Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Block: \_\_\_\_\_\_\_\_

**Simple Interest Guided Notes Sheet**

***Interest*** - the amount collected or paid for the use of money

***Simple interest*** – money paid on the principal

To calculate simple interest, you use the formula:

***I = p • r • t***

**principal** **rate** **time**

the amount of money the interest per year time in years that the

borrowed or deposited as a decimal money earns interest

APPETIZER

The following clients have opened savings accounts with the State Employees Credit Union. Use the simple interest formula ***I = prt*** to calculate the principal, rate, time, or interest earned by each client. Calculate the interest to the nearest cent, and write your answers in the chart below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Client Name** | **Principal** | **Rate** | **Time** | **Interest Earned** |
| Alice Apple  | $600 | 14% | 1 ½ years |  |
| Carl Crow | $1300 |  | 3 years | $364 |
| Fred Fish |  | 5% | 4 years | $440 |
| Sara Sheep | $5000 | 6.5% |  | $975 |

1. Jose deposits $1500 of his tax refund into an account that earns simple annual interest. How much interest will his account earn after 6 years at an annual interest rate of 4%?
2. If Sheila paid $797.50 in interest on a 5 year loan of $5,800 for her first car, what was the interest rate?
3. Lisa borrows $2850 at 4.3% simple interest per year. When Lisa pays the loan back 9 years later, what is the total amount that Lisa ends up repaying?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Client Name** | **Principal** | **Rate** | **Time** | **Interest Earned** |
| Jack Jones | $2,455 | 3% |  | $441.90 |
| Oscar Owens |  | 4.25% | 3 years | $663 |
| Paula Prince | $18,500 |  | 42 months | $1,942.50 |

MAIN COURSE

The following clients have opened loan accounts with Wachovia. Use the simple interest formula

***I = prt*** to calculate the principal, rate, time, or interest earned by each client. Calculate the interest to the nearest cent, and write your answers in the chart below.

1. Malik deposited $1,050 in a savings account, and it earned $241.50 in simple interest after four years. Find the interest rate on Malik savings account.
2. Mr. Brown has $410,000 in a retirement account that earns 3.85% interest each year. Find the amount earned each year by his investment.
3. When Melissa was born, her parents put $8,000 into a college fund account that earned 9% simple interest. Find the ***total*** amount in the account after 18 years.

DESSERT

1. Robert won $900,000 in the North Carolina State Lottery. After paying $350,000 in taxes, he invested the ***remaining*** money in a savings account with a 4.25% interest rate. How much money is in the account if Robert makes no deposits or withdrawals for two years?
2. Consuelo deposited an amount of money in a savings account that earned 6.3% simple interest. After 20 years, she had earned $5,922 in interest. What was her initial deposit?
3. A deposit of $2,500 grew to $3,325 after 6 years. What is the final value of a deposit of $7,500 at the same interest rate for the same period of time?