Answer on Question#38961-Math-Calculus

Task

Fernando wants to start an annual scholarship program. He wants to have three five thousand dollar scholarships and one ten thousand dollar scholarship per year. The bank is offering Certificates of Deposit with an annual simple interest rate of 4% per year. How much money would Fernando need to invest in CD's to be able to pay for the scholarships with interest earned each year.

Solution

To pay for the scholarships Fernando must have:

3*5000+10000=25000 dollar – it is 4% from deposit

To be able to pay for the scholarships with interest earned each year Fernando need to invest in CD's:

25000/4*100=625000 dollar.

Answer

625000 $.