5.1 S & C Interest HW **Name _____ Period _____**

1. Find the total amount for each year and the amount of interest per year if charged simple interest. You borrow $5,000 at 12%. A=P+ (Pr)t.

	Total Amount	Interest Only
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		

2. Do you notice a pattern in the "interest only" column of problem 1? What does it mean?

3. Find the total amount for each year and the amount of interest per year if charged compound interest. You borrow $5,000 at 12%. $A = P(1 + r)^t$. Round to the nearest hundredth.

	Total Amount	Interest Only
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		

4. Find the total amounts only using both simple interest and compound interest. Round to the nearest hundredth.

Simple Interest: $A = P+(Pr)t$ Compound Interest: $A = P(1 + r)^t$

a. $2,000 at 12% for 3 years

Simple	Compound

b. $5,000 at 12% for 20 years

Simple	Compound

5. If you owe money which method would you hope you were being charged? (Simple or Compound)

   Why?

6. If you were the bank charging the interest which method are you likely to use? (Simple or Compound)

   Why?