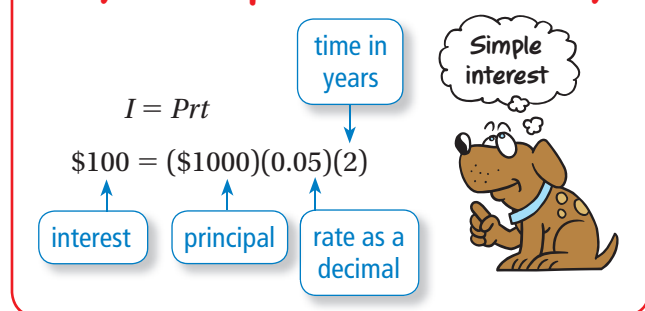


## REVIEW: Simple Interest

Name \_\_\_\_\_

### Key Concept and Vocabulary



### Visual Model

1 month	3 months	4 months
$t = \frac{1}{12}$	$t = \frac{1}{4}$	$t = \frac{1}{3}$

6 months	1 year	2 years
$t = \frac{1}{2}$	$t = 1$	$t = 2$

### Skill Examples

- $P = \$200, r = 0.10, t = 4$  years  
 $I = 200(0.10)(4) = \$80$
- $P = \$250, r = 0.04, t = 0.5$  year  
 $I = 250(0.04)(0.5) = \$5$
- $P = \$2000, r = 0.05, t = 20$  years  
 $I = 2000(0.05)(20) = \$2000$

### Application Example

- You deposited \$500 in a savings account for 10 years. The account paid 6% simple interest. How much interest did you earn?

$$P = \$500, r = 0.06, t = 10 \text{ years}$$

$$I = 500(0.06)(10) = \$300$$

❖ You earned \$300 in interest.

## PRACTICE MAKES PURR-FECT®



Check your answers at [BigIdeasMath.com](http://BigIdeasMath.com).

Find the simple interest.

- Principal: \$400, Rate: 5%, Time: 3 years

\$60

- Principal: \$1000, Rate: 2%, Time: 4 months

\$6.67

- Principal: \$500, Rate: 8%, Time: 9 months

\$30

- Principal: \$100, Rate: 3%, Time: 6 months

\$1.50

- Principal: \$250, Rate: 10%, Time: 6 months

\$12.50

- Principal: \$600, Rate: 1%, Time: 8 years

\$48

In which savings account do you earn more simple interest?

- a. Deposit \$200 at 6% for 3 years.  
b. Deposit \$200 at 8% for 18 months.

a; \$36 > \$24

- a. Deposit \$1000 at 4% for 5 years.  
b. Deposit \$1000 at 5% for 4 years.

neither; \$200 = \$200

- SAVINGS** You deposited \$600 in a savings account for 5 years. The account paid 4% simple interest. How much interest did you earn? \$120

- LOAN** You borrowed \$1000 for 2 years. You are charged 5% simple interest. How much interest do you owe? \$100