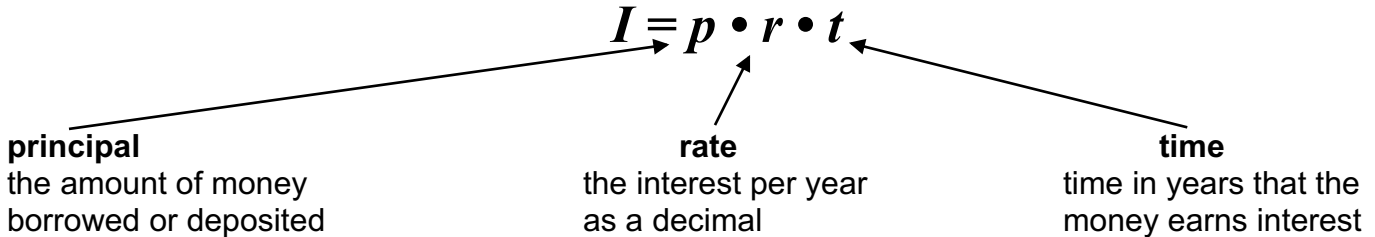


Simple Interest Guided Notes Sheet

Interest - the amount collected or paid for the use of money

Simple interest – money paid on the principal

To calculate simple interest, you use the formula:



APPETIZER

The following clients have opened savings accounts with the State Employees Credit Union. Use the simple interest formula $I = prt$ to calculate the principal, rate, time, or interest earned by each client. Calculate the interest to the nearest cent, and write your answers in the chart below.

Client Name	Principal	Rate	Time	Interest Earned
Alice Apple	\$600	14%	1 ½ years	
Carl Crow	\$1300		3 years	\$364
Fred Fish		5%	4 years	\$440
Sara Sheep	\$5000	6.5%		\$975

- Jose deposits \$1500 of his tax refund into an account that earns simple annual interest. How much interest will his account earn after 6 years at an annual interest rate of 4%?
- If Sheila paid \$797.50 in interest on a 5 year loan of \$5,800 for her first car, what was the interest rate?
- Lisa borrows \$2850 at 4.3% simple interest per year. When Lisa pays the loan back 9 years later, what is the total amount that Lisa ends up repaying?

Client Name	Principal	Rate	Time	Interest Earned
Jack Jones	\$2,455	3%		\$441.90
Oscar Owens		4.25%	3 years	\$663
Paula Prince	\$18,500		42 months	\$1,942.50

MAIN COURSE

The following clients have opened loan accounts with Wachovia. Use the simple interest formula

$I = prt$ to calculate the principal, rate, time, or interest earned by each client. Calculate the interest to the nearest cent, and write your answers in the chart below.

- Malik deposited \$1,050 in a savings account, and it earned \$241.50 in simple interest after four years. Find the interest rate on Malik savings account.
- Mr. Brown has \$410,000 in a retirement account that earns 3.85% interest each year. Find the amount earned each year by his investment.
- When Melissa was born, her parents put \$8,000 into a college fund account that earned 9% simple interest. Find the **total** amount in the account after 18 years.

DESSERT

- Robert won \$900,000 in the North Carolina State Lottery. After paying \$350,000 in taxes, he invested the **remaining** money in a savings account with a 4.25% interest rate. How much money is in the account if Robert makes no deposits or withdrawals for two years?
- Consuelo deposited an amount of money in a savings account that earned 6.3% simple interest. After 20 years, she had earned \$5,922 in interest. What was her initial deposit?

9. A deposit of \$2,500 grew to \$3,325 after 6 years. What is the final value of a deposit of \$7,500 at the same interest rate for the same period of time?