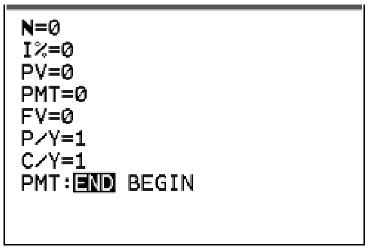
Chapter 7/ **Example 9**

Using the finance app

Kathryn would like to buy a new house in 5 years' time. The average price of houses in the area she is considering is €120 000. She has €110 000 in an investment account, which is earning 5.2% interest per year compounded yearly. House inflation is expected to be 3.1% per year. Will she be able to afford an average price house in 5 years' time?

Press APPS 1:Finance...

Press 1:TVM Solver...



N = 5

I% = 5.2 − 3.1

PV = −110000

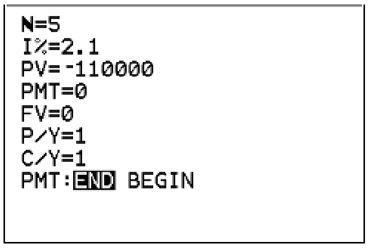
PMT = 0

FV = 0

P/Y = 1

C/Y = 1

PMT:END



Move the cursor back to FV and press ALPHA ENTER SOLVE to get the answer.

Since the future value of her investment is €122 045, she will be able to afford the house.