

Bonds

1.
 - i. A sum of €4,500 is invested with an AER of 5%. Find the value of the investment in six years time.
 - ii. A different investment account gives a lump sum of 20% interest after six years. Calculate the AER for this bond, to two decimal places.
2. Janet invests in a bond which will pay out 12% at the end of three years. Calculate the AER for this bond, to two decimal places.
3. David invests in a bond which will pay out 16% at the end of five years. Calculate the AER for this bond, to two decimal places.
4. A government bond offers 50% gross return after 10 years. Calculate the AER for this bond, to two decimal places.
5. A sum of €6,000 is invested in an eight-year government bond with an annual equivalent rate (AER) of 6%. Find the value of the investment when it matures in eight years' time.
6. A sum of €5,000 is invested in an eight-year government bond with an annual equivalent rate (AER) of 3%. Find the value of the investment when it matures in eight years' time.
7. A bond offers a return of 20% after six years. Calculate the AER for this bond.
8. The National Treasury Management Agency offers a three-year savings bond with a return of 10%. Calculate the AER for this bond.
9. There are two types of National Solidarity Bond on offer:
 - (A) A 4-year bond offering a gross return of 13.5%.
 - (B) A 10-year bond offering a gross return of 45%.Using the AER compare the two bonds and state which bond offers the better return.
10. Calculate the AER offered on this bond.

”WATCH YOUR SAVINGS GROW ONLINE 4.50%. 15 Month Fixed Term Rate.”
11. An investment bond quotes an annual equivalent rate of 12.5%. If interest on the investment fund is compounded bi-annually (twice a year), what is the rate of interest for each compounding period?

12. Joe recently retired and received a lump sum of €100,000. He wants to invest his money in an An Post savings scheme. He gets information on two different products that are on offer. Which bond offers the better AER?

Investments	Description
National Solidarity Bond(10-year)	50% gross return over 10 years
National Solidarity Bond (4-year)	15% gross return over 4 years