- 1. The CREF Stock fund, which is a retirement plan, has an average annual total return of 10.56% since its inception in August 1952. Assume that this rate continues to hold.
 - (a) Suppose that you have \$1500 to open your account and plan to contribute \$200 per month.
 Set up the DE for this situation and give the solution.
 - (b) What will the value of the account be 15 years? 25? 40?
- 2. To celebrate the end of the academic year, you throw a big bash for all your friends (and professors). Unfortunately, you put the entire \$4000 cost on your credit card that charges 14.8% annual interest.
 - (a) What is interest charge for the first month?
 - (b) Suppose you make monthly payments of \$100 toward paying off the balance. Set up the DE for this case and give the solution. How long will it take you to pay off the balance?
 - (c) If you want to pay off the balance in two years, what should your monthly payments be?