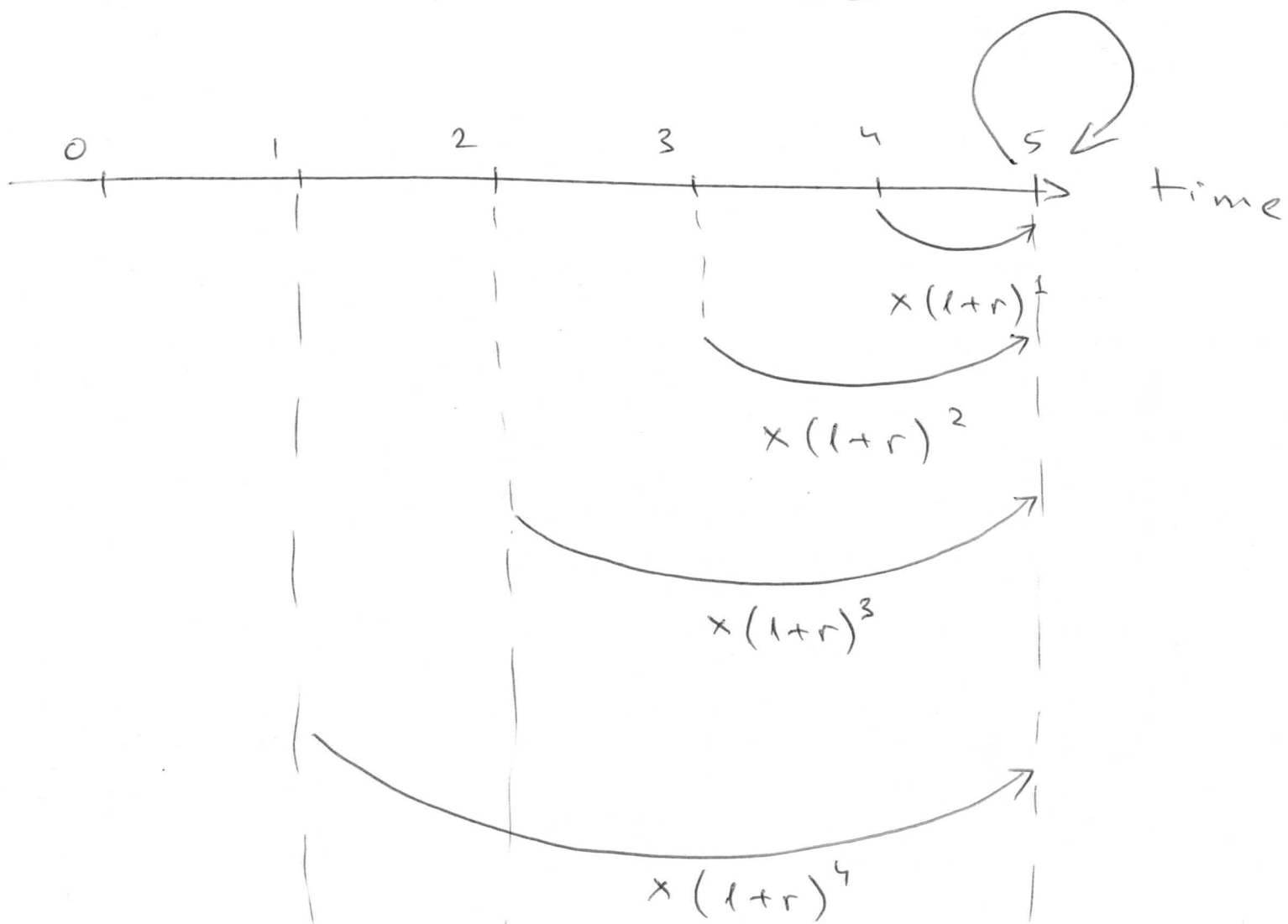
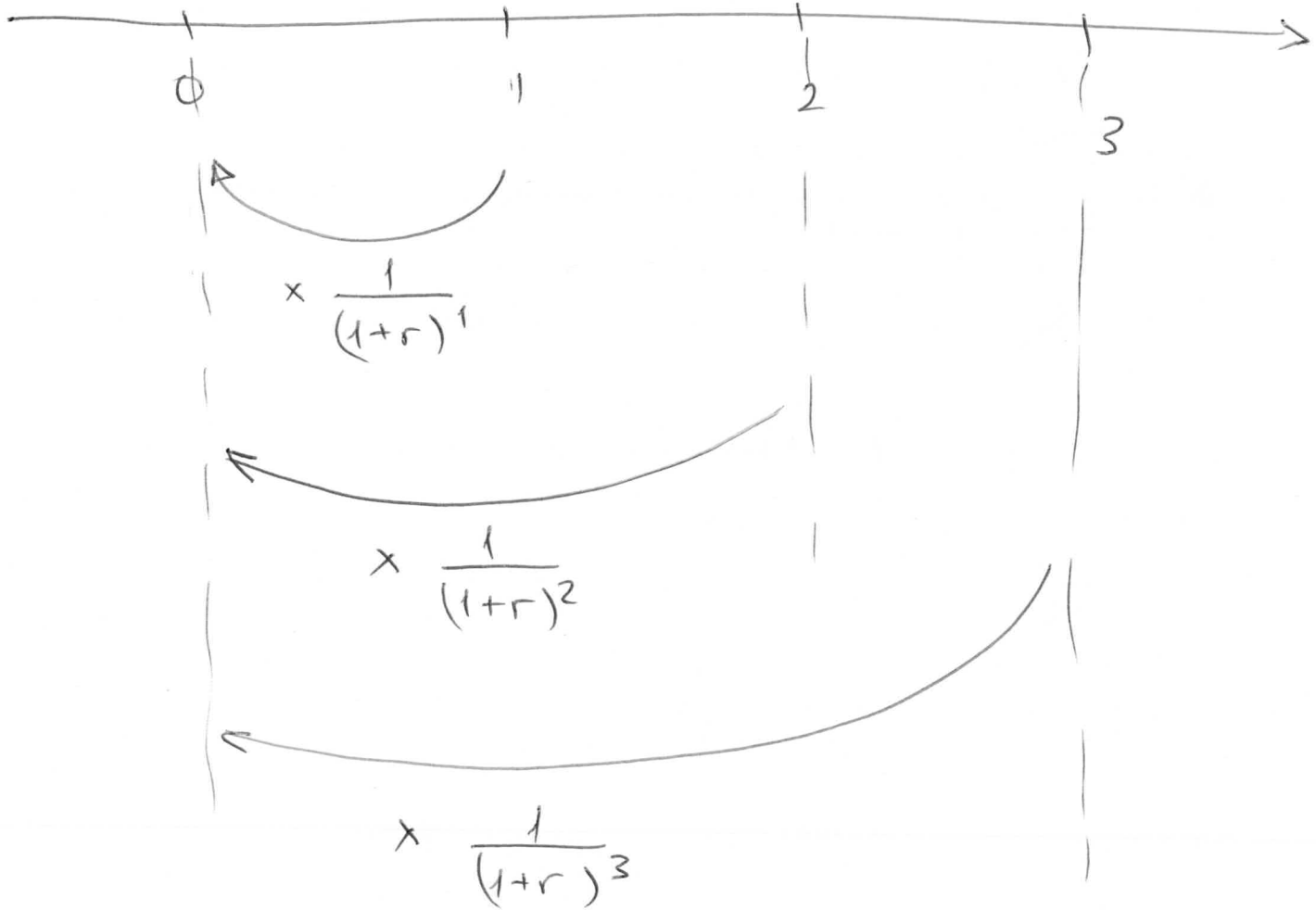
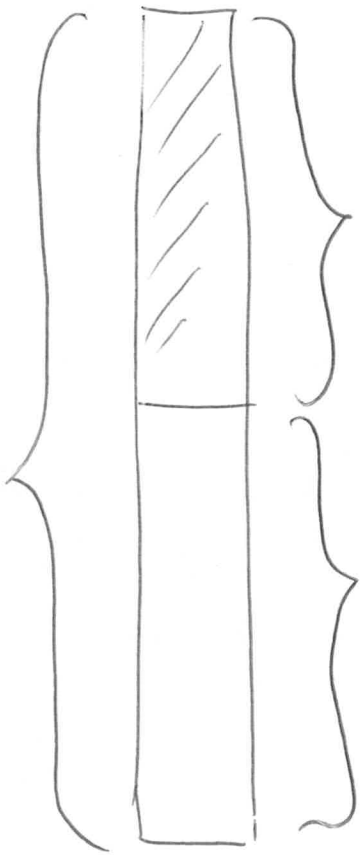
FUTURE VALUES



