

# Inflation Introduction

AGES: 12+

This lesson is designed to help students understand the concept of inflation. The concept known as inflation is a decrease in the value of purchasing power, which results in demand for more goods than producers can supply. For example, if you want to buy something for a dollar today, it will cost you more the following year. Inflation results in higher prices, making goods and services potentially more expensive and less affordable.

Let's say you see a leather jacket for \$100 at a clothing store, and the inflation rate is 5%. In one year you will need an extra \$5.00 to buy the same exact jacket, or \$105 in total. Therefore, inflation caused the \$100 leather jacket to be more expensive in a year.

In summary:

Price Today	Inflation Rate	Price Increase	Future Price
\$100.00	5%	\$5.00	\$105.00

**What is the future price of each of the following? Round each calculation to the nearest penny.**

	Price Today	Inflation Rate	Price Increase	Future Price
1.	\$100.00	4%	\$4.00	\$ _____
2.	\$50.00	8%	\$4.00	\$ _____
3.	\$190.00	2%	\$3.80	\$ _____
4.	\$170.00	10%	\$17.00	\$ _____
5.	\$180.00	6%	\$10.80	\$ _____
6.	\$420.00	9%	\$37.80	\$ _____
7.	\$350.00	6%	\$21.00	\$ _____
8.	\$540.00	1%	\$5.40	\$ _____
9.	\$30.00	5%	\$1.50	\$ _____
10.	\$790.00	2%	\$15.80	\$ _____

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## Answers

	<b>Price Today</b>	<b>Inflation Rate</b>	<b>Price Increase</b>	<b>Future Price</b>
1.	\$100.00	4%	\$4.00	<b>\$ 104.00</b>
2.	\$50.00	8%	\$4.00	<b>\$ 54</b>
3.	\$190.00	2%	\$3.80	<b>\$ 193.80</b>
4.	\$170.00	10%	\$17.00	<b>\$ 187.00</b>
5.	\$180.00	6%	\$10.80	<b>\$ 190.80</b>
6.	\$420.00	9%	\$37.80	<b>\$ 457.80</b>
7.	\$350.00	6%	\$21.00	<b>\$ 371.00</b>
8.	\$540.00	1%	\$5.40	<b>\$ 545.40</b>
9.	\$30.00	5%	\$1.50	<b>\$ 31.50</b>
10.	\$790.00	2%	\$15.80	<b>\$ 805.80</b>