

Do NOT write your name anywhere. (Canvas will tell me who turned in the assignment.) All answers must be typed, except for mathematics and graphs. Take pictures of your written answers and use your own software or <https://pdfcandy.com/> to create a single PDF size A4. (pdfcandy.com will convert many file types to PDF, resize PDF, merge PDF and many other things for free. However, Apple phones may require using [CamScanner](#) before using pdfcandy.com.) Failure to follow these directions will cost you 10 points.

1) (15 points) To retire and keep your standard of living, you need to save 20 times your annual income. Suppose your retirement fund earns 6% interest and if you earn \$50,000/year. If you save for 40 years, you need to save \$502.14/month. If you save for 30 years, you need to save \$1070.05/month. There are two reasons why the extra 10 years greatly reduces how much you have to save. What are the two reasons? Explain your logic. (Note that this means you should start saving for retirement today.)

2) (10 points each) Answer each part in separate paragraphs. For each of the following, explain how economic growth causes it.

- A) breakdown of the family.
- B) better health
- C) urban congestion

3) (20 points) President Trump at one time proposed lengthening the amount of time a patent lasts for. This would be both good and bad for the economy. Explain how it will help the economy and how it will hurt the economy.

4) (15 points) Will free trade help or hurt the growth of an economy? Explain your logic.

5) (20 points) What is *creative destruction*? How can it help the economy grow?