PRESENT VALUES





PV

$2,561.98

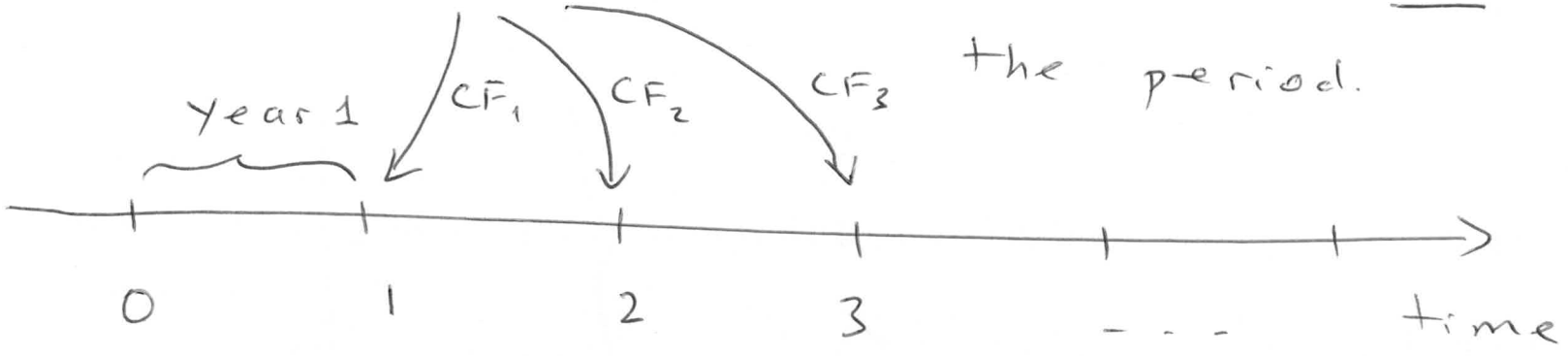
PV_1

$909.09 → $1,000 @ t = 1

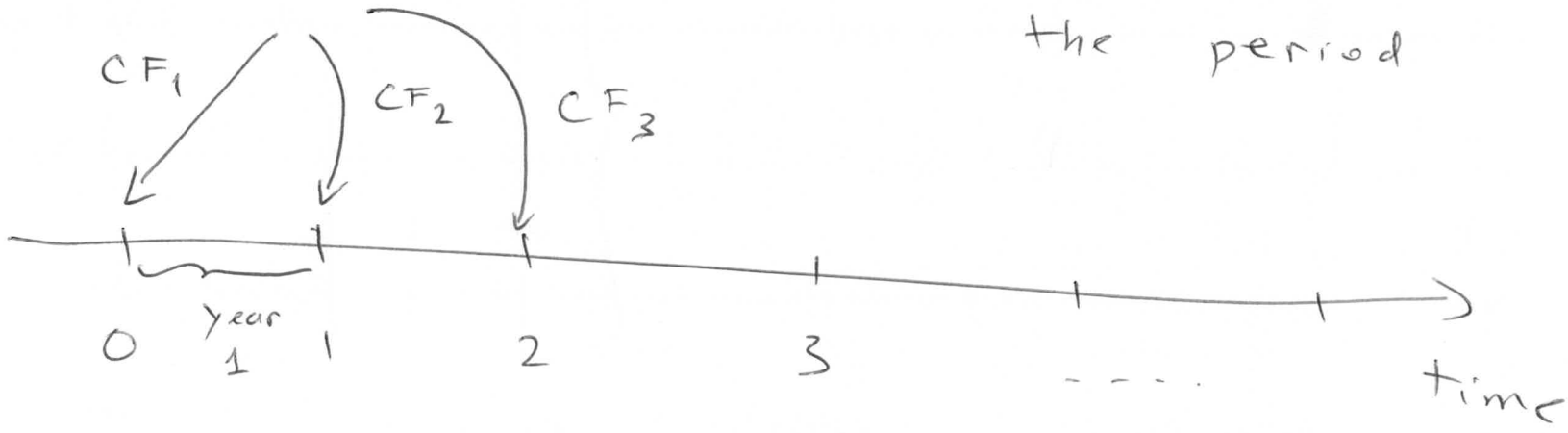
