Master Maths 9 Worksheet 10
Simple and Compound Interest

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Name: _____

1. The formula used to calculate simple interest is shown here. Under the formula state what each term in the formula represents.

$$SI = \frac{PRT}{100}$$

SI = _____

P = _____

R = _____

T = _____

Calculate the simple interest earned on the following investments.

(a) $5000 invested for 3 years at 5% per year.

(b) $650 invested for 4 years at 6.5% per year.

2. Feurk borrows $3000 for 2 years at a simple interest rate of 8%.

(a) How much interest will he need to pay back?

(b) What is the total amount of money he will need to repay?

3. Write the formula that can be used to find the amount an investment is worth if its interest is compounded.

4. Lars invests $4000 for 5 years at an interest rate of 6% that is compounded yearly.
Find the value of his investment after 5 years.

5. Jackson receives an inheritance of $20 000 and decides to invest it for 10 years.
His local bank is offering to options.

Option A - 6.5% simple interest
Option B - 5.25% compound interest

Calculate which option Jackson should choose.