Name _____ Date _____

Simple Interest: Savings, Loans and the I = Prt Formula

Directions: Answer each question. Type number answers with digits, and use a decimal point when needed. When an answer is a percent, type the number without the % sign.

1. Maya puts $500 in a savings account that pays 3% simple interest per year. She makes no other deposits or withdrawals. How much interest does she earn in 2 years, in dollars?

_____ dollars

2. Leo puts $1,200 in an account that pays 2.5% simple interest per year and makes no other deposits or withdrawals. What is his total balance after 4 years, in dollars? Type the number without a comma.

_____ dollars

3. Nora deposits $400 in an account that pays 5% simple interest per year and makes no other deposits or withdrawals. What is her total balance after 3 years?

A. $420.00 B. $460.00 C. $1,000.00 D. $60.00

4. Ella deposits $750 in an account that pays 4% simple interest per year and makes no other deposits or withdrawals. How much interest does she earn in 6 months, in dollars? There are 12 months in a year.

_____ dollars

5. Rafael's savings of $600 earned $54 in simple interest over 3 years, with no deposits or withdrawals. What was the interest rate per year? Type the percent as a number, without the % sign.

_____ %

6. Wes deposits $800 in an account that pays 5% simple interest per year and makes no other deposits or withdrawals. How many years will it take for the account to earn $160 in interest?

_____ years

7. Account A starts with $1,000 and pays 3% simple interest per year. Account B starts with $800 and pays 4% simple interest per year. Neither account has other deposits or withdrawals. After 4 years, which statement is true?

A. Account A earns $200 more interest.
B. Account A earns $8 more interest.
C. Account B earns $2 more interest.
D. Account B earns $8 more interest.

8. Tariq borrows $900 at 6% simple interest per year and pays it all back after 8 months. There are 12 months in a year. He finds the interest he owes. His work is shown.

1. $6\% = 0.06$
2. 8 months $= 0.8$ year
3. Interest $= 900 \times 0.06 \times 0.8$
4. Interest $= \$43.20$

Which step has the first mistake?

A. $6\% = 0.06$
B. 8 months $= 0.8$ year
C. Interest $= 900 \times 0.06 \times 0.8$
D. Interest $= \$43.20$
E. There is no mistake.