Financial Algebra Chap 2 Day5 Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Per: \_\_\_\_

**Savings Account & Simple Interest Practice**

1) How much simple interest is earned on $4,000 in 3½ years at an interest rate of 5.2%?

2) How much simple interest would $800 earn in 300 days in a non-leap year at an interest rate of 5.71%? Round to the nearest cent.

3) How much principal must be deposited in a two-year simple interest account that pays 3¼% interest to earn $300 in interest?

4) Marcos deposited $500 into a 2.5-year simple interest account. He wants to earn $200 interest. What interest rate must the account pay?

5) Ryan deposits $775 in an account that pays 4.24% simple interest for four years. Brian deposits $775 in an account that pays 4.24% simple interest for one year.

a. What is Ryan’s interest after the four years?

b. What is Ryan’s balance after four years?

c. How much interest did Ryan’s account earn the first year?

d. How much interest did Ryan’s account earn the fourth year?

e. What is Brian’s interest after the first year?

f. What is Brian’s balance after the first year?

g. Suppose Brian withdraws all of the principal and interest after the first year and deposits it into another one-year account at the same rate, what is his interest for the second year? Round to the nearest cent.

h. Compare the interest Brian earns with the interest Ryan earns for the second year. Who earned more interest? Explain.