Rags to Riches or Riches to Rags?

Read the paragraph below and follow the directions given after the paragraph.

On her fifteenth birthday, Algebrea Calculique’s grandmother surprised her with one of the best gifts of all. Algebrea’s grandmother had heard her talk endlessly about the cute guy that lived down the street from her and how she had always dreamed of going to the prom with him. Algebrea’s grandmother knew that she would need the perfect dress and accessories for her Cinderella evening. Therefore, she gave Algebrea $200 for her birthday to use toward her perfect date ensemble. Algebrea’s father suggested Algebrea invest the money instead of simply placing it away in her piggy bank due to the fact that inflation would cause her dream dress to become more expensive in the future. So, he gave her the following three options: 1) he will invest the money in an account that will compound annually for the next three years at a 4.75% APR (Annual Percentage Rate), 2) he will open a savings account for her in which the balance is compounded quarterly at 4.75% APR, or 3) he will invest the money in the bank’s special investment promotion which compounds continuously at a 4.75% APR.

Using the information given above and your knowledge of the interest formulas, write an expository essay explaining which investment is the best choice for Algebrea to get the most return from her grandmother’s gift. You must provide an introductory paragraph, one paragraph for each interest formula used, and a concluding paragraph that explains Algebrea’s best investment choice.

Grading Rubric: Rags to Riches or Riches to Rags?

Writing Focus.................................................................10
Approach to the Problem .................................................10
Explanation ........................................................................20
Conclusion .........................................................................10
TOTAL: ........................................................................ 50