

Simple Interest Questions

1. Maria borrowed \$500 from a friend and agreed to pay simple interest at an annual rate of 4%. If she pays a total of \$60 in interest, how long was the loan outstanding?
2. A savings account offers a simple interest rate of 5% per year. If John deposits \$1,000, how much interest will he have earned after 3 years?
3. A bond with a face value of \$1,000 is issued with a simple interest rate of 6% per year. After 5 years, the bond has earned \$300 in interest. Was the bond sold at face value, at a discount, or at a premium, and by how much?
4. A car loan for \$20,000 is taken out at a simple interest rate of 7.5% per year. If the total interest paid over the life of the loan was \$7,500, how many years did it take to pay off the loan?

5. Sally wants to have \$2,500 in her savings account after 4 years by earning simple interest at an annual rate of 3%. How much should she deposit now to achieve this goal?

6. A local bank is offering a simple interest rate of 2.5% per year on a new savings account. If Tom deposits \$800, how much total interest will he have earned after 18 months?

7. Sarah invested a certain amount of money at a simple interest rate of 4% per year. After 6 months, she earned \$48 in interest. How much did she initially invest?

8. An investment offers a 5% simple interest rate per month. If an investor wants to earn \$600 in interest in 4 months, what amount does he need to invest?