

establishing MARR

already who

Suppose you want to buy music equipments, and then use them in parties. to help you figure out how much to charge for events, you need to estimate the cost of capital.

Suppose that equipment costs \$7,000 and you'll pay \$5,000 from your saving account paying 4% / year and \$2,000 from your credit card at around 12% / year.

then, your cost of capital is

$$\frac{5}{7} * 4 + \frac{2}{7} * 12 = \frac{44}{7} = 6.29\%$$

You should use a MARR $> 6.29\%$