

5-8 Simple Interest

Interest the amt you pay (loan) or the amount you earn (deposit/savings).

$$I = P r t$$

interest — I — r — rate — t — time (based on 1 yr.)

P — principal — the amount you invest (deposit)
the amount you borrow

$$\begin{aligned} I &= prt \\ &= 500.00 \cdot \boxed{6.25\%} \cdot 3 \\ &= 500(0.0625)3 \\ I &= \$93.75 \end{aligned}$$

$$\begin{aligned} I &= prt \\ &= 95.00 (7.5\%) \left(\frac{8}{12}\right) \\ &= 95 (0.075) \left(\frac{2}{3}\right) \\ I &= 4.75 \end{aligned}$$

95.00	Principal
+ 4.75	+ interest
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99.75	total

$$I = prt$$

$$3600.00 = p$$

$$3 \text{ yrs.} = t$$

$$131.50 = \text{payment}$$

$$1134.00 = 3600.00 r (3)$$

$$\frac{1134.00}{10,800} = \frac{10,800 r}{10,800}$$

$$0.105 = r$$

$$\text{10.5\% Rate}$$

$$\begin{array}{r} \$ 131.50 \\ \times 36 \text{ mo.} \\ \hline \$ 4734.00 \end{array}$$

$$\begin{array}{r} 4734.00 \\ - 3600.00 \\ \hline 1134.00 \\ \text{Interest} \end{array}$$

$$\frac{D}{U} \\ \frac{10,800}{10,800} \div 10,800$$

