

- Annuity: A level stream of cash flows that last for a fixed number of periods

- PV of an annuity: 
$$PV = C \left[ \frac{1}{r} - \frac{1}{r(1+r)^T} \right] = C \underbrace{\left[ \frac{1 - \frac{1}{(1+r)^T}}{r} \right]}$$

↳ The term in brackets is called the **annuity factor**,  $A_r^T$

- PV of a growing annuity: 
$$PV = C \left[ \frac{1 - \left( \frac{1+g}{1+r} \right)^T}{r - g} \right]$$