



Compound interest

You can put your money into a 'Savings account' in a Bank or a Building society. They usually offer an interest rate, which means you will gain a proportion of your money from the bank through 'Interest'. Therefore, it's worth finding the bank or building society with the best interest rate. The higher the Interest rate, the more money you will make...on the money that you put into a Savings account.

Interest rates will vary as you've probably seen through your research.

Find out what happens when you leave your money in a savings account for several years.

Create a table in to show your calculations – on J2e or draw one and upload.

The 1st one has been done for you as an example...

	Amount £	Interest rate %	Interest £	End of year total
Year 1	£4,000	2%	2% of £4000 = £80	£4,080
Year 2		2%		
Year 3		2%		
Year 4		2.5%		
Year 5		2.5%		

	Amount £	Interest rate %	Interest £	End of year total
Year 1	£1,500	3%		
Year 2		3%		
Year 3		3%		
Year 4		3%		
Year 5		3%		

Remember: If you can calculate 10%, you can calculate 1%, which means you can calculate any %

Think about: What happens to the total each year?

Now try the 3 star Extension challenge – you can use a calculator for that one.