

APRIL 25/08

SIMPLE INTEREST

$$I = Prt$$



I = INTEREST

P = PRINCIPAL

r = RATE (DECIMAL)

t = TIME (YEARS)

Ex. How much interest is earned on \$2000 at a rate of 7% for 2 years

$$I = Prt$$

$$I = 2000 \times 0.07 \times 2$$

$$I = \$280.00$$

Ex. How much interest is earned on 3000 at 3.5% for 6 months?

$$I = Prt$$

$$I = 3000 \times 0.035 \times \frac{6}{12}$$

$$I = \$52.50$$

Ex. You GET \$30 INTEREST
ON \$500 OVER 1 YEAR.
WHAT IS THE RATE?

$$r = \frac{I}{Pt} = \frac{30}{500 \times 1}$$

$$r = 0.06 \times 100 = 6\%$$

Ex. You EARN \$100 INTEREST
ON \$4000 AT 7%. How
MANY DAYS DOES IT TAKE?

$$t = \frac{I}{Pr} = \frac{100}{4000 \times 0.07}$$

$$t = .357 \times 365$$

$$t = 130.4 \text{ DAYS}$$