FM Chapter 2 Review 2

1. (SM2-4:8) Mr. Guny deposits $4,900 in a savings account that pays 1.5% interest compounded quarterly.
   a. Find the first quarter's interest.
   b. Find the first quarter's balance.

2. (SM2-4:9) Jonathan deposits $6,000 in a savings account that pays 2.1% interest compounded continuously. What is his balance after one year?

3. (SM2-4:12) Mrs. Huber opened a savings account on June 26 with a $1,300 deposit. The account pays 1.6% interest compounded daily. On June 27, she deposited $450 and on June 28 she withdrew $110. Complete the table based on Mrs. Huber's banking activity.

	June 26	June 27	June 28
Opening Balance	a.	f.	k.
Deposit	b.	g.	------
Withdrawal	-----	----	l.
Principal used to compute interest	c.	h.	m.
Interest	d.	i.	n.
Ending Balance	e.	j.	o.

4. (SM2-4:13) Mr. Nolan has a bank account that compounds interest daily at a rate of 1.7%. On the morning of December 7, the principal is $2,644.08. That day he withdraws $550 to pay for a snow blower. Later that day he receives a $934 paycheck from his employer, and he deposits that in the bank. On December 8, he withdraws $300 to go holiday shopping. What is his balance at the end of the day on December 8?

5. (SM2-5:3) Nancy has $4,111 in an account that pays 1.07% interest compounded continuously. How much interest does she earn in two years?

6. (SM2-5:4) Mr. Weinstein has a savings account with a balance of $19,211.34. It pays 1.1% interest compounded cntinuously.
   a. What is his ending balance after three years, if no other deposits or withdrawals are made?
   b. How much interest does he earn over the three years?

7. (SM2-5:6) Danielle has a CD at Crosland Bank. She invests $22,350 for four years at 1.55% interest, compounded monthly.
    a. What is her ending balance?
    b. How much interest did she make?

8. (SM2-5:11) Yurik invests $88,000 in a CD that is locked into a 1.75% interest rate compounded continuously, for seven years. How much will Yurik have in the account when the CD matures?

9. (SM2-5:15) How much more would $5,000 earn in 10 years, compounded daily at 2%, when compared to the interest on $5,000 over 10 years, at 2% compounded semiannually?

(SM2-6:8-12) **In 10–14, you compare simple interest with daily compounding and continuous compounding.**
    10. If you deposit $10,000 at 1.85% simple interest, how much interest did you make after three years?

    11. If you deposit $10,000 at 1.85% interest, compounded daily, how much interest did you make after three years?

    12. If you deposit $10,000 at 1.85% interest, compounded continuously, how much interest did you make after three years?

    13. How much more did the account that was compounded continuously earn compared to the account compounded daily?

    14. How much more did the account that was compounded daily earn compared to the simple interest account?

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15. (SM2-6:17) Find the balance for each account below. The deposit is $50,000 for 5 years at a rate of 5.3%.

Interest Type	Amount of Interest	Ending Balance
Simple	a.	b.
Compounded Annually	c.	d.
Compounded Continuously	e.	f.

    g. Which type of account pays the most interest?