# If you save $1,000 at 7% Compound Interest

Interest earned in Year 1 = 1000 x 0.07 = $70

Interest earned in year 2 ($Y_2$) =(1000+70)x0.07=$74.90

By the end of Year 3 you have = $1,000+70+74.9+80.1 = $1,225

Interest $Y_3$=(1000+70+74.9)x0.07=$80.10

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