SIMPLE Interest

Interest = Principal x rate x time

$$I = Prt$$

Jeff wants to invest $7500.00.
His bank offers an investment option that earns simple interest at a rate of 3.25% per year. How much interest will you earn on your investment in 5 years

$I = Prt$

$I = 7500(0.0325)(5)$

$I = \$1218.75$

George wants to invest $1500.00. His bank offers an investment option that earns simple interest at a rate of 5% per month for 2 years.

$$I = Prt$$

$$I = 1500(0.05)(24)$$

$$I = \$1800$$

Lesley's bank offers a simple interest rate of 5.4% per month. How much interest would Lesley earn on her investment of $5200 after 3 years.

$I = Prt$

$I = 5200(0.054)(36)$

$I = \$10\,108.80$

Lesley's bank offers a simple interest rate of 3.8% per annum. How much interest would Lesley earn on her investment of $5200 after 7 months.

$$I = Prt$$

$$I = 5200(0.038)\left(\frac{7}{12}\right)$$

$$I = 115.27$$

Use the simple interest formula to determine answer this question.

The interest earned on a deposit is $50 with an interest rate is 5% per annum. If the money was invested for 4 years, what is the principal?

$$I = Prt$$

$$50 = P(0.05)(4)$$

$$\frac{50}{0.2} = \frac{P0.2}{0.2}$$

$$P = \$250.00$$