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Name _____ Date _____

Simple Interest Word Problems

To find **simple interest**, use the formula below.

$$i = prt$$

i = interest earned

p = principal, or starting amount

r = interest rate written as a decimal

t = time in years



Let's try it! Bryce deposits \$300 into a savings account that earns 2% simple interest each year. How much interest will Bryce earn over 4 years, assuming he does not add or take out any money?

$$\begin{aligned} i &= prt \\ &= \$300 \cdot 0.02 \cdot 4 \\ &= \$24 \end{aligned}$$



Answer each question.

1. Patty has \$90 in a savings account that earns 4% simple interest each year. How much interest will Patty earn in 1 year, assuming she does not add or take out any money?

\$

2. Ed opened a savings account 5 years ago with \$600. The account earns 3% simple interest each year, and Ed has not added or withdrawn any money from the account. How much interest has Ed earned?

\$

3. May has a savings account that earns 5% simple interest each year. She deposited \$100 into the account 2 years ago. How much interest has May earned?

4. Gia put \$2,650 into a savings account 6 years ago. The account earns 4% simple interest each year. How much interest has Gia earned?