6.7

Simple Interest

What is Interest?

Amount charged for _____ or _____ money

What is Balance?

The total amount of _____ _____.

Vocabulary

Principle

The amount that is _____
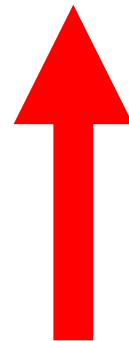
Rate

The percent that you are _____ for interest

Time

Time in Simple Interest is always done in _____

Interest Formula

$$I = Prt$$

Getting to know the vocabulary

Josh borrowed $2000 from Jason. Jason is charging 10% for every year that Josh borrows it. How much interest will Josh have to pay in 4 years? How much is his total balance?

Find the amount of interest and the balance.

1) P = $600
   r = 5%
   t = 5 years

$$I = Prt$$

Find the amount of interest and the balance.

2) P = $4500
    r = 10%
    t = 6 years

How many months are there in a year?

How do you convert months to fractions/decimals of a year?

Write the following as parts of a year:

3) 6 months

4) 3 months

5) 9 months

6) 6 months

7) 18 months

Find the amount of interest and the balance.

8) P = $1200
    r = 5%
    t = 3 months

$$I = Prt$$

Find the amount of interest and the balance.

9) P = $7000
    r = 5.5%
    t = 18 months

$$I = Prt$$

Find the amount of borrowed (principle).

10)   I = $68
       P = ?
       r = 4%
       t = 2 years

$$I = Prt$$

Find the interest rate.

11)   I = $6.75
           P = $90
           r = ?
           t = 3 years

$$I = Prt$$

12. You deposit $2000 in a savings account for 3 months. If the annual simple interest rate is 4.1%, how much interest will you earn?

13. You borrow $4500 for 9 months. If the annual simple interest rate is 8%, how much interest will you owe?

13. You borrow $120. After 9 months, you pay back the $120 plus interest of $5.40. What is the annual simple interest rate?

14. You deposit $800 at 7.5%. How long will it take to earn $15 interest?

15. A bank offers 3.5% annual simple interest on a special savings account. How much should you deposit to have $1000 at the end of 5 years?