



# DOUBLE THE SALARY

## GRADE LEVEL 9-12



*“ACTIVE LEARNING TOOL”*

Time to complete: 10 minutes

### INTRODUCTION

Double the Salary is an activity that demonstrates the value of compounding money. Students are given two different payment options, and must decide which will provide the new employee with greater income.

### FACILITATION

1. Place *Double the Salary* transparency 5.0.6.D1 on the overhead.
  - a. Read the scenario to the students and give them approximately 10 minutes to decide which payment option will give the new employee a greater income.

### MATERIALS

Double the Salary transparency – 5.0.6.D1

### RESOURCES

For additional information, contact:

- J. Weston Walch - Publisher of 180 Class Starters for Home Economics, 1989.

## DOUBLE THE SALARY

An employee starting a new job has the option to choose how he is paid for the first twenty days of work. He works five days a week, for four full weeks. Make the best choice for the new employee after comparing the two options.

### Payment Option 1:

For the first twenty days of work, the new employee will be paid \$500 a day.

### Payment Option 2:

The pay will be \$0.01 for the first day. Each day the pay will double. So, it will be \$0.02 the second day, \$0.04 the third day, \$0.08 the fourth day, etc. By the end of twenty days, how much money will the employee have made?

### Solutions:

Payment Option 2 is a better choice for the new employee as he will be making \$485.75 more than if he would have chosen Payment Option 1.

Payment Option 1:	Payment Option 2:	
\$500.00 a day * 20 days = \$10,000	Day 1	\$ 0.01
	Day 2	.02
	Day 3	.04
	Day 4	.08
	Day 5	.16
	Day 6	.32
	Day 7	.64
	Day 8	1.28
	Day 9	2.56
	Day 10	5.12
	Day 11	10.24
	Day 12	20.48
	Day 13	40.96
	Day 14	81.92
	Day 15	163.84
	Day 16	327.68
	Day 17	655.36
	Day 18	1310.72
	Day 19	2621.44
	Day 20	5242.88
		<b>Total:</b>