Activity 2.3: Simply Tell the Total

NAME: **DATE:**

Directions:

Use the simple interest formula to calculate the interest and the total amount to be repaid in one lump sum for the purchases below.

Simple Interest Rate Formula

$$I = P \times R \times T \text{ where}$$

I = interest

P = principal

R = interest rate (decimal number)

T = time (number of years)

Description	Principal (P)	Interest Rate (R)	Time in Years (T)	Interest (I)	Total Amount to be Repaid
Cash loan	$100	40.0%	1/2 year	$20 (100 x .4 x .5)	$120 ($100 + $20)
Big-screen TV	$700	7.0%	2 years	$	$
College loan	$12,000	3.5%	15 years	$	$