Sept. 24 Worksheet

1. If you buy a 90-day T-bill with a maturity value of $5000 for $4945.19, what annual interest rate will you earn? Use 360 days

2. If you buy a 270-day T-bill with a maturity value of $20,000 for $19,218.06, what annual interest rate will you earn? Use 360 days

3. What is the difference between simple interest and compound interest?

4. If you deposit $8500 into a savings account that pays 6% interest compounded annually, how much money in in the account after 5 years?

End of Year	Balance
1	
2	
3	
4	
5	

5. What is the equation for finding the future value of compound interest? What do each of the letters mean?

6. You invest $1,000 in a savings account that earns 5% interest per year, compounded annually. How much money will you have in the account after 10 years?

7. After 8 years, your investment of an unknown principal has grown to $15,000. The account earns 4.2% interest per year, compounded quarterly. What was your original principal investment?