

Assignment #5

HW #5 6.2 p 449 # 2, 6, 8, 10, 12

2. 12% compounded monthly for 3 years.
a. Annual interest rate is 12%.
b. Length of investment is 3 years.
c. Periodic interest rate is $\frac{12}{12} = 1\%$.
d. Number of periods is $12 \cdot 3 = 36$.

$$6. \quad S = 5000 \left(1 + \frac{0.10}{1} \right)^{(1)(3)} = 6655$$

$$I = S - P = 6655 - 5000 = \$1655$$

$$8. \quad S = 8600 \left(1 + \frac{0.10}{2} \right)^{(2)(8)} = \$18,772.72$$

$$10. \quad S = 6300 \left(1 + \frac{0.12}{12} \right)^{(12)(3)} = 9013.84$$

$$I = S - P = 9013.84 - 6300 = \$2713.84$$

$$12. \quad S = 3500 \left(1 + \frac{0.08}{4} \right)^{(4)(6)} = \$5629.53$$