Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Practice – Simple Interest**

I=PRT

**Interest = (Principal)(Rate)(Time)**

Interest is an amount of money.

Principal is an amount of money.

Rate is a percentage (use decimal to calculate!)

Time is expressed in years (or fractions of a year).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Principal** | **Interest Rate** | **Time** | **Simple Interest** |
| 1. | $2000 | 3.5% | 3 years |  |
| 2. | $1250 |  | 4 years | $350 |
| 3. | $500 | 4.5% |  | $157.50 |
| 4. |  | 6% | 4 years | $73.80 |
| 5. | $3300 | 4.75% |  | $313.50 |
| 6. |  | 5% | 54 months | $2115 |
| 7. | $6800 |  | 16 years | $2720 |

**WORK:**

|  |  |
| --- | --- |
| 1. | 2. |
| 3. | 4. |
| 5. | 6. |
| 7. |  |

|  |  |
| --- | --- |
| 1. Marcy bought a washer from an appliance store for $625. Marcy is financing the entire amount for 1 year at a 25% interest rate. How much interest will Marcy pay? Find the total amount she will pay for the washer. | 2. Haley needs to borrow $1000 to help pay for her tuition. A bank offers a loan at a rate of 8% for 3 years. How much interest will she pay for this loan? How much will she pay in total to borrow the money? |
| 3. Shawn invested $2000 in a simple interest certificate of deposit five years ago. The interest rate was 6% for 5 years. How much money did Shawn have at the end of the 5 years? | 4. Barney loaned his nephew $5500 to buy a used car. His nephew agreed to pay him back in 1 year. At the end of the year, the nephew had paid his uncle a total of $6050. What interest rate did his uncle charge? |
| 5. A savings account is set up so that the simple interest earned on the investment is moved into a separate account at the end of each year. If an investment of $7,000 accumulate $910 of interest in the account after 2 years, what was the annual simple interest rate on the savings account? | 6. Bill borrowed $26,000 for 9 months at a 9% annual interest rate. However, Bill received a bonus from his boss and was able to repay the loan in 3 months. How much interest did Bill save by paying the loan early? |
| 7. Bill deposited $5,000 in an account that pays 6.4% interest each year. The amount of interest is paid at the end of each year. How much will the account have after 3 years? | 8. When invested at an annual interest rate of 6% an account earned $180.00 of simple interest in one year. How much money was originally invested in account? |