# CH3 Concepts and Definitions

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# 1 CH3

## 1.1 Annuities Basic

$$a + ar + ar^2 + ... + ar^{n-1} = a\frac{1 - r^n}{1 - r}$$

1. immediate = end of each payment period

    (a) $a_{\overline{n}|i}$ and $s_{\overline{n}|i}$
    (b) "END"

2. due = beginning of each payment period

3. a with double dot

## 1.2 loans with sightly reduced final payment

## 1.3 perpetuities

$$a_{\overline{\infty}|i} = \frac{1}{i}$$
$$\text{double dot} a_{\overline{\infty}|i} = \frac{1}{d}$$