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## Modules

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## Announcements

## Grades

## Office 365

Chat

T.I.P. Manila Library  
Video Presentation

[SHS ONLY] Senior  
Highschool Teachers  
Online Class  
Performance  
Evaluation (Manila:  
Part 5)[Required]

### Student Perception on Limited F2F Survey (Required)

### 3.1 Types of Annuity



### Intended Learning Outcomes

At the end of the lesson, the student shall be able to:

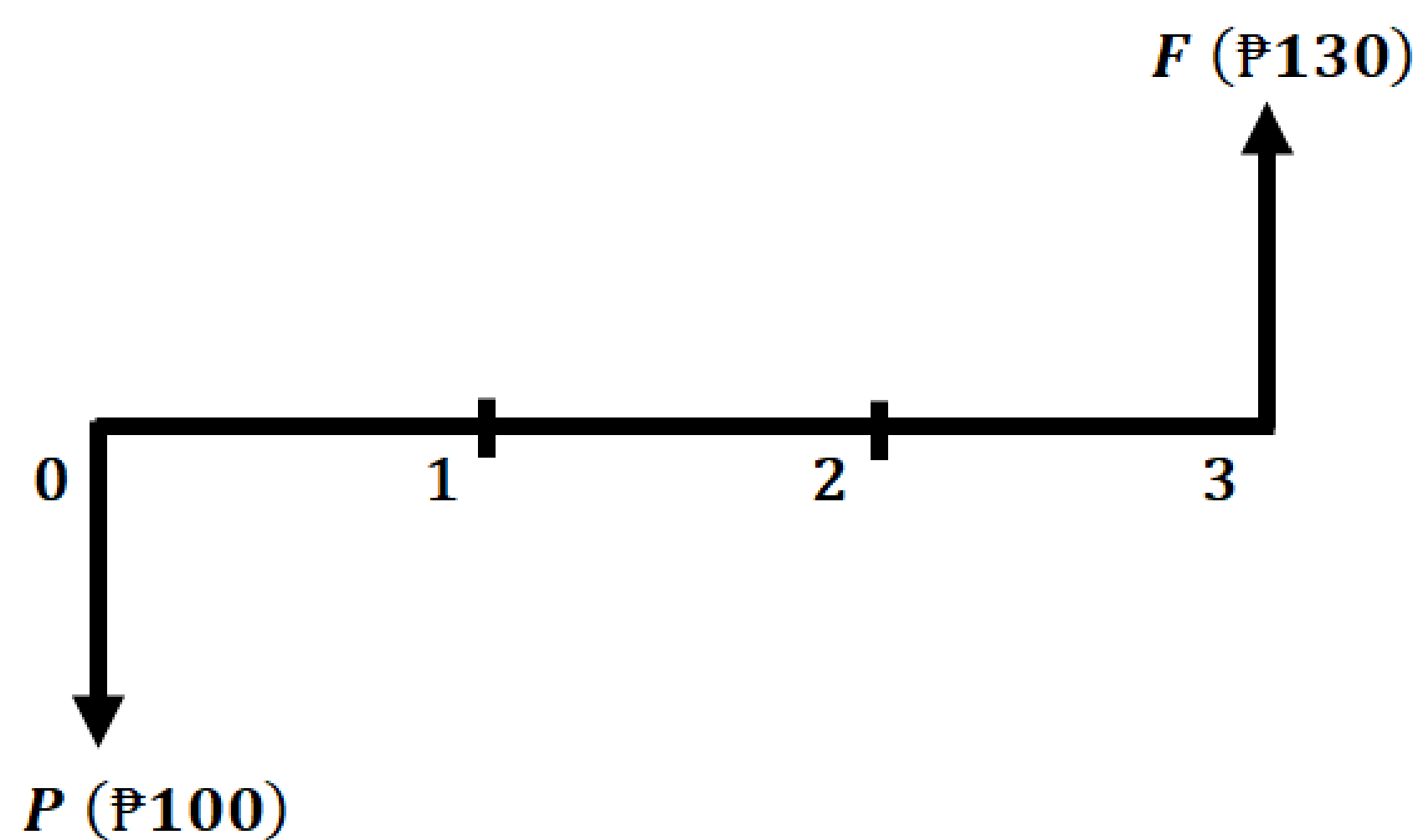
1. Demonstrate how to draw cash flow diagrams based on what the problem states.
2. Differentiate the types of annuity.

**CASH FLOW DIAGRAM** - is simply a graphical representation of cash flows drawn on a time scale. The cash-flow diagram for economic analysis problems is analogous to that of free body diagram for mechanics problems.

