Algebra 1   Name:_____
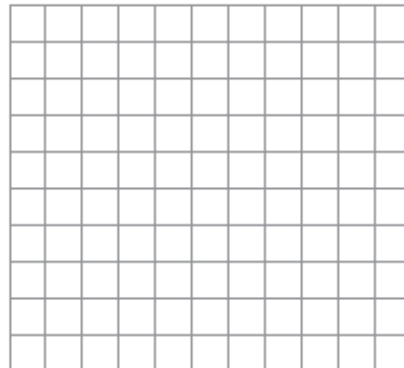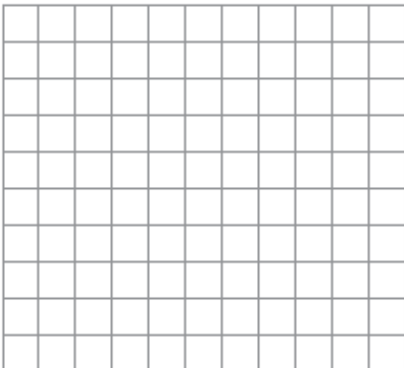
HW #6 Simple vs Compound Interest

1. $15,000 is deposited in an account that pays 3.5 % annual interest. Compare the amount in the account between a simple interest account and one that compounds annually. Create a graph for each situation.

Simple

Year	Amount
0	
1	
2	
5	
10	
15	
20	
30	
40	
50	

Compound

Year	Amount
0	
1	
2	
5	
10	
15	
20	
30	
40	
50	

2. You deposit $2000 in an account that earns 5% annual interest. Compare the balance in the account at the end of 2 years for a simple interest account and a compound interest account, compounded monthly.

3. You deposit $30,000 in an account that earns 5 % interest, compounded weekly. Find the balance in the account at the end of 5 years, at the end of 10 years, and at the end of 20 years.

4. Your investment of $18,100 at 13.6% compounded quarterly for 7 years and 6 months will be worth how much?

5. You gave your friend a short term 2 year loan of $43,000 at 3% compounded annually. What will be your total return?