2.0 – Simple Interest

○ The interest is either the amount that you _____ in exchange for _____money or the amount that you _____by allowing a portion to be _____

○ Simple interest is interest that is only calculated on _____
_____

○ We call the borrowed/invested amount _____

○ When we calculate simple interest, we look at _____
_____ _____

○ Remember _____ = _____ = _____

○ Simple interest rates are usually written as a _____

○ Interest rates are the _____ that is _____ as interest

○ To calculate simple interest, we use the formula

    ○ _____

○ I stands for _____

○ P stands for _____

○ R stands for _____

○ T stands for _____

Example 1

Sarah is saving for a new motorcycle helmet

    She has saved $600 and will invest it for six months

    The interest rate for her investment is 1.5% per year

How much interest will Sarah earn on her investment?

Example 2

Sue is planning a trip to the United States

    She has invested $5000 with an annual interest rate of 0.5%

If Sue withdraws her money after 120 days, how much interest will she earn?

O It is important to consider _____ after the
    time period has finished

O This the _____

O You find this by adding _____

Using what we calculated with our previous examples

1) How much money will Sarah have after her investment period is over?

2) How much money will Sue have for her trip?