

Simple Interest

Vocabulary

Interest: The extra money you pay back if you take out a loan (in addition to the amount borrowed)

Principal: The original amount of money that you put into an account or the amount you borrowed.

Rate: The percent that is earned on your amount (calculated as a decimal)

Time: the length in years that the money is being paid back

Interest

$$I = PRT$$

$$\text{Interest} = \text{Principal} * \text{Rate} * \text{Time}$$

1) Find the amount of interest that is earned.

Interest = ?

Principal = \$800

Rate = 6%

Time = 2 years

2) Find the interest rate.

Interest = \$20

Principal = \$250

Rate = ?

Time = 1 year

3) Find the principal.

Interest = \$100

Principal = ?

Rate = 5%

Time = 9 months

Notes- Simple Interest.notebook

Example 4

Anna invested \$2,500 at a rate of 5%. How long will it take her to earn \$1,125 in interest?

Example 5

Ryan deposited \$2,000 in an account at a rate of 4%. How much money will he have in the account in 5 years?

Example 6

Mr. Johnson borrowed \$8000 for 4 years to make home improvements. If he repaid a total of \$10,320, at what interest rate did he borrow the money?

Example 7

Teddy borrows \$4,890 on 8% interest rate for 18 months. What is the interest that Teddy pays?

After 18 months, what will be the total amount that Teddy will have to pay?

Example 8

Mr. James borrows money from the bank for a new car. He borrows \$10,000 and accumulates \$1,500 in interest. How long will it take Mr. James to pay back his loan at a 3% interest rate?