

Name:

Section 3.1 – Interest

1. Vince has been saving up all summer and before going back to school he has managed to amass \$5500. He decides to put it in a GIC that pays him an annual percentage rate of 6% and is locked in for 3 years. At the end of the three years, how much interest has he earned and how much total cash does he now have?

$$I = Prt$$

2. Mr. Herlaar borrowed \$7000 to build a new fence in his backyard. If the loan was a Simple Interest Loan and he paid \$735 in interest over a three-year period, what was the interest rate? And if he paid it back monthly, what were his monthly payments?

$$I = Prt$$

3. Atlas received an inheritance of \$25 000, he kept \$3000 to spend, and invested the rest in a Compound Interest account. The account compounds daily (365) and has an annual percentage rate of 7.5%. If he keeps his money invested for 10 years, how much does he have at the end of the ten-year period? How much of it is interest?

$$A = P \left(1 + \frac{r}{n} \right)^{n \cdot t}$$