

Name \_\_\_\_\_ Date \_\_\_\_\_ Hour \_\_\_\_\_

## Guided Notes and Practice: Finding Simple Interest

\_\_\_\_\_ is money earned on a savings account or an investment. It can also be money you pay for borrowing money.

Write the annual interest rate in decimal form.

$$\begin{array}{ccccccc} \boxed{\text{Simple}} & = & \boxed{\text{Principal}} & \times & \boxed{\text{Annual interest}} & \times & \boxed{\text{Time}} \\ \boxed{\text{interest}} & & & & \boxed{\text{rate}} & & \\ (\$) & & (\$) & & (\% \text{ per yr}) & & (\text{Years}) \end{array}$$

$$I = Prt$$

Finding **Interest** Earned:

Equation:

You put \$500 in a savings account. The account earns 3% simple interest per year.

a. *What is the interest earned after 3 years?*

b. *What is the balance after 3 years?*

### Finding an Annual *Interest Rate*

Equation:

You put \$1000 in an account. The account earns \$100 simple interest in 4 years.

a. *What is the annual interest rate?*

### Finding an Amount of *Time*

Equation:

A bank offers three savings accounts. The simple interest rate is determined by the principal. *Interest rate for \$800 is 2 %*

*How long does it take an account with a principal of \$800 to earn \$100 in interest?*

### Finding the Amount Paid on a Loan (Balance)

Equation:

You borrow \$600 to buy a violin. The simple interest rate is 15%. You pay off the loan after 5 years.

*How much do you pay for the loan?*