SAVING SMARTS

Adam and Ashley are siblings. They’ve each received $50 over the last month in holiday gift money. Their mom has offered to put their money into a savings account. Mom has also promised to add $5 a month for anyone who puts the entire amount in it for six months, and $2 a month for anyone who puts in at least $20 a month.

Help Adam and Ashley decide what to do:

1. If Ashley spends $20 now and puts $30 away for six months, how much money will she have at the end of six months?
   a. $50  
   b. $45  
   c. $62  
   d. $42

2. Adam isn’t sure if it’s worth it for him to keep $10 to spend now or to save the entire $50. Which of the following statements are true, and can you help him decide?
   a. If he puts away $40, he’ll have $10 now and $52 at the end of six months, for a total of $62. But if he puts away the entire amount, he’ll have $80 at the end of six months.
   b. If he puts away $40, he’ll have $10 now and $70 at the end of six months, for a total of $80. If he puts away the entire amount, he’ll have the same amount – $80 – at the end of six months.
   c. If he saves the entire amount, his money can earn him $30 over six months.
   d. Both A & C.

3. If Ashley spends most of the money now and only puts $10 away, how much money will she have at the end of six months?
   a. $10  
   b. $15  
   c. $22  
   d. $40

4. Thinking Cap: Can you give a name to what Ashley and Adam’s mom is doing for them? Why do you think she’s making this offer? Do you think it will work?