PV_2

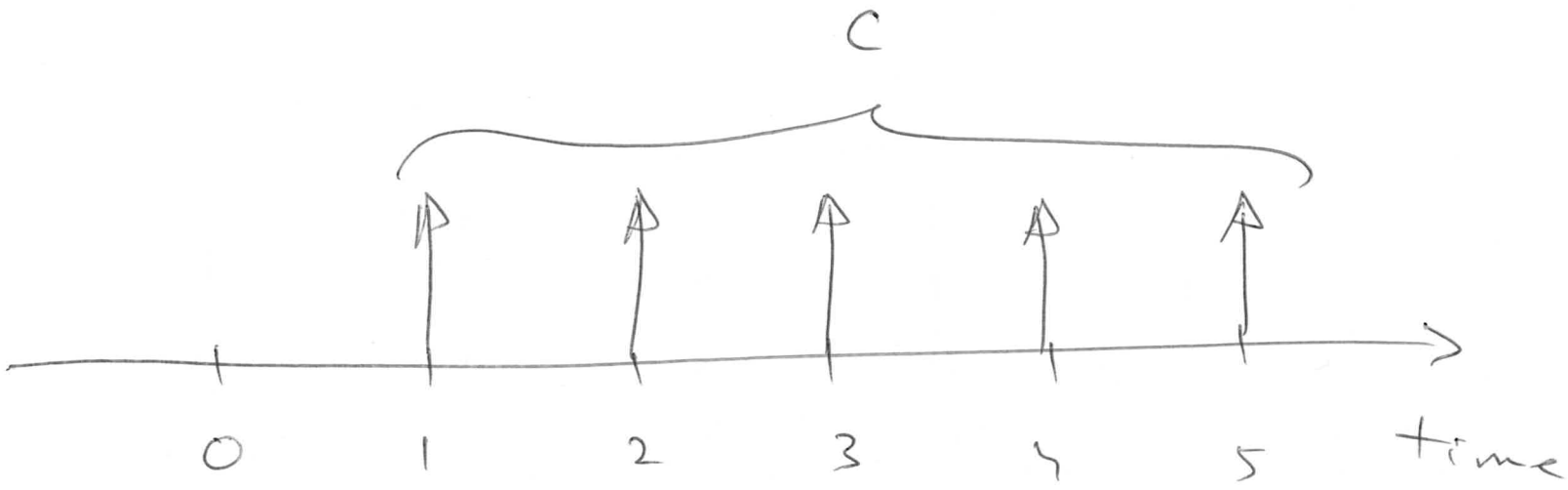
$1,652.89 → $2,000 @ t = 2

cash flows occur at the end of the period.



