

\$10,000 a week or \$10 Million all at once?



1. Which would you rather have, \$10,000 a week for the rest of your life or \$10 Million all at once? Make a quick guess as to which would be better for you.
2. What kinds of things do we need to think about or factor in when making this decision? If you had to advise the winner of this drawing what information would you need to help you determine what they should do?
3. How does \$10,000 compare to \$10 million? Why is that important to consider in this problem?
4. How does life expectancy factor into this problem? Average U.S. life expectancy is about 79 years.

https://en.wikipedia.org/wiki/List_of_countries_by_life_expectancy

5. How do taxes factor into this? Prize winnings are treated like regular earnings. Here are tax rates depending on income level (or prize level) and family size. We really only need the final row of each table. After the first complete table we've only given the final row for large amounts of income.

Single filers	
<i>Taxable income</i>	<i>Tax rate</i>
\$0 to \$9,275	10%
\$9,276 to \$37,650	\$927.50 plus 15% of the amount over \$9,275
\$37,650 to \$91,150	\$5,183.75 plus 25% of the amount over \$37,650
\$91,150 to \$190,150	\$18,558.75 plus 28% of the amount over \$91,150
\$190,150 to \$413,350	\$46,278.75 plus 33% of the amount over \$190,150
\$413,350 to \$415,050	\$119,934.75 plus 35% of the amount over \$413,350
\$415,050 or more	\$120,529.75 plus 39.6% of the amount over \$415,050

Married Filing Jointly	
<i>Taxable income</i>	<i>Tax rate</i>
\$466,950 or more	\$130,578.50 plus 39.6% of the amount over \$466,950

Head of Household	
<i>Taxable income</i>	<i>Tax rate</i>
\$441,000 or more	\$125,936.00 plus 39.6% of the amount over \$441,000

<https://www.nerdwallet.com/blog/taxes/federal-income-tax-brackets/>

6. How does investing factor into this problem? The typical annual investment averages around 7% a year, but can vary depending on market conditions and the level of risk an investor takes. Remember, that 7% will compound ... which means that every year you are earning 7% of 7% more than the prior year.
7. Give advice: Factoring in all variables, explain and justify which you should take: \$10 million all at once or 10,000 a week for the rest of your life. Also, does it depend on age? If so explain which ages should do what.