

MasterMath

Name _____

Simple and Compound Interest

Date _____

1. Fill in the blanks:

Item Purchased	Interest	Principal	Rate, per year	Time
watch	\$60.00	\$250.00	12%	2 years
car	\$430.65	\$4,785.00	6%	18 months
TV	\$1,773.00	\$985.00	18%	10 years
house	\$187,500.00	\$125,000.00	5%	30 years

2. Fill in the blanks:

Item Purchased	Balance	Principal	Rate, per year	Time
dinner	\$48.96	\$36.00	18%	2 years
car	\$80,500.00	\$46,000.00	15%	5 years
TV	\$636.00	\$600.00	3%	2 years
house	\$416,250.00	\$225,000.00	4.25%	20

3. You want to buy a car in a year, and have budgeted \$4000 for the purchase. Bobby's Bank has a promotional Savings Account that pays interest of 6% compounded annually. How much would you need to put in the account today in order to have \$4,000 to buy the car in a year?



\$3,773.58

4. You have \$3000 to invest in a savings account, and have found two bank offers that seem attractive. Bobby's Bank offers Simple Interest of 5%. Betty's Bank offers interest of 5%, compounded annually. Fill in this table to help decide which offer makes more sense to you.

	Balance after 1 year	Balance after 2 years	Balance after 3 years	Balance after 4 years	Balance after 3 years
Bobby's Bank	\$3,150	\$3,300	\$3,450	\$3,600	\$3,750
Betty's Bank	\$3,150	\$3,308	\$3,473	\$3,647	\$3,829

5. Your parents agree to lend you the money to purchase a phone that costs \$495. You agree to pay them back, with interest of 5%, on your birthday in 6 months. Your grandmother always gives you \$500 on your birthday. You don't know if the \$500 will be enough to pay back your parents. How much will you owe your parents in 6 months?

\$507.38