Name:

Topic:

Date:

Bell:

I CAN:

|  |  |
| --- | --- |
| **Main Ideas/ Questions** | Notes/Examples |
| **What is Simple Interest?** | * **Interest** is the amount of money paid or earned for the use of money by a bank or other financial institution. It is usually a **FEE**
* For **borrowing money** (loans, credit cards, etc.), interest is **paid.**
* For saving money (savings accounts, investing, etc.) interest is **earned.**
 |
| **What is the simple interest formula?**  | To solve problems involving simple interest, use the formula  | ***I = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_******p= \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_******r= \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_******t= \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_******\*rate must be in decimal form*** |
| What if the problem asks for the total amount saved or paid?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ = Total  |
| **How do you find interest?** | Directions: Find the simple interest to the nearest cent.  |
| 1. $675 at 4% for 3 years
 | 1. $900 at 8% for 5 years
 |
| 1. $225 at 5.4% for 2 years
 | 1. $1295 at 9.25% for 4 years
 |
| **How do I apply simple interest in the real world?** | Directions: Assume each problem refers to simple interest. Read carefully and solve. Round to the nearest tenth or cent when necessary.  |
| 1. Marsha borrowed $8, 975 at a 4.9% interest rate to purchase a used car. How much total will she have paid after 5 years?
 | 1. Carolyn borrowed $38,500 to pay for college. If the interest rate is 3.2%, how much total will she have paid after 10 years?
 |
| 1. Victor used a 36-month line of credit for $15,000 to remodel his kitchen. If the interest rate is 2.5% how much will he pay in interest?
 | 1. Lance placed $5,200 in an investment account with a 6.55 interest rate. If he does this for 5 years, what will his total investment be?
 |
| 1. Alex bought a new boat with a 15 year loan at a 2.45 interest rate. He made a down payment of $1350.95. What was the interest he paid for the boat?
 | 1. Gabby used a 2-year loan to purchase a $1,650 television. Her interest rate was 2.5%. what did Gabby pay in total?
 |
| **Summary** |  |