**Solution 1.11**

Abby purchased 100 shares of her dad’s favorite stock for $25.80 per share exactly 1 year ago, com­mission free. She sold it today for a total amount of $2865. She plans to invest the entire amount in a different corporation’s stock today, but must now pay a $50 commission fee. If she plans to sell this new stock exactly 1 year from now and realize the same return as she has just made, what must be the total amount she receives next year? Include the commission fee as a part of the purchase price, but neglect any tax effects.

*Solution:*

Extra amount received = 2865 - 25.80\*100 = $285

Rate of return = 285/2580

= 0.110 (11%)

Total invested + fee 2865 + 50 = $2915

Amount required for 11% return = 2915\*1.11

= $3235.65