**Lesson 6.3 Compound Interest Assignment**

1. Use a table to show how much a deposit of $3000.00, invested at 3.25% per annum, compounded quarterly for 2 years, would be worth at the end of each compounding period.

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| **INTEREST TABLE** | | | |
| **Interest Period** | **Investment value at the beginning of period** | **Interest Earned**  **(I = Prt)** | **Investment value at the end of period** |
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1. Calculate the final value of a deposit of $5000.00 invested at 3.00% per annum, compounded annually, for 2 years.
2. Calculate the difference between the final values of the following two investments after 3 years:

• $4000.00 invested at 3.50% per • $4000.00 invested at 3.50% annum, compounded annually; simple interest.

1. Calculate how much interest you would earn on a deposit of $8000.00 invested at 2.50%, compounded annually, for a term of 5 years.
2. Calculate the final value of an investment of $4000.00 that earns interest at a rate of 4.00% per annum for 8 years, with the following compounding periods:

a) annual; b) semi-annual;

c) quarterly; and d) monthly.

1. Use the Rule of 72 to estimate how long it would take the following investments to double in value:

a) $6000.00 invested at 4.00% per annum, compounded annually;

b) $1000.00 invested at 2.45% per annum, compounded annually; and

c) $1000.00 invested at 1.95% per annum, compounded annually.