

Publisher's clearing house



**ASSIGN
BUSTER**

Publishers Clearing House Publishers Clearing House If I win the prize of \$10 million, I would like to take the \$8 million today instead of taking \$500, 000 per year for the next 20 year. This is mainly because of my disabilities and I do not know how much time I will have in future. 20 years is a lot of time which is why I would love to take it now. There are, however, some economic considerations that should be made before taking a decision.

It is essential that we take into account present value of the 20 yearly payments of \$500, 000 in order to make a purely financial decision. The present value of future 20 payments of \$500, 000 is \$9. 7 million today assuming an interest rate of 0. 25 percent (which is the current interest rate). This is why from an economic point of view it is good to accept the \$500, 000 for the next 20 years than to take \$8 million today.

There are many non financial factors like personal needs and life expectancy which play a role in this. An old person who does not even have 20 years to live will find the \$8million today more attractive than anything monthly payment for 20 years. A person might also need money to invest in a business that is expected to great returns in a short period of time. All these are important factors that play a role in deciding about taking the money now or on a monthly basis.

I would like to take the money now given my disabilities. I don't want to leave my money for 20 years as I might not even have 20 years. I would love the money now so that I can enjoy myself and fulfill my needs.