

Practice 5-5

Simple Interest

Graph the total *simple* interest earned for each account over 5 years.

1. \$1,300 at 6.9% 2. \$11,500 at 12.50% 3. \$450 at 3%

Find the simple interest earned in each account.

4. \$2,000 at 4% for 6 months 5. \$10,000 at 10% for 2 years

6. \$500 at 3% for 3 months 7. \$25,000 at 4.25% for 5 years

Compare the loans.

8. Compare two loans for \$5,000. The 5-year loan has a 5% simple interest rate. The 6-year loan has a 4% simple interest rate. Which loan costs less? _____

9. You want to borrow \$2,000. You can get 3-year loan with a 15% simple interest rate or a 5-year loan with a 10% simple interest rate. Which loan costs less? _____

10. You want to borrow \$720. You can get a 2-year loan with an 8% simple interest rate or a 1-year loan with a 15% simple interest rate. Which loan costs less? _____

Solve.

11. You invest \$5,000 in an account earning simple interest. The balance after 6 years is \$6,200. What is the interest rate?

12. Suppose you have \$300 to invest. One bank offers an annual simple interest rate of 4.5% for a 3-year investment. Another bank offers an annual simple interest rate of 6.8% for a 2-year investment. Which account will earn you more money?
