

Name:

Date:

Directions: Answer the questions below in a complete sentence.

1. Why is \$100 a year from now not worth the same amount as \$100 today?

2. If the interest rate on investments rises, what happens to the <u>future value</u> of \$100 in your pocket today?

**3.** If the interest rate on investments rises, what happens to the <u>present value</u> of \$100 you would earn a year from now?

4. What is one situation in which it would be helpful to use time value of money calculations?

