$$I = P \cdot r \cdot t$$

***I* = Interest Paid or Earned in $** **P = Principal in $**

***r* = Interest Rate in %** ***t* = Time in Years**

Word Problems: Simple Interest

1. A bank is offering 2.5% simple interest on a savings account. If you deposit $5000, how much interest will you earn in one year?

2. To buy a car, Jessica borrowed $15,000 for 3 years at an annual simple interest rate of 9%. How much interest will she pay if she pays the entire loan off at the end of the third year? What is the total amount that she will repay?

3. Nancy invested $6000 in a bond at a yearly rate of 3%. She earned $450 in interest. How long was the money invested?

4. Mr. Johnson borrowed $8000 for 4 years to make home improvements. If he repaid a total of $10,320, at what interest rate did he borrow the money?

5. John's parents deposited $1000 into a savings account as a college fund when he was born. How much will John have in this account after 18 years at a yearly simple interest rate of 3.25%?

6. To buy a laptop computer, Elaine borrowed $2,000 for 3 years at an annual simple interest rate of 5%. How much interest will she pay if she pays the entire loan off at the end of the third year? What is the total amount that she will repay?

7. TJ invested $4000 in a bond at a yearly rate of 2%. He earned $200 in interest. How long was the money invested?

8. Mr. Mogi borrowed $9000 for 10 years to make home improvements. If he repaid a total of $20,000 at what interest rate did he borrow the money?

9. Bertha deposited $1000 into a retirement account when she was 18. How much will Bertha have in this account after 50 years at a yearly simple interest rate of 7.5%?

10. Joshua borrowed $1000 from his friend and paid him back $1050 in six months. What simple annual interest did Joshua pay his friend?