

Intro to Investing

1. You invested \$1,200 in a mutual fund. Your account now has a value of \$1,333. Your gain was:
- a) \$133
 - b) \$233
 - c) \$1,200
 - d) \$1,333

SOLUTION:

Current Value of your account _____
 Less: Original Investment - _____ = the gain _____

2. You invested \$2,300 in a stock. Your account now has a value of \$2,643. Your percentage gain on the investment (rounded to the nearest percent) was:
- a) 0%
 - b) 5%
 - c) 10%
 - d) 15%

SOLUTION:

Current value of stock _____
 Less: Original Investment _____ = gain _____

Gain _____ / Original investment = _____ percentage of gain

3. You invest \$1,000 in a fund. You check your statement at the end of April and you have lost 13%. When the statement for May comes, you see you have gained 13% in May. What is the value of your account? Round to the nearest dollar.
- a) \$850
 - b) \$917
 - c) \$983
 - d) \$1,057

SOLUTION:

Original Investment: _____ x _____ % (percentage loss) = \$ _____ (loss)

\$ _____ - _____ (loss) = _____ Balance for April

Beginning Balance for May _____ x _____ % of gain for May = _____ Gain for May

Ending value for May = _____ + _____ = \$ _____

\$1,000 (Original investment) x .13 (Percentage loss) = \$130
 Balance for April = \$1,000 - \$130 = \$870
 \$870 (Beginning balance in May) x .13 (Percentage gain) = \$113.1
 Ending value for May = \$870 + \$113.1 = \$983.10

4. You put \$500 in an interest bearing bank account that pays 2% per year but has a fee of \$2 per month. Are you getting ahead?
- a) Yes
 - b) No
 - c) Can't tell

SOLUTION:

Original investment _____ x _____ % per year = _\$_____ per year

Account fee _____ a month x _____ months in a year = \$_____ fee per year

Annual Interest _____ - _____ annual fee = _____ gain (+) or loss (-)

5. You have some cash. You can either invest in a short-term bond that pays 4% or payoff some credit card debt at 9%. Which should you do?
- a) Invest in the bond
 - b) Pay off the credit card

SOLUTION:

What do you think?