

Math 107: Quiz 3

Name: _____

1) You deposit \$1000 in an account with an APR of 1%. Assume that the interest is continuously compounded.

a) How much will you have at the end of 40 months? Round your answer to the nearest dollar.

b) What is the total return (in percentage)?

2) To each of the following investment methods, find your accumulated balance at the end of 10 years. Which method is better?

a) Annuity: monthly deposit of \$100 at APR = 3%

b) Lump sum: one-time deposit of \$10,000 at APR = 2%. The compounding period is 1 month.