

Name: _____ Class: _____ Date: _____

Simple and Compound Interest Practice Worksheet

[Always SHOW YOUR WORK when appropriate ...use additional paper if necessary]

1. The amount paid to a depositor for keeping their money in a savings account is called:

- A. principle B. term C. interest D. rate

2. The _____ determines how much is paid to the depositor each year.

- A. principle B. term C. interest D. rate

3. The amount of the original investment is called:

- A. principle B. term C. interest D. rate

4. Fill-in the appropriate words below:

a.) _____ interest is paid on principle only.

b.) _____ interest is paid on both principle and interest.

5. The formula for **simple interest** is:

6. The formula for the **ending balance** on an account with simple interest is:

7. The formula for the **ending balance** on an account with compound interest is:

8. In the simple interest formula $i = p \times r \times t$

a.) What does the "p" represent? _____

b.) What does the "r" represent? _____

c.) What does the "t" represent? _____

9. Use **simple interest** to find the ending balance in the examples below:

a.) \$210 invested at 8% for 7 years

b.) \$4000 invested at 3% for 4 years

c.) \$34,000 invested at 4% for 3 years

d.) \$2300 invested at 7.5% for 10 years

10. Use **compound interest** to find the ending balance in the examples below:

a.) \$1,250 invested at 8%
compounded annually for 2 years

b.) \$650 invested at 7%
compounded annually for 5 years

c.) \$10,000 invested at 7.8%
compounded annually for 2 years

d.) \$7,500 invested at 6%
compounded annually for 15 years

11. How much **interest** is earned on a principle of \$646 invested at a **simple interest** rate of 5% for 10 years?

12. How much **interest** is earned on a principle of \$646 invested at a **compound interest** rate of 5% compounded annually for 10 years?

13. Does the amount of interest earned each year *increase*, *decrease*, or *stay the same* in a simple interest account? ...in a compound interest account? Explain your answers.
