

Name: \_\_\_\_\_

Date: \_\_\_\_\_

You are encouraged to use a calculator.

1. You deposit \$2500 in an account earning 3% interest. Find the amount in 20 years if your money compounds (a) annually, (b) monthly, and (c) continuously.
2. You have a choice: you can keep \$5000 under your mattress for the next 50 years, or you can invest it in an account earning 5% interest compounded monthly for 50 years. Compare the amount after 50 years.
3. If you want to have \$1000 in 8 years, how much do you have to deposit today in an account that earns 4% interest quarterly?