Name _____ Date _____ Class _____

Skills Readiness

Simple Interest

Finding the Amount of Interest	Finding the Interest Rate
Simple Interest Formula: $I = Prt$ P = principle (the amount invested) r = interest rate (written as a decimal) t = time (number of <u>years</u>)	Solve the Simple Interest Formula for r by dividing both sides of the equation by Pt. $$\frac{I}{Pt} = \frac{Prt}{Pt} \longrightarrow r = \frac{I}{Pt}$$
Example 1: What is the simple interest on an investment of $3000 at 4% for 5 years? $$I = Prt$$ $P = \$3000; r = 4\% = 0.04; t = 5$ $$I = (3000)(0.04)(5)$$ $$I = \$600$$	Example 2: A savings account of $1000 earned $120 simple interest in 4 years. Find the interest rate. $$r = \frac{I}{Pt}$$ $I = \$120; P = \$1000; t = 4$ $$r = \frac{120}{1000(4)} = 0.03 = 3\%$$

Practice on Your Own

Evaluate.

1. $(500)(0.03)(5)$ _____

2. $(4000)(0.02)(10)$ _____

3. $\dfrac{120}{(1500)(4)}$ _____

Use the formula for simple interest, $I = Prt$, to answer the question.

4. What is the simple interest on an investment of $5000 at 2% for 3 years? _____

5. What is the simple interest on an investment of $1800 at 4% for 2 years? _____

6. What is the simple interest on an investment of $10,000 at 4% for 5 years? _____

7. A savings account of $2500 earned $225 simple interest in 3 years. Find the

interest rate. _____

8. A certificate of deposit in the amount of $25,000 earned $2000 simple interest

in 2 years. Find the interest rate. _____

Check

Evaluate.

9. $(1000)(0.05)(4)$ _____

10. $(2500)(0.04)(5)$ _____

11. $\dfrac{180}{(6000)(2)}$ _____

Use the formula for simple interest, $I = Prt$, to answer the question.

12. What is the simple interest on an investment of $8000 at 6% for 5 years? _____

13. What is the simple interest on an investment of $75,000 at 8% for 2 years? _____

14. A savings account of $50,000 earned $25,000 simple interest in 10 years. Find

the interest rate. _____

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