Date _____ Name_____

9.2.2 Compound Interest II

Compounding interest is not ALWAYS calculated over annual compounding periods.

Investments can have different compounding periods:

* interest calculated _____ has _____ compounding periods per year;

* interest calculated _____ has _____ compounding periods per year;

*interest calculated _____ has _____ compounding periods per year;

*interest calculated _____ has _____ compounding periods per year.

RECALL: Compound interest is calculated using the following formula.

A _____

P _____

r _____

n _____

t _____

1. Calculate the difference between the final values of the following two investments after 3 years:

$4000.00 invested at 3.50% per annum, compounded annually	$4000.00 invested at 3.50% simple interest

2. Calculate the **final value** of a deposit of $1000.00 invested at a rate of 2.80% per annum for 4 years, with the following compounding periods:

a. semi-annual b. quarterly c. monthly

3. Calculate the compound interest owed on a $17 000 loan compounded biweekly for 5 years at 3.2% per annum.

4. Calculate the compound interest owed on a $17 000 loan compounded semi-monthly for 5 years at 3.2% per annum.