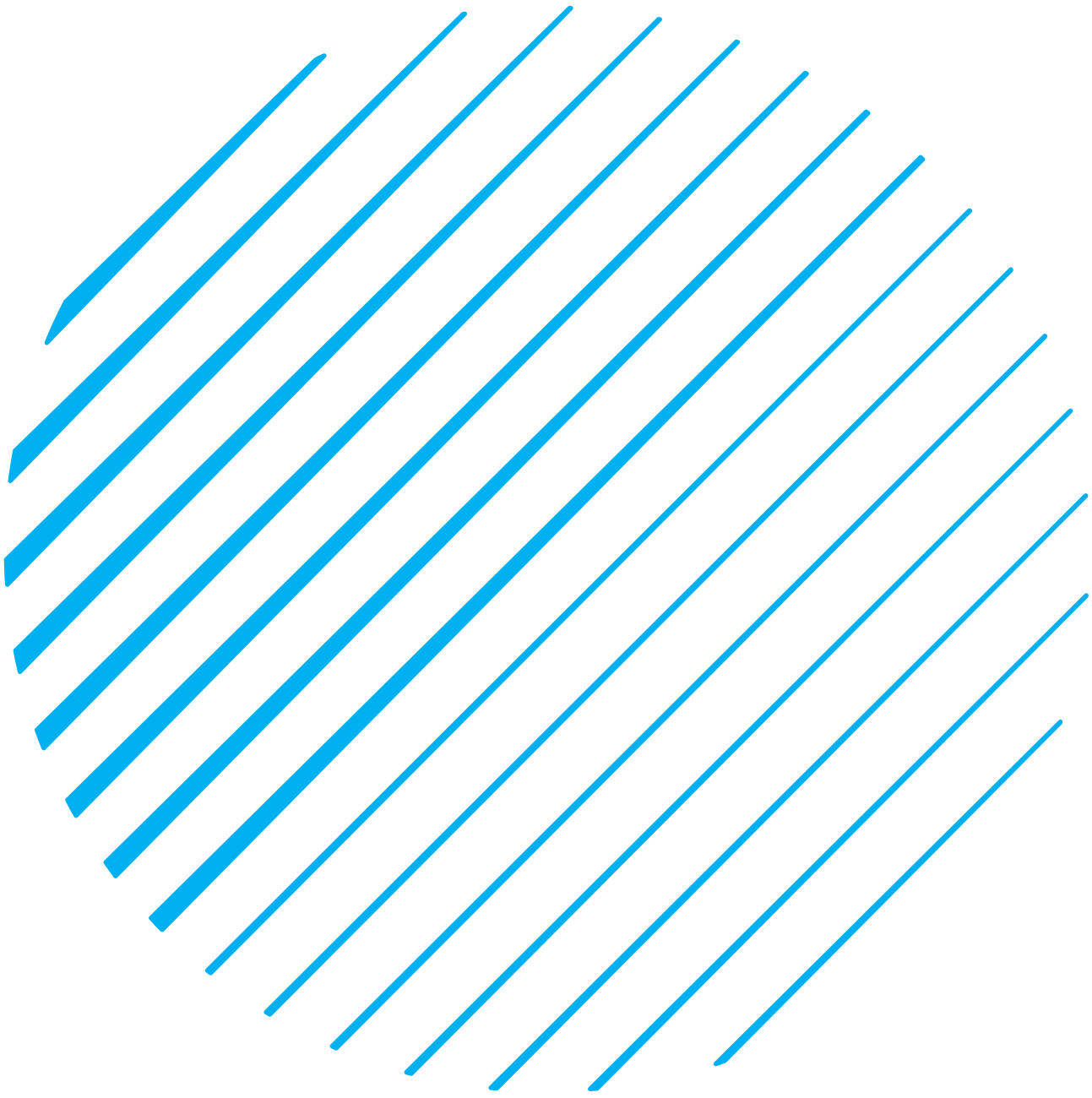
VITAL MATHEMATICS



ALGEBRA

SIMPLE INTEREST

STEVIE CARPENTER

INTRODUCTION

Simple interest is a method of calculating the increase of an initial value at a constant rate of a period of time in years. This method could be used for things like loans that have a constant interest over a period of time.

SIMPLE INTEREST EQUATION

$$A = P(1 + rt)$$

$A - Final\ Amount$
$P - Principal\ (Initial\ Anount)$
$r - Rate\ of\ Interest$
$t - time\ interval\ (In\ years)$

SOLVING SIMPLE INTEREST

$$A = P(1 + rt)$$

STEP 1) Identify the Principal, rate and time before doing any calculations.

STEP 2) Convert the rate to a percentage.

$$Example: Rate = 4\% = .04$$
$$Example: Rate = 40\% = .40$$

STEP 3) Multiply the rate percentage by the time (in years)

STEP 4) Add one to the value in STEP 3

STEP 5) Multiply the value in STEP 4 by P

STEP 6) Provide Conclusion

SIMPLE INTEREST EXAMPLE

Example 1: If P = 2400, r = 40% and t is 5 years. What is A?

Example 2) Stevie signed a loan for $4500 at an interest rate of 3% per year for 2 years. What amount is Stevie paying back for the entire loan?

VITAL MATHEMATICS BY STEVIE CARPENTER

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