4. **All else equal, if you expect to need a certain amount in the future, say, $500 in 10 years, the present value of that future amount—that is, the amount you need to invest today—will be highest if the interest earned on such investments if compounded**

   a. daily
   b. weekly
   c. monthly
   d. quarterly
   e. annually

   All else equal, when interest is compounded fewer times during the year, less interest is earned during the investment period. If less interest is earned, then the amount invested today—that is, the present value—to generate a specific amount in the future will be greater than if more interest is earned during the investment period.