



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.

	Amount £	Interest rate %	Interest £	End of year total
Year 1	£400	5%	5% Of £400 = £20	£420
Year 2	£420	5%		
Year 3		5%		
Year 4		5%		
Year 5		5%		

	Amount £	Interest rate %	Interest £	End of year total
Year 1	£150	5%		
Year 2		5%		
Year 3		5%		
Year 4		5%		
Year 5		5%		

Remember: If you can calculate 10%, you can calculate 5%; think about it!

To work out the total savings at the end of 5 years, you will have to calculate 5% of the new total at the end of each year and add it on each time.