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### Present Value

Present Value: . The current worth of a sum of money

$$PV = A \left( 1 + \frac{r}{n} \right)^{-nt}$$

PV = Present Value (what the money is currently worth)

A = Amount of money , or future value of the money needed

r = The interest rate per year (decimal form)

n = number of times that the interest is compounded per year

t = the number of years the money is invested or borrowed



$$A = 5000 \quad PV = A \left(1 + \frac{r}{n}\right)^{-nt}$$
$$r = 0.12$$
$$n = 12$$
$$t = 3$$
$$PV = 5000 \left(1 + \frac{0.12}{12}\right)^{-12 \times 3}$$

$$PV = 5000 (1.01)^{-36}$$

$$PV = 5000 (0.6989)$$

$$PV = \$3494.50$$

$$A = 5000$$

$$r = 0.065$$

$$n =$$
  


$$t = 4$$

★ For #5,  $\boxed{n}$   
is the only part  
of the formula  
that changes