

### *Exam Review Quiz – Simple & Compound Interest*

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1. Jim borrows \$750 which he repays, with interest, 35 days later. If he pays  $8\frac{1}{2}\%$  *simple interest* per year, how much interest was he charged?

2. Determine only the values for  $i$  and  $n$  in the formula  $A = P(1+i)^n$ :

a) \$1200 at 5% *compounded annually* for 7 years

$i =$              $n =$

b) \$350 at 6% *compounded monthly* for 3.5 years

$i =$              $n =$

3. Ted invests \$5000 in an investment that earns 8% interest *compounded semi-annually*, while his brother Jack invests \$5000 in an investment that earns 8% interest *compounded monthly*.

a) Determine the *amount* each brother will have after **three years**.

b) Who has more money? How much more?

4. Jerome needs to have \$10 000 in 3 years to pay for his first year of college. How much should he invest now at 6.5% per year, *compounded monthly* to have the amount he needs?