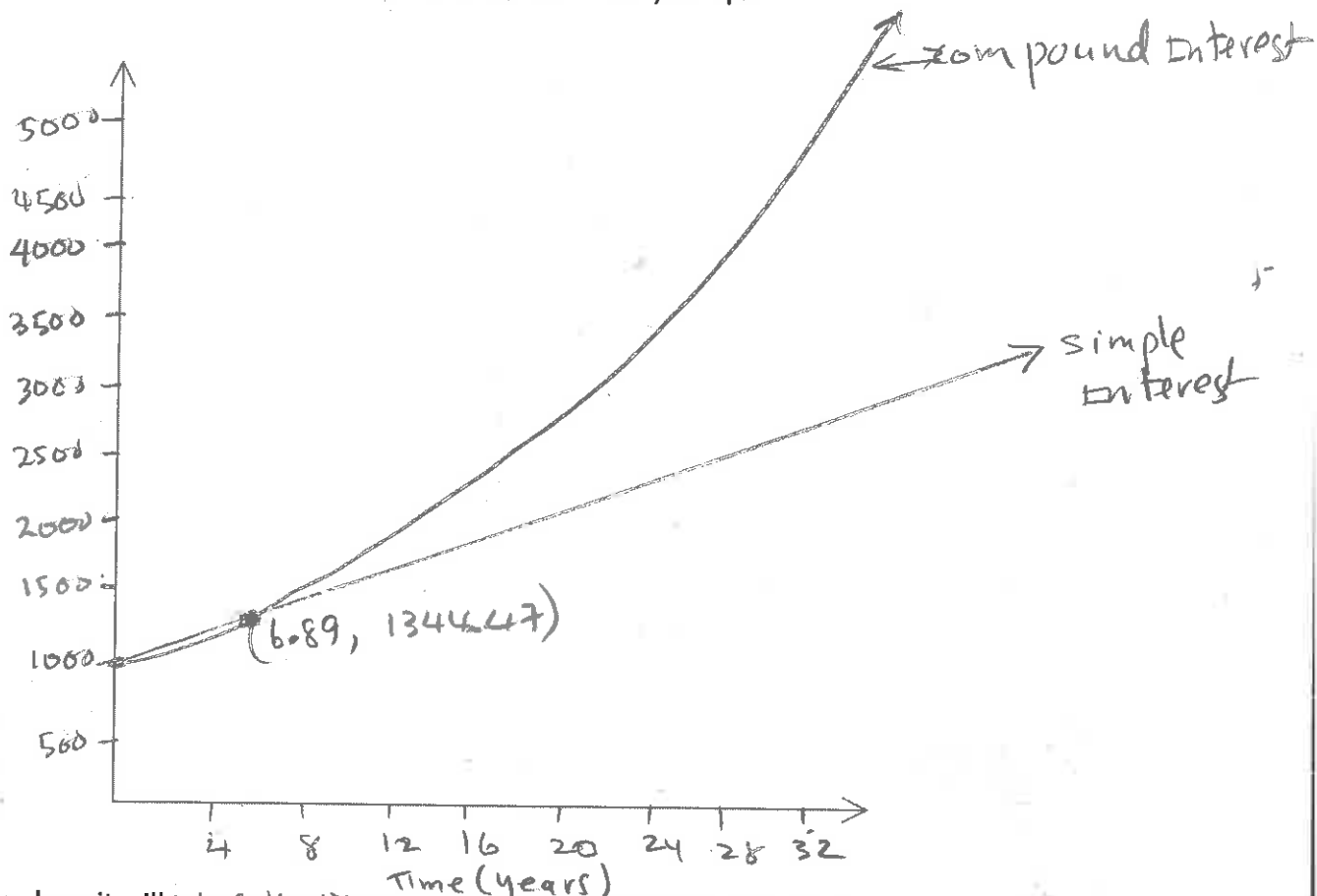


**Example 8**

Harsimran wants to invest \$1000. He has two choices:

- a GIC that pays simple interest at a rate of 5%  $\rightarrow y_1 = 1000 + 1000(0.05x)$
- a savings bond that pays 4.3% compounded bi-weekly.  $y_2 = 1000\left(1 + \frac{0.043}{26}\right)^{26x}$

- a) Sketch both of these investments in the space below. Label both axes. Adjust your window so that you can see the value of both investments over a 20-year span.



- b) How long it will take for both investments to have the same value?

Between year 6 and 7. (6.89 years)

- c) If Hasimran doesn't know when he will need the money, which investment would you recommend for him, and why? You CANNOT recommend both investments.

Compound Interest, he should choose compound interest because he would make more after 6.89 years.

**Complete #13-15 in Assignment 1**