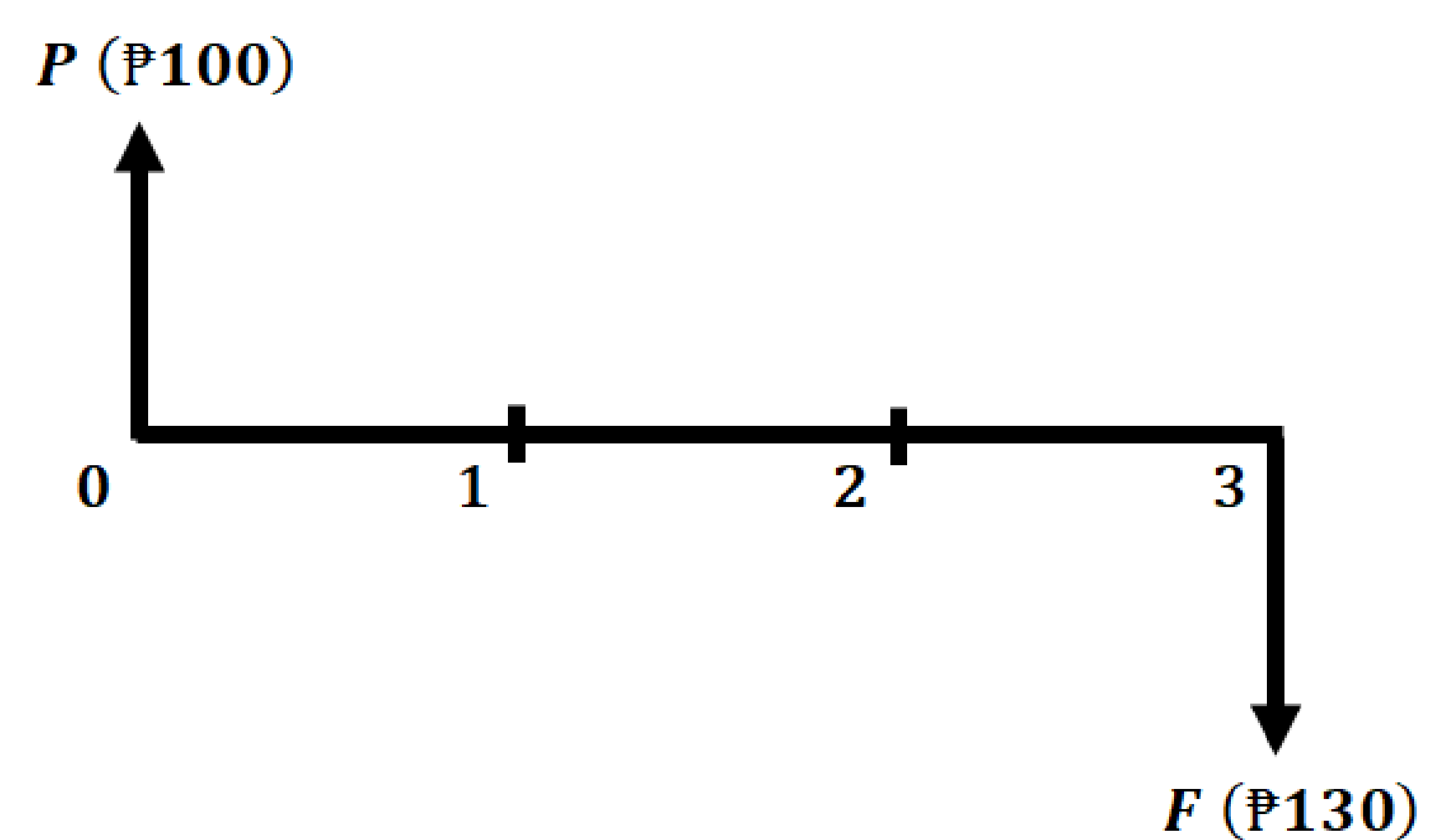
↑ receipt (positive cash flow or cash inflow)

↓ *disbursement* (negative cash flow or cash outflow)

**Example: A loan of P100 at simple interest of 10% will become P130 after 3 years.**



### Cash flow diagram on the viewpoint of the lender



### Cash flow diagram on the viewpoint of the borrower

**ANNUITY** - consists of a series of equal payments made at intervals of time.

## TYPES OF ANNUITY

- **Ordinary Annuity**

is one where the equal payments are made at the end of each payment period starting from the first period.

- **Annuity Due**

is one where the payments are made at the start of each period, beginning from the first period.

- **Deferred Annuity**

is one where the payment of the first amount is deferred a certain number of periods after the first.

- Perpetuity

is an annuity where the payment periods extend forever or in which the periodic payments continue indefinitely.

**Reference:** *Engineering Economics* by Hipolito Sta. Maria



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