

Name: _____

Date: _____

MBF 3C

Simple vs Compound Interest: Independent Practice

1. **Show the growth** of a \$2000 investment, at both 5% per year simple interest and 5% per year, compounded annually, for three years.

[How will you show the growth? What representation(s) will you use?]



[KU]

2. Calculate the interest earned by each of the two investments described in #1. **Show your work.**

[Which formulas will you be using?]

[KU, APP]

3. \$1500 was borrowed at an annual, simple interest rate of 6%. \$450 was paid in interest. Determine the length of time, in months, for which the money was borrowed. **Show your work.**

[What is it that you're trying to find? $I = Prt$]

[APP, T/PS]

(Formula Bank →)

Formula Bank

	Simple	Compound
Amount, A (Total of Principal and Interest; the “Future Value”)	$A = P + Prt$	$A = P(1 + i)^n$
Interest, I	$I = Prt$	$I = A - P$

Answer Key

1. Tables of values, graphs, or equations could be used to model the growth of each investment.
2. Simple: \$2300 Compound: \$2315.25
3. Time = 5 years = 60 months