

Simple & Compound Interest

Show all calculations please.

- 1.a)** If you put \$2000 in an account that paid 5.5% simple interest each year, how much interest would you earn in 5 years?
b) How much money would you have at the end of the 5 years?
- 2.a)** If you put that same amount of money in a different account that also paid 5.5% interest compounded yearly, how much interest would you earn in 5 years?
b) How much more would you earn by compounding interest?
- 3.** Find the **FUTURE VALUE** of these **SIMPLE** interest investments.
 - a)** \$34,100 at 4% for 3 years **b)** \$1,900 at 5.9% for 2¾ years
 - c)** \$4,000 at 4% for 3 months **d)** \$20,600 at 8% for 13 weeks
 - e)** \$7,400 at 10.5% for 146 days
- 4.** Find the **FUTURE VALUE** of each investment after the time given.
 - a)** \$7,300 at 7% compounded annually for 3 years
 - b)** \$1,030 at 4% compounded semi-annually for 2 years
 - c)** \$21,000 at 13.6% compounded quarterly for 4 years
 - d)** \$3000 at 4.8% compounded monthly for 5 years
 - e)** \$2500 at 3.9% compounded weekly for 5 years
 - f)** \$10 000 at 29.2% compounded daily for 10 years

****This last example shows how credit card companies calculate the interest you owe on remaining balances. You can see that credit COSTS \$\$\$\$\$\$!**