

### Simple Interest Worksheet

The formula for Simple Interest is  $I = P * R * T$

I – simple interest	P – principal	R – interest rate	T – time, in years
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1. You open an account at the Bank of Orrin in the amount of \$2,000. They offered you an interest rate of 6% for 3 years. How much simple interest do you earn?

$$I = 2000 * 0.06 * 3 = 120 * 3 = \$360$$

2. Your parents open an account for \$4,200 with an interest rate of 8%. That rate is good for 5 years. How much interest will your parents earn in the 5 years?

$$I = 4200 * 0.08 * 5 = 336 * 5 = \$1,680$$

3. You are hoping to make an additional \$50 on your account per year. Your account is in the amount of \$700 and you have an interest rate of 7%. Will you make your \$50 each year?

$$I = 700 * 0.07 * 1 = \$49 \quad \text{Don't make \$50 per year}$$

4. You have earned \$225 on your account. They gave you a rate of 5% over 3 years. How much did you have, initially, in your account?

$$225 = x * 0.05 * 3 \rightarrow 225 = 0.15x \rightarrow x = 225/0.15 = \$1,500$$