

MasterMath

Formula for Compound Interest

Name _____

Date _____

1. Fill in the blanks:

Principal	Interest	Term	Balance
\$6,000.00	16.0%	8	\$19,670.49
\$6,000.00	4.5%	25	\$18,032.61
\$1,250.00	9.0%	3	\$1,618.79
\$100.00	10.0%	10	\$259.37
\$750.00	5.0%	5	\$957.21
\$1,675.00	1.5%	20	\$2,255.98
\$2,700.00	5.9%	4	\$3,395.84

2. You deposit \$2,500.00 into an account earning 6% interest compounded annually. What is your balance after 5 years? How much interest did you earn?

Balance	Interest Earned
\$3,345.56	\$845.56

3. You have \$4,000 to put into a savings account. Bank A is offering 5% simple Interest. Bank B is offering 5% interest compounded annually. Determine what your balance would be at each bank after 10 years.

Bank A	Bank B
\$6,000.00	\$6,515.58

4. Your savings account earns 6% interest compounded annually. You opened the account 6 years ago, and haven't made any deposits or withdrawals since then. The account balance is now \$709.26. What was your original deposit?

\$500.00

5. You need \$6,500 to pay for tuition, room, board and books for your first year at State College 4 years from now. How much do you need to deposit in a savings account today to have \$6,500 in 4 years if the account pays 4.5% interest compounded annually.

\$5,450.65

