

Unit 7 Finance

Simple Interest

$$I = Prt$$

$I \rightarrow$ interest (\$)

$P \rightarrow$ Principal (\$)
(Present Value)

$r \rightarrow$ annual
interest rate (%)
 $\div 100.$

$t \rightarrow$ time in years

* linear graph

Compound Interest

$$A = P(1+i)^n$$

$A \rightarrow$ Amount (Future Value) \$

$$P = A(1+i)^{-n}$$

$P \rightarrow$ Principal / Present Value \$

$i \rightarrow$ interest rate per
compounding period
as a decimal

$n \rightarrow$ number of compounding
periods

* exponential
graph

- calculating percents

Ex. Putting 12% of pay into savings,
given pay is \$900.

$$0.12 \times 900 \\ = \$108$$

bi-weekly \Rightarrow 26 times/year
Weekly \Rightarrow 52 times/year
monthly \Rightarrow 12 times/year.