Name: **Date:**

Problem-Based Task: Optimized Savings Options

MPS

1A, 1B, 1E, 1F

Ricardo is comparing two options for savings accounts:

- **Option 1**: 2.4% APR, compounded monthly; $5 monthly maintenance fee
- **Option 2**: 1.2% APR, compounded monthly; no maintenance fees

Ricardo knows that the higher interest rate could theoretically be better, but he also knows that the $5 maintenance fee may wipe out the difference. Assume that he will deposit money into one of the accounts and make no additional withdrawals or deposits. How much would Ricardo have to deposit into the Option 1 savings account for the interest payment to cover the maintenance fee? How much would Ricardo have to deposit for the Option 1 savings account to yield a greater return than the Option 2 savings account?