

**Compound and Simple Interest Questions.**

1. Ronald wants to invest \$2350. His bank offers an investment option that earns interest **compounded quarterly** at a rate of 3.5% per year for 6 years. How much interest would Ronald make on his investment in 6 years?
2. Remi wants to borrow \$8000.00. Her bank offers a loan that charges **simple interest** at a rate of 3.9% per annum for 5 years. How much interest would Remi pay for this loan?
3. The interest earned on a deposit is \$234.00 with a **simple interest** rate of 3.2%. If the money was invested for 3 years, what was the principle invested?
4. Sherry wants to have \$1600.00 in two years for a trip to Jamaica with her graduating class. Her bank offers an investment options that earns interest **compounded semi-annually** at a rate of 4% per annum. How much money does she need to fundraise to have enough money to go on her class trip?

**PERSONAL LOAN PAYMENT CALCULATOR:  
MONTHLY PAYMENT PER \$1000.00 BORROWED  
(INTEREST COMPOUNDED MONTHLY)**

Interest rate (%)	Term in years				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.61	43.09	29.19	22.24	18.08
5.00	85.61	43.87	29.97	23.03	18.87

4. Sherry wants to have \$1600.00 in two years for a trip to Jamaica with her graduating class. Her bank offers an investment options that earns interest compounded semi-annually at a rate of 4% per annum. How much money does she need to fundraise to have enough money to go on her class trip?

**PERSONAL LOAN PAYMENT CALCULATOR:  
MONTHLY PAYMENT PER \$1000.00 BORROWED  
(INTEREST COMPOUNDED MONTHLY)**

Interest rate (%)	Term (in years)				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.81	43.09	29.19	22.24	18.08
5.00	85.61	43.67	29.57	23.03	18.67
5.25	85.72	43.98	30.08	23.14	18.99
5.50	85.84	44.10	30.20	23.26	19.10
5.75	85.95	44.21	30.31	23.37	19.22
6.00	86.07	44.32	30.42	23.49	19.33
6.25	86.18	44.43	30.54	23.60	19.45
6.50	86.30	44.55	30.65	23.71	19.57
6.75	86.41	44.66	30.76	23.83	19.68
7.00	86.53	44.77	30.88	23.95	19.80

5. Alex would like to buy a new ski-doo that cost \$7000.00 plus tax (NB 13%). Alex has saved \$2400.00 on his own for a down payment.
- How much will Alex have to borrow to buy his ski-doo?
  - Alex can get a loan at 5% per annum.

5. Alex would like to buy a new ski-doo that cost \$7000.00 plus tax (NB 13%). Alex has saved \$2400.00 on his own for a down payment.
- How much will Alex have to borrow to buy his ski-doo?
  - Alex can get a loan at 5% per annum with an amortization period of 4 years. What will be his monthly payment?
  - What will be the total he pays for his loan?
  - How much will the ski-doo cost Alex?
6. Henry wants to buy a tractor that costs \$42,000.00 plus tax (NB 13%). Troy has his old tractor to trade in, which is valued at \$11000.00.  
(BE CAREFUL – A TRADE IN IS SUBTRACTED BEFORE TAX IS CALCULATED!!!)
- How much will Henry have to borrow to buy the tractor?
  - Henry can get a loan at 3.25% per annum with an amortization period of 5 years. What will be his monthly payment?
  - What will be the total he pays for his loan?
  - How much will Henry pay in finance charges?