

SEQUENCES, INDUCTION, AND PROBABILITY

CHAPTER

11

Something incredible has happened. Your college roommate, a gifted athlete, has been given a six-year contract with a professional baseball team. He will be playing against the likes of Albert Pujols and Justin Verlander. Management offers him three options. One is a beginning salary of \$1,700,000 with annual increases of \$70,000 per year starting in the second year. A second option is \$1,700,000 the first year with an annual increase of 2% per year beginning in the second year. The third option involves less money the first year—\$1,500,000—but there is an annual increase of 9% yearly after that. Which option offers the most money over the six-year contract?

HERE'S WHERE YOU'LL FIND THESE APPLICATIONS:

A similar problem appears as Exercise 67 in Exercise Set 11.3, and this problem appears as the Group Exercise on page 1055.