cash flows occur at the start of the period



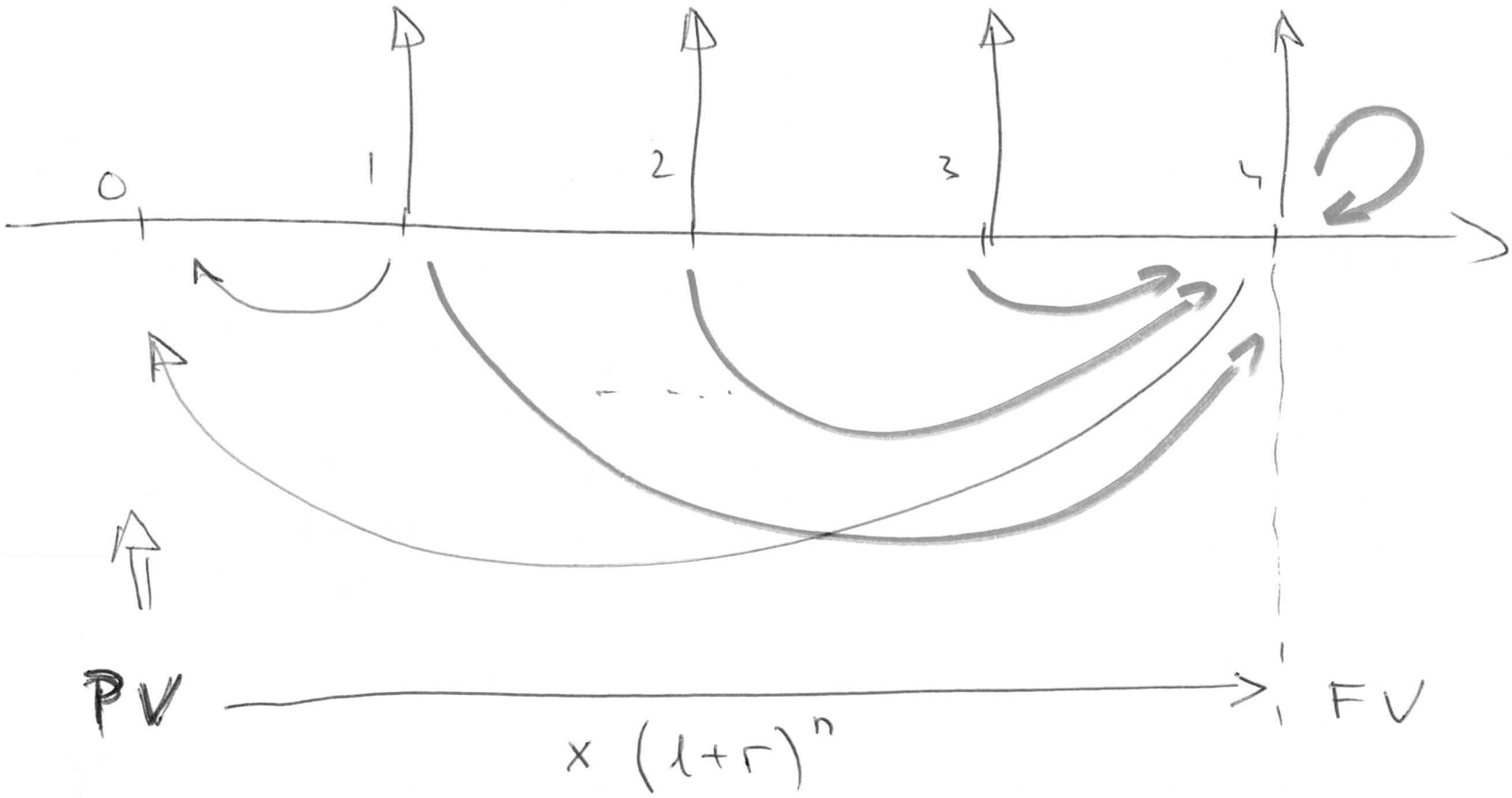


[ordinary] annuity

$$PV = C \cdot \frac{1 - \left(\frac{1}{1+r}\right)^{n}}{r} = 632 \cdot \underbrace{\frac{1 - \left(\frac{1}{1+.01}\right)^{48}}{.01}}_{\approx 37.97}$$

$$\approx 24{,}000.00$$

FUTURE VALUE OF AN ANNUITY



"n = t"

n = 4