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Course: MAT1301-14A-1A16-S2

Book: Pinnol: Mathematics All Around
5c

Assignment: Unit II Homework

25. Use the formula for future value, $A = P(1 + rt)$, and elementary algebra to find the missing quantity.

$$A = \$2,384; r = 7\%; t = 7 \text{ years}$$

$$P = \$\square \text{ (Simplify your answer.)}$$

26. Use the formula for computing future value using compound interest to determine the value of an account at the end of 4 years if a principal amount of \$8,000 is deposited in an account at an annual interest rate of 6% and the interest is compounded quarterly.

The amount after 4 years will be \$ $\square$.
(Round to the nearest cent as needed.)

27. Use the formula for computing future value using compound interest to determine the value of an account at the end of 4 years if a principal amount of \$7,000 is deposited in an account at an annual interest rate of 4% and the interest is compounded monthly.

The amount after 4 years will be \$ $\square$.
(Round to the nearest cent as needed.)

28. Use the formula for computing future value using compound interest to determine the value of an account at the end of 8 years if a principal amount of \$2,500 is deposited in an account at an annual interest rate of 8% and the interest is compounded daily. (Assume there are 365 days in a year.)

The amount after 8 years will be \$ $\square$.
(Round to the nearest cent as needed.)

29. You are given an annual interest rate and the compounding period for two investments. Decide which is the better investment.

8.7% compounded daily; 11% compounded monthly

Which is the better investment?

- ☐ 11% compounded monthly
☐ 8.7% compounded daily