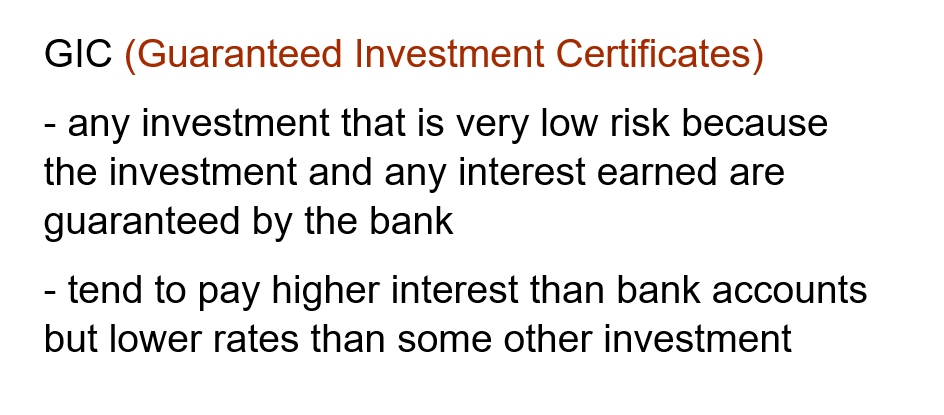
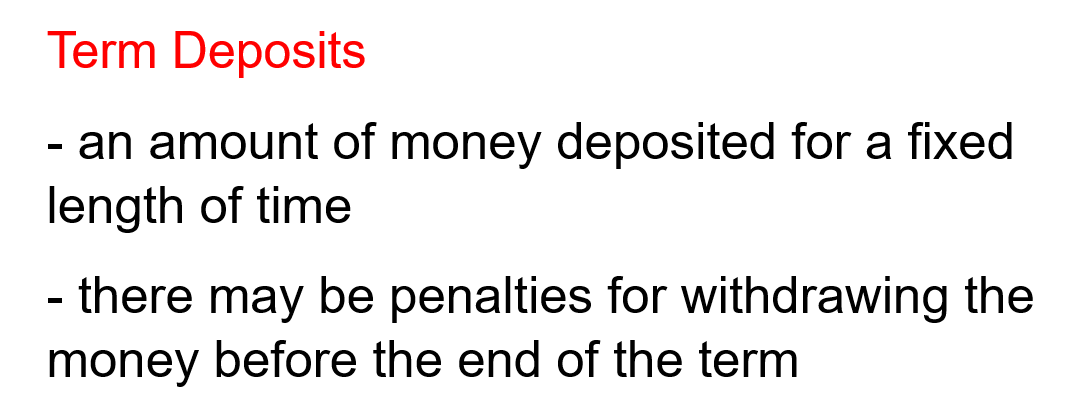
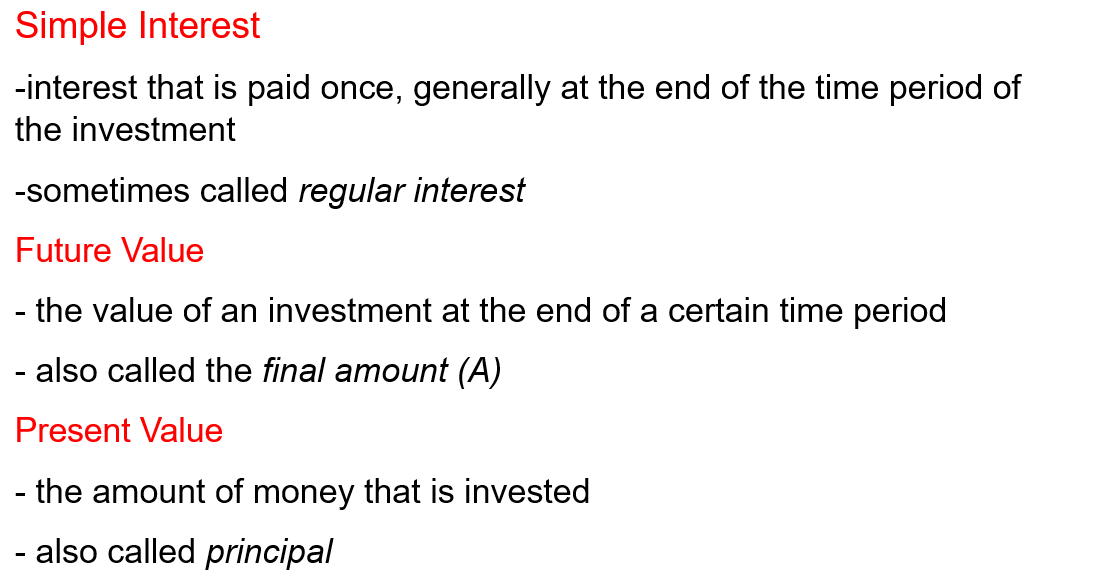
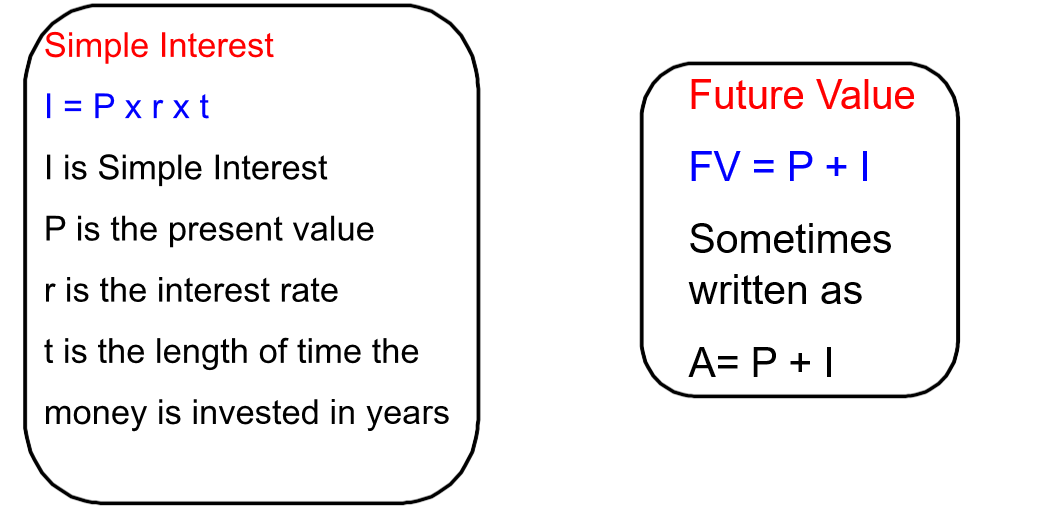
Simple Interest

