Name:

Topic:

Date:

Bell:

I CAN:

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| **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** |  | |