

Math 107: Quiz 4

Relevant formulas:

$$A = P(1 + i)^n$$

$$A = p \frac{(1 + i)^n - 1}{i}$$

1) You put \$2000 in saving at an APR of 6%. Interest is compounded monthly. Find

a. Monthly interest rate

b. The accumulated balance in 4 years

c. The total return (in percentage) in 4 years

2) Which of the below investment methods will give more money at the end of 5 years? Why?

Method 1: monthly deposit of \$40 and APR = 7.2%

Method 2: one-time deposit of \$2000 and APR = 6%