

# TIME VALUE OF MONEY



**DIRECTIONS:** Select the most appropriate answer for each question.

1. Which would you rather have?
  - a. \$100 today
  - b. \$100 one year from today
2. If the interest rate is 5%, \$100 today is basically equal to \_\_\_\_\_ one year from now.
  - a. \$95
  - b. \$100
  - c. \$105
  - d. \$150
3. If you lent a friend \$50 two years ago and the interest rate is 2%, he or she now owes you approximately
  - a. \$48
  - b. \$100
  - c. \$50
  - d. \$52
4. Which of these is the most valuable, if the interest rate is 10%?
  - a. \$800 today
  - b. \$1000 three years from now
  - c. \$2000 ten years from now
  - d. \$3000 twenty years from now

