

Annuities Quiz

<p>1. Isac opened a savings account that earned 24% interest compounded monthly. He deposited \$100 into the account at the end of each month. How much money did Isac have in the account at the end of one year?</p>	
<p>2. If Isac were to double his deposits to \$200, would this double his final amount?</p>	
<p>3. Isac continued to make \$100 monthly deposits into the same savings account for another six years. How much money did he have in the account at the end of seven years if the rate of interest remained the same?</p>	
<p>4. Toni deposited \$500 in an account at the end of every three months for five and a half years. The account paid 6% compounded quarterly. Determine the amount in the account on the date of the last deposit.</p>	
<p>5. Irene wants to establish a yearly scholar ship of \$500. She wants to put money in now at 5% compounded annually rather than paying \$500 every year. How much should she put in now in order to have enough money to meet this obligation for the next 5 year?</p>	

6. If Irene were to reduce the scholarship by half to \$250, would this half the amount of money she needs to put in now?	
7. When Jodi's grandmother retired, she decided to invest some money so she would receive \$10,000 every 6 months for 10 year, starting in half a year. Her investment plan pays 5.9% per annum, compounded semi-annually.	
a) How much must she invest?	

Draw a timeline to represent and solve the above problem if Jodi's grandmother only held the investment for 3 years.

Today	1	2	3	4	5	6
PV	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

