

11U U8: Simple and Compound Interest - Formative

Formulas: (and you may use your notes)

Simple

$$I = Prt, \quad A = P(1 + rt)$$

Compound

$$A = P(1 + i)^n$$

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- Kevin invests \$725 at 5.2%/a simple interest. What is the total amount in Kevin's account at the end of 5 years?
 - \$188.50
 - \$189.50
 - \$913.50
 - \$2610.00
- What is the interest earned on \$6500 at 8% simple interest for 9 months?
 - \$390
 - \$520
 - \$4860
 - \$6890

Full Solution - Provide full and clear solutions to the following problems.

- For an investment of \$20 000 at 7.2%/a compounded semi-annually for 7 years, what is the total interest earned?
- Maria borrows \$12 000 at 9%/a interest compounded monthly for 10 years. How much money will she owe at the end of 10 years?