

The Learning Center

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Simple Interest Word Problems

$$I = prt$$

$$A = P[1 + rt]$$

I = interest earned

p = principal (amount of money borrowed or saved)

r = rate (stated as a decimal)

t = time in years

A = total amount including interest

$$A = P[1 + rt]$$

1. If \$2000 is invested at 4% annual simple interest for 3 years. How much interest is earned? What is the total value of the account?

2. If you borrow \$500 from a friend for 6 months at 10% annual simple interest, how much will you repay at the end of the 6 month period?

3. If \$10,000 is invested in an account at 4.8% annual simple interest, how long will it take for the account balance to grow to \$11,200?