**A&W Math 11: SIMPLE INTEREST**

-when you put money in the bank, they money they pay you is called **interest**.

-You are paid interest because you are lending money to the bank.

-banks lend this money to other people or companies at a higher interest, therefore, making a profit.

1. What is simple interest?

-interest paid ONLY on the INITIAL deposit or the amount borrowed.

1. How is it calculated?

-we can get 4 formulas from this pyramid:

i)

ii)

I=

P=

iii)

r=

t=

iv)

1. How to do it?

Ex: Diyashani put $2000 into her ING savings account earing 3% per annum(year).

1. How much interest will she earn after 4 years?
2. How much interest after 5 months?
3. How much money does Diyashani have after 5 months?

Ex: Jamie lent Richard some money. Richard gave him $300 in interest after 4 years. If Jamie charged Richard 6% a year, how much did Jamie lend Richard at the beginning?

Ex: Azeem invested $15,000 in the UFC. The UFC gave him $3500 interest at the end of 2 years. What was the interest rate Azeem earned?

Do: pg 292 #1abcd, 2, 3

Handout #4

-quiz next day on ‘simple interest’