earns 0.25% interest each month on the minimum monthly balance. At the end of each month, she makes a deposit of \$100.

? How long will it take Deb to meet her goal of saving \$2250?



The Craven Country Jamboree, held every year in Craven, in the Qu'Appelle Valley of Saskatchewan, draws visitors from across North America.

- A. Predict how long it will take for Deb to meet her goal. Explain your prediction.
- B. How much interest will she earn during the first month?
- C. At the end of the first month, how much money will Deb have in her savings account?
- D. Copy and complete the table below to determine how long it will take Deb to meet her goal. Compare your results with your prediction.

Month	Balance at Start of Month (\$)	Interest Earned (\$)	Deposits (\$)	Balance at End of Month (\$)
1	200.00		100.00	
2				
3				

WHAT DO You Think?

Decide whether you agree or disagree with each statement. Explain your decision.

1. Interest earned on an investment over time is a linear relationship.
2. Interest per annum means that interest is calculated and earned yearly.
3. An investment of \$1000 at 5% annual interest for 10 years yields the same result as an investment of \$1000 at 10% annual interest for 5 years.
4. A retirement investment portfolio, involving regular deposits, started when you are 25 years old is better than a retirement investment portfolio started when you are 45 years old.
5. The most important factor when building an investment portfolio is the rate of return.