# 1.7 Loan repayments and amortization\_P\_1

**1a.** *[3 marks]*

Yejin plans to retire at age 60. She wants to create an annuity fund, which will pay her a monthly allowance of $4000 during her retirement. She wants to save enough money so that the payments last for 30 years. A financial advisor has told her that she can expect to earn 5% interest on her funds, compounded annually.

Calculate the amount Yejin needs to have saved into her annuity fund, in order to meet her retirement goal.



**1b.** *[3 marks]*

Yejin has just turned 28 years old. She currently has no retirement savings. She wants to save part of her salary each month into her annuity fund.

Calculate the amount Yejin needs to save each month, to meet her retirement goal.



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