

Compound Interest



Overview of problems



Example Set: A

You deposit \$1400 into a savings account that pays 8% interest compounded yearly. What is your account balance after 5 years?

A principal of \$19,500 is invested into a savings account that pays 5.7% interest compounded yearly. What is your account balance after 14 years?



Example Set: B

How much money do you have to deposit in an account that yields 4.3% interest compounded yearly to have a balance of \$25,000 in 7 years and 3 months?



Example Set: C

How much money do you have to deposit in an account that yields 8% interest compounded yearly to have a balance of \$512,000 in 30 years?

Compound Interest



Overview of problems- KEY



Example Set: A

You deposit \$1400 into a savings account that pays 8% interest compounded yearly. What is your account balance after 5 years?

\$2057.05

A principal of \$19,500 is invested into a savings account that pays 5.7% interest compounded yearly. What is your account balance after 14 years?

\$42,372.53



Example Set: B

How much money do you have to deposit in an account that yields 4.3% interest compounded yearly to have a balance of \$25,000 in 7 years and 3 months?

\$18,436.57



Example Set: C

How much money do you have to deposit in an account that yields 8% interest compounded yearly to have a balance of \$512,000 in 30 years?

\$50,894.63