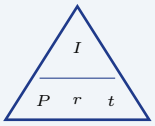
Simple Interest

Name: _____	Date: _____	Score: _____ / 18

Quick Review and Helpful Hints

Simple interest is $I = P \cdot r \cdot t$, where P is the principal (starting amount), r is the yearly rate written as a *decimal*, and t is the time in years. The total amount is $A = P + I$. Always change the percent rate to a decimal before multiplying.

▷ **Example:** Find the simple interest on $\$500$ at 4% for 3 years.
Work: Use $I = Prt$ with $r = 0.04$: $I = 500 \times 0.04 \times 3$. Multiply step by step: $500 \times 0.04 = 20$, then 20×3.
★ **Answer:** $\$60$



$I = P \times r \times t.$

Practice Problems

Find the simple interest I.

1. $P = \$100,\ r = 5\%,\ t = 1$ yr _____
2. $P = \$200,\ r = 10\%,\ t = 2$ yr _____
3. $P = \$1000,\ r = 3\%,\ t = 4$ yr _____
4. $P = \$500,\ r = 6\%,\ t = 1$ yr _____
5. $P = \$800,\ r = 5\