

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

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

### Compound Interest Assignment

1) You invest \$2500 into an education fund when you're young. The fund pays compound interest of 6% and you invest the money for 13 years. How much do you have for college?

2) Jenny invests an inheritance of \$18 000 for 6 years at 3.5% compound interest. How much will she now have?

3) You have \$4500 to invest for 10 years. You can invest it with simple interest at 7%, or compound interest at 5%. Which one will earn you more money?

4) Mickey invests \$5 000 000 that he made at Disneyland at 3% compound interest for 4 years. How much **interest** has he earned?

5) Joey withdraws \$12 340 after 5 years of compound interest at 4.25%. How much did he originally invest?

6) Randene wants to see the power of compound interest. She invests \$2000 at 7% simple interest for 3 years, and \$2000 at 7% compound interest for 3 years. How much more interest does she earn using compound interest?

7) If you want to have \$5000 for college tuition in 5 years time, how much would you originally have to invest at 5% compound interest?

8) If you invest \$20 at 3.15% compound interest for a future family member to withdraw in 300 years, how much would they have?

9) Explain, in words, why compound interest earns more money than simple interest: