HOMEWORK Questions?

Test *TOMORROW...

PRACTICE QUESTIONS...

p. 509:

Formulas...#1, 2a, 3, 4, 6, 7a

TVM-Solver...#8, 9, 10

p. 506: Self Test

p. 483: Mid-Chp Review

- **Simple Interest**

$$I = \Pr t \qquad A = P + \Pr t$$
$$A = P + I \qquad A = P(1 + rt)$$

- **Compound Interest**

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

- **Rate of Return**

$$ROR = \frac{earn}{invested} \times 100\%$$

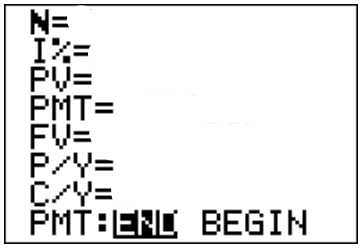
- **Rule of 72**

$$doubling\ time = \frac{72}{rate}$$

- **Present Value**

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

- **Regular Payments (TVM-Solver)**



3. Examine these two investments, and then answer the questions below.

- Sonia invested in a $2000 GIC that earns 6.2% simple interest, paid annually, for 5 years.
- Trent bought a $2000 GIC that earns 5.3%, compounded monthly, for a 5-year term.

a) Predict which investment will have the greater rate of return. Explain.

b) Verify your prediction.

c) Explain the difference in the interest earned on the two investments.

Trent

Sonia

b)

```
2000+2000(.062)(
5)
              2620
2000(1+0.053/12)
^60
      2605.341315
```

Sonia

Trent

c) Higher Rate → More Interest

OMIT

5. Kyle invested $900 in an account that earned interest, compounded daily. After 1 year, her investment was worth $1000. What was the annual rate of interest?

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

$$\frac{1000}{900} = \frac{900}{900}\left(1 + \frac{r}{365}\right)^{365 \times 1}$$

$$\log \frac{10}{9} = \log\left(1 + \frac{r}{365}\right)^{365}$$

$$\log \frac{10}{9} = 365 \log\left(1 + \frac{r}{365}\right)$$

Foundations of Math 11 - Investing Money Formulas

Simple Interest

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$$A = P + I \qquad A = P(1 + rt)$$

Compound Interest

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Rule of 72

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Rate of Return

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Present Value

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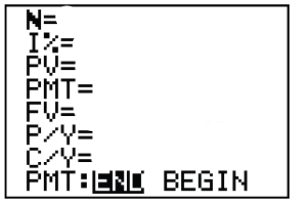
Regular Payments (TVM-Solver)



PRACTICE TIME... * Survey on p. 16

- Mid Chapter Review: Read p. 481 - 482

  Do #1 - 8 on p. 483

- Chapter Review: Read p. 507 - 508

  Do #1 - 12 on p. 509

- Sample Test??? p. 506 #1 - 4