

CALCULATING INTEREST



Below are different saving and borrowing scenarios. You will need to calculate the simple interest you would either pay or earn for each. You can create an Excel spreadsheet or use a calculator to determine the interest.

1. You want to buy a bike that costs \$150.00. You have saved \$25.00 and want to deposit it in your savings account. The current interest rate is 3%. How much interest will you earn in two years?

2. Your family wants to buy a new television that costs \$700. They purchase the television set and put it on their credit card, which charges 18% interest. How much interest will they pay on the television set if it takes them 1 year to pay for the television?

3. The repairman tells your family that you need a new heater for your home. It costs \$3,500. Your family talks to the bank about getting a loan for 24 months. The interest rate is 9%. How much interest will your family pay over the 24 months?