Compare the interest earnings over a one-year period (starting January 1, 2026) for two different investments: Investment 1: On May 20, I invested €1,000. I receive a promotional interest rate of 4% p.a. until September 20.

Code einblenden

Here is the breakdown and comparison of your interest earnings for the one-year period from **January 1, 2026, to December 31, 2026**.

Since 2026 is a standard year (365 days), we will use the actual/365 daily interest method, which is standard for most retail bank accounts.

Investment 1: €1,000 (Split Rates)

Because this money is invested on May 20, 2026, it only earns interest for the remaining **225 days** of the year.

- **Promotional Period (May 20 – September 20):**
  - **Days:** 123 days
  - **Calculation:** €1,000 × 4% × (123 / 365) = **€13.48**
- **Regular Period (September 21 – December 31):**
  - **Days:** 102 days
  - **Calculation:** €1,000 × 2% × (102 / 365) = **€5.59**

  Investment 1 Total Earnings: €19.07

Investment 2: €950 (Permanent Rate)

Since this money was invested back in August 2025, the full €950 is already in the account on January 1, 2026. It earns interest for the entire **365 days** of the year.

- **Full Year Period (January 1 – December 31):**
  - **Days:** 365 days
  - **Calculation:** €950 × 2% × (365 / 365) = **€19.00**

  Investment 2 Total Earnings: €19.00

Summary Comparison

Metric	Investment 1	Investment 2
Principal	€1,000	€950
Days Earning Interest in 2026	225 days	365 days
Total Interest Earned	**€19.07**	**€19.00**

...

Despite being active for 140 fewer days, **Investment 1 earns slightly more (€0.07)** over the course of 2026. The larger principal and the high 4% promotional rate during the summer months successfully outpaced the full year of 2% interest on the slightly lower principal of Investment 2.

*(Note: If your bank utilizes the older 30/360 bank interest convention instead, Investment 1 yields **€18.89** and Investment 2 yields **€19.00**, swinging the advantage fractionally to Investment 2).*