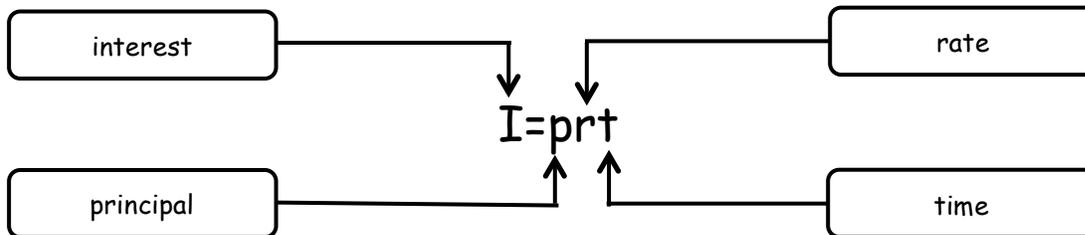


Simple Interest

Lesson 2-8

Vocabulary:

- **Simple Interest:** The amount paid or earned for the use of money.
- **Principal:** The amount of money deposited or borrowed.
- **Rate:** The annual interest rate (%).
- **Time:** The time expressed in years.



1) Lorena puts \$1,500 into a savings account. The account pays 2.5% simple interest. How much interest will she earn in 3 years?

- *What is the principal?*
- *What is the interest rate?*
- *What is the time in years?*

2) Justin's dad bought new tires for \$900 using a credit card. His card has an interest rate of 19%. If he has no other charges on his card and does not make a payment, how much money will he owe after one month?

- *What is the principal?* _____ - *What is the interest rate?* _____ - *What is the time in years?*

3) Bryan is taking out a student loan for \$2,600. He plans on paying off the loan in 3 years. At the end of 3 years, Bryan will have paid \$390 in interest. What is the simple interest rate on the student loan?

- What is the principal?
- What is the interest rate?
- What is the time in years?
- What is the interest?

❖ YOU JUST HIT THE LOTTERY AND RECEIVED \$15,000! But now, you have to decide which bank you are going to put your money in. Here are your choices:

KETCHUM'S
SAVINGS BANK

5% interest for 2 years

Simmonds & Kuper
Mutual

3% interest for 5 ½ years

THE BANK OF
MILLER

10½% interest for 9 months

Example 1: You deposit your \$15,000 in Ketchum's Savings Bank.

Simple Interest = _____ Balance = _____

Example 2: You deposit your \$15,000 in Simmonds and Kuper Mutual.

Simple Interest = _____ Balance = _____

Example 3: You deposit your \$15,000 in The Bank of MILLER.

Simple Interest = _____ Balance = _____