

# In the News: “What \$100 Was Worth”

## Answers

\$100 is more valuable today than in the future because if you had the money in hand today, you could invest it and earn interest on it. Another reason \$100 is more valuable today is because money loses value over time, due to inflation. When your parents (and grandparents) were young, \$100 was worth a lot more.

**Directions:** Use this link to the article on Business Insider (<https://www.businessinsider.com/what-100-was-worth-in-the-decade-you-were-born-2016-6#-1>), which explains how the value of \$100 has changed over time, to answer the following questions.

1. What was \$100 worth in 1925, in terms of today’s dollars. Why was it so valuable?  
*\$1,367.21 Because the price level was much lower. The value of a dollar is determined by what it can buy.*
2. If you found a \$100 bill printed in 1925 (assume it’s in regular condition, so it’s not a collectible) how much would it be worth right now?  
*It would be worth \$100, exactly as it says on the face of it.*
3. If your great-grandparent had \$100 in 1925 and invested it at 3% interest, compounded monthly, how much would it be worth now? (You can use <https://www.investopedia.com/calculator/fvcal.aspx>)  
*In 2019, after 94 years, it would be worth  $\$100 \times (1.0025)^{1128} = \$1,671.79$   
The money would actually gain value over time, despite inflation.*
4. Is the article saying you could buy four round-trip plane tickets with \$100 in 1935? Explain.  
*No. Domestic air travel wasn’t available in 1935. The article is simply expressing the value of \$100.*
5. How much has the value of a dollar changed since 2010?  
*It has lost about 9% of its value. From \$109.72 to \$100.*
6. If you have a large sum of money, say \$100, why is it a bad idea to just hide it in your bedroom?  
*It will lose value AND you are giving up the opportunity to earn interest on it.*