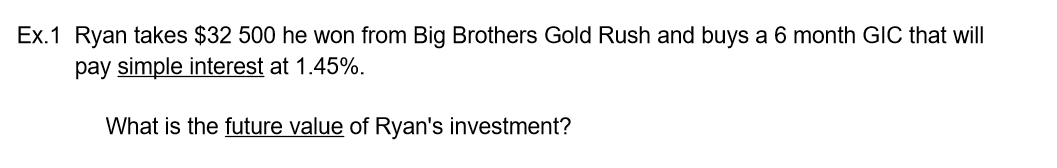






The formulas for calculating Simple Interest and Future Value are:

Examples:



Answer

I = P x r x t

I = 32500 x 0.0145 x \*\*\*\* Note: r must be a decimal and t must be in years\*\*\*\*

I = 235.63

FV = 32500 + 235.63

=32 735.63

The future value of Ryan’s investment is $32 735.63.

Example 2: Cody borrows $300 from Chris to get his car fixed. He plans on paying Chris back on payday, which is 10 days from now. Chris charges Cody an interest rate of 35%/a on the loan.

1. How much interest will Cody pay?
2. What is the total amount Cody will pay Chris to clear the loan?

Answer:

(a) I = P x r x t

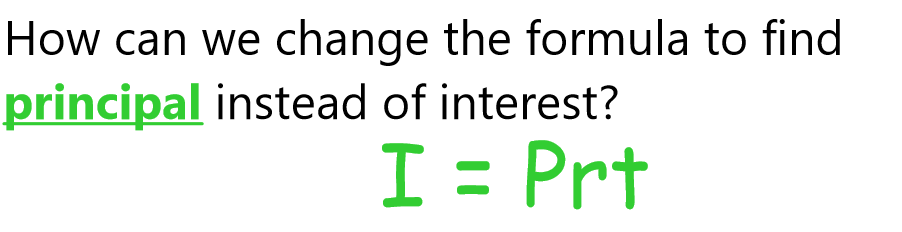
I = 300 x 0.35 x

I = $2.88

(b) A = 300 + 2.88

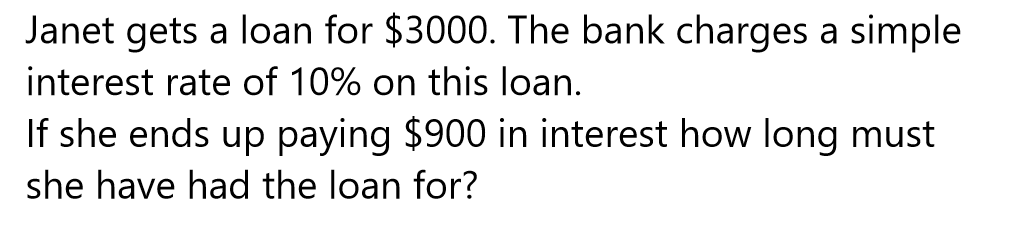
A = 302.88

Cody will pay Chris $2.88 in interest. To repay the loan he must pay $302.88





Ex 3:

Answer:

P = 3000

r = 10% = 0.10

I = 900

t= ?

Rearranging the formula for t gives

t =

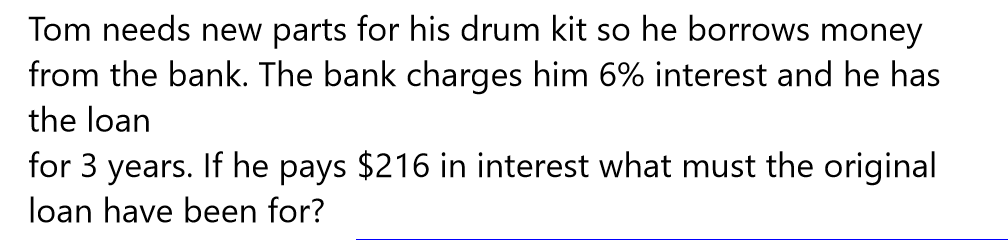
t =

t =

t = 3

Janet had the loan for 3 years.

Ex 4:



Answer:

I = 216

r= 6% = 0.06

t = 3

P = ?

P =

P =

P =

P = 1200

Tom’s loan was for $1200.

Extra Practice Questions from the book: p. 232-233 #1 to 8