

Case Studies

Problem:

Mary has **\$25,000** in her savings account earning **.10%** interest. Mary needs to keep **\$5,000** liquid however she is looking for a SAFE place to keep the rest of her money and have it earn more interest.

Solution:

Mary keeps **\$5,000** in her current savings account and then opens a CD for 6 months at **5%** with the remaining **\$20,000**. This lets Mary have \$5,000 available to use at any moment which keeps her liquid. The \$20,000 is locked in for 6 months however it is earning more interest which means she will make more on her money.

Below is how much interest Mary will make per month on her new CD that she just opened:

Month 1 = **\$81.48**

Month 2 = **\$81.81**

Month 3 = **\$82.15**

Month 4 = **\$82.48**

Month 5 = **\$82.82**

Month 6 = **\$83.16**

Total ending balance (principal + interest) = \$20,493.90