Fall 2016   471 - Exercise 2A

Not Due.

Using financial functions of your calculator, ([N], [I/Y], [PV], [PMT], [FV]), answer the following questions.

1. A loan for 8,000 must be repaid with 6 year end payments at an annual rate of 11%. What is the annual payment?

2. You wish to make a deposit now in an account earning 6% annually so that you can get a payment of 250 at the end of each of the next 8 years. How much should you deposit today?

3. You want to accumulate 12,000 in a 5% account by making a level deposit at the beginning of each of the next 9 years. Find the required level payment.

4. You have borrowed 10,000 and agreed to repay the loan with 5 level payments of 2500. What interest rate are you paying?

5. An annuity immediate has semiannual payments of 1000 for 25 years at a rate of 6% convertible quarterly. Find its present value.

6. An annuity immediate has quarterly payments of 500 for 6 years at a rate of 4% convertible semiannually. Find its present value.

7. You lend 10,000 and the borrower agrees to pay you 8% interest at the end of every year for 5 years and then return the 10,000. You can reinvest the interest payments at 6%. How much will you have in total in 5 years?

8. compute the value of

    (a) $S_{\overline{25}|.01}$

    (b) $S_{\overline{7}|.06}$

    (c) $a_{\overline{15}|.07}$

    (d) $a_{\overline{10}|.03}$

9. solve for n when you are given $S_{\overline{n}|.04} = 50$.

10. solve for n when you are given $a_{\overline{n}|.08} = 5$.