

Problem Solving – Simple Interest

In problems [1] to [3], apply the simple interest formula $I = PRT$ to determine the information requested.

[1] Diana deposited \$2500 into a savings account that pays 3.5% annual interest. How much interest will she earn in 9 months?

[2] Kari earned \$1593.75 interest from an 18 month certificate of deposit which she originally deposited \$17,000 into. What was the annual interest rate?

[3] Lauren earned \$32.50 interest from a 30 month CD, which paid 6.25% annual interest. How much money did she deposit in the CD originally?

[4] Richard's current credit card balance is \$1740. His bill indicates that this month's finance charge (interest) is \$31.61. What is the annual percentage rate for this credit card?

Pictured below is a Microsoft Excel spreadsheet used to calculate simple interest in a bank account over an extended period of time. Examine it carefully, and then use it to help you answer each of the following.

	A	B	C	D	E
1	Year	Principal	Rate	Time	Interest
2	1996	\$ 100.00	6%	1	\$ 6.00
3	1997	\$ 106.00	6%	1	\$ 6.36
4	1998	\$ 112.36	6%	1	\$ -
5	1999		6%	1	\$ -

[5] Write a formula that you could use in Microsoft Excel to determine the contents of **cell E2**.

[6] Write a formula that you could use in Microsoft Excel to determine the contents of **cell B3**.

[7] Use your answer in problem [5] to figure out what the contents of **cell E4** should be. Round your answer to the nearest cent.

[8] Use your answer in problem [6] to figure out what the contents of **cell B5** should be. Round your answer to the nearest cent.

[9] Use your answers in problems [5] to [8] to figure out what the contents of **cell E5** should be. Round your answer to the nearest cent.