

Name: _____

1. You have \$3000 in your savings account and your account pays 4.25% simple interest per year.

a. How much interest would you earn in one year?

b. How much interest would you earn in one month?

c. How much money would you have after 5 years?

d. How long would it take you to double your money?

2. Which account will have more money after 7 years?

Account A has \$2750 and earns 3.5% simple interest per year.

Account B has \$2000 and earns 3.8% simple interest per year.

Show your work.

3. A typical US family owes about \$5000 in credit card debt. A typical credit card interest rate is 18% per year. How much interest would a family have to pay in one year if they don't pay back any of the money?

4. The current national debt for the United States is about 15 trillion dollars. The interest rate on the national debt is about 3% per year. Supposing the US doesn't pay back any of the money and the interest is simple interest answer the following questions.

a. How much interest does the US pay each year for the national debt?

b. How much interest does the US pay each day for the national debt?

c. If the US population is about 300 million people about how much would each person have to pay interest for one year?

5. Simple interest is the amount of money you earn on a savings account or the amount of money you pay when borrowing money. Principal is the initial amount of money; the amount in the beginning.

Write an equation that you could use to find the amount of simple interest based on the principal, the interest rate and the amount of time you invest or borrow the money.