

Name: _____

Date: _____

Problem-Based Task: Future Finances

Cole has just graduated from high school and is going to attend college while working on the family farm. The degree program he has chosen takes an average of 24 months to complete, but it's possible that he could finish earlier or that he might need more time. His parents have offered to pay him a single payment for all his work on the farm once he graduates. The payment will be based on one of two options. The first option is to start at \$0 and earn \$3,495.25 a month for the remainder of his time on the farm. This means that if Cole were somehow able to graduate at the end of the first month, he would earn just \$3,495.25; but for every month he works on the farm while he is in school, the amount of what he'll eventually be paid increases by another \$3,495.25. When he graduates, he will collect the amount earned for all the months he worked. The second option is to earn \$0.01 for the first month, and then earn double the previous month's pay every month for the remainder of his time on the farm. With this pay plan, he can collect his payout for the month in which he graduates, but he cannot collect the money accumulated up to that point. Which option is the better choice for Cole?

SMP	
1	2
3 ✓	4 ✓
5	6 ✓
7	8

