

DIRECTIONS: Solve. Give monetary answers in dollars and cents (\$###.##). All other answers should be rounded to two decimal places.

1. One thousand dollars is invested at 8% interest compounded quarterly. Determine how much the investment is worth after...
- a. one year? b. four years? c. seven years?

One year - \$1082.43

Four years – \$1372.79

Seven years - \$1741.02

2. How many dollars must be invested at 15% (compounded every six months) to yield \$10,000 at the end of five years?

\$4851.94

3. How much will a \$4000 investment be worth after five years if it is invested at 8% interest compounded quarterly?

\$5943.79

4. How long will it take an investment of \$1000 to triple in value if it is invested at an interest rate of 12% compounded monthly?

9.20 years

5. An investor plans to have \$100,000 twenty years from now. She has \$12,500 now. What interest rate, compounded twice a year, is necessary for her to reach her goal?

10.67%