

Your school has been left £1 000 000 in the will of an ex-pupil ...

The pupil made some conditions on how the money should be invested and used. These were:

- The money should have a lifetime of 50 years.
- That the school benefits in some way (spends part of the investment) every year.

You are asked to produce models of investment and expenditure based on any balance being invested at a fixed interest rate (it is suggested that you could start with a rate of 4%). Your model could also consider different inflation rates.

What model would you choose to ensure the best return for the school over a period of 50 years?