

If i were a rich woman...



**FIGURING OUT WHAT TO DO WITH A MILLION
SPARE FUNDS**

Interdisciplinary project
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Is it worth investing in a
bank or is it better to buy
and rent an apartment?
—we'll see!!



SIMPLE PLAN OF MY WORK

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Research

I simply started of with doing a reasearch on bank deposits and renting out apartments.

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Analizing

Secondly, I analysed which banks had the most profitable offers and i checked on which apartment ads i can base on.

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Calculations

Next i calculated my income in both situations.

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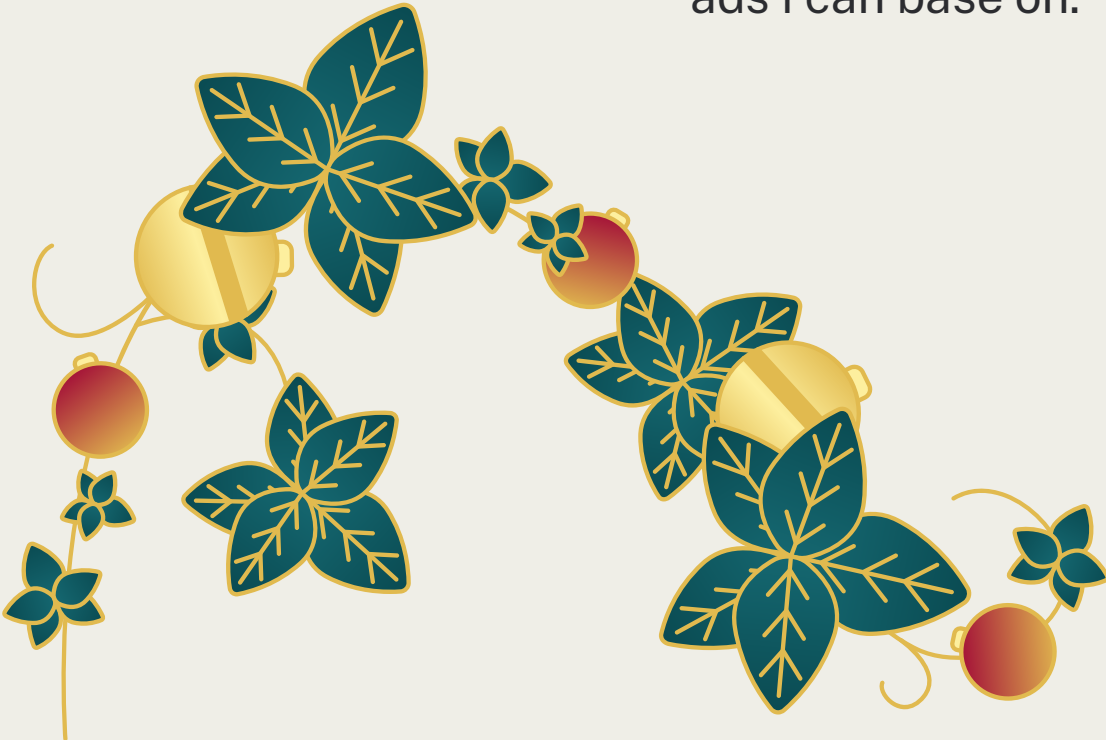
Decision

Then basing on calculations i decided what is more worth to do.

●

Description

I topped it off with describing everything in this presentation and answering the main question.








LET'S START WITH A BANK INVESTMENT

- HOW DOES IT REALLY WORK?

Bank deposits are a savings product that customers can use to hold an amount of money at a bank for a specified length of time. In return, the financial institution will pay the customer the relevant amount of interest, based on how much they choose to deposit and for how long.



WHAT IF I'D SPLIT THE FUNDS?

	BANK	AMOUNT OF MONEY I'D INVEST	DEPOSIT	MY INCOME (AFTER TAXES)
BOŚ		500 000 zł	6,8%	27540zł
Credit Agricole		200 000 zł	5,5%	8910zł
VELO Bank		150 000 zł	6%	7290zł
Bank Millenium		100 000 zł	6%	4860zł
InBank		50 000 zł	7%	2835zł


**full amount of money i'd invest:
1 000 000 zł**

**full income:
51 435zł**

After splitting my money and putting it in different banks for 12 months, my funds have increased by 51 435 zł.



WHAT IF I'D NOT SPLIT THE FUNDS?

	BANK	AMOUNT OF MONEY I'D INVEST	DEPOSIT	MY INCOME (AFTER TAXES)
PKO Bank Polski		1 000 000 zł	4,5%	36450zł

**full amount of money i'd invest:
1 000 000 zł**

**full income:
36 450 zł**

After putting full amount of money in the same bank for 12 months, my funds have increased by 36 450 zł.



WHICH BRINGS MORE PROFIT?

After i calculated the total income in two situations, it is clear that choosing the best offer for myself from the market and splitting the money is better for safety and profit reasons.

**The difference between those two is exactly:
+ 19 485 zł**



WHAT IS SIMPLE AND COPOUND INTEREST?

Simple interest occurs when we do not invest the interest again after capitalization period.

Compound interest occurs when after capitalization period, the interest is reinvested for the next period of time and this process is repeated.



NOW LET'S MOVE TO BUYING AND RENTING APARTMENTS!!

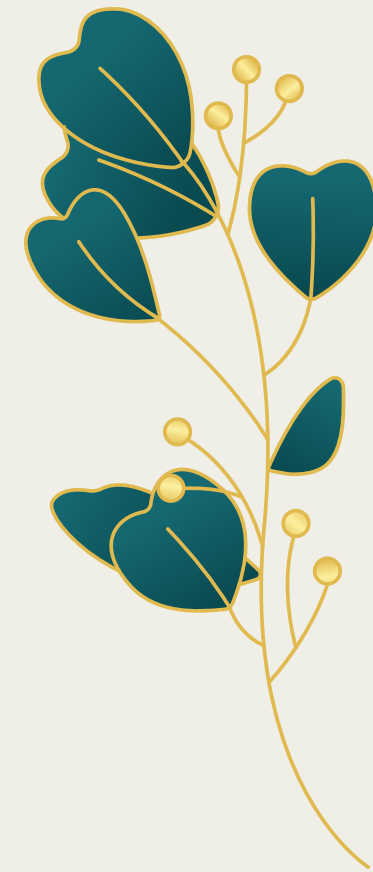
I picked three random ads based on my place of residence and available funds.

1st apartment - 299 977 zł (13 042 zł/m²) 23m²

2nd apartment - 355 000 zł (12 679 zł/m²) 28m²

3rd apartment - 325 000 zł (10 991 zł/m²) 29,57m²

total: **978 977 zł**



ADDITIONAL FEES

PCC tax

= 2%

2% from 979 977 zł is 19 599,54 zł

Notarial Fee

is around 6000 zł

With additional costs, the total purchase price for three apartments would be: **1 005 576, 54 zł**



RENT

I'll assume the rent would be: 2000 zł/monthly per apartment.

$3 * 2000 \text{ zł} = 6000 \text{ zł/monthly}$ for three apartments.

$12 * 6000 \text{ zł} = 72\,000 \text{ zł/per year}$ for three apartments.

$72\,000 \text{ zł} - 8,5\% = 65\,880 \text{ zł}$ (deducting rental tax)

full amount of money i'd spent:
1 005 576, 54 zł

full income:
65 880 zł

After buying and renting apartments my funds have increased by 65 880 zł.



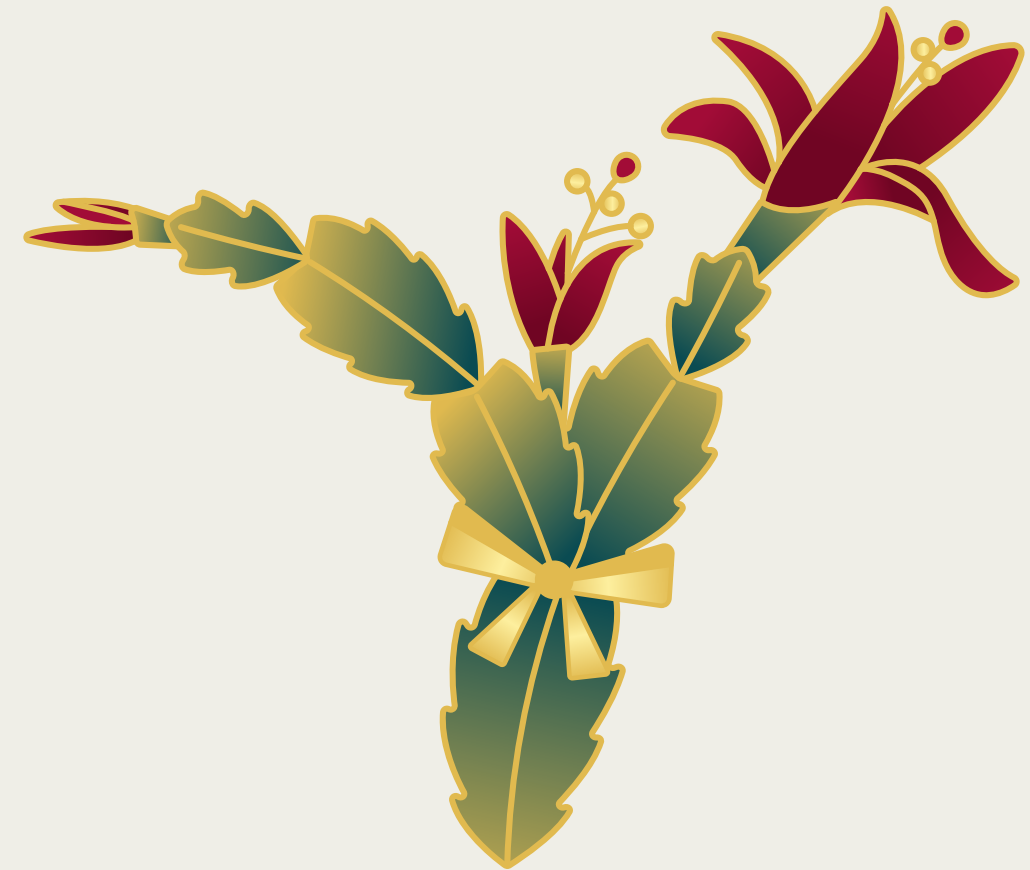
MY CONCLUSION

Investing in a bank
51 435 zł/per year

Renting apartments
65 880 zł/per year

Basing on my calculations, it appears that keeping money in a bank may not yield as much profit as renting out properties. Also i have to keep in mind inflation which can drastically lower the value of money over time. In contrast, renting apartments can raise the rental income even during inflation.

**The difference between those two is exactly:
+ 14 445 zł**



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Thank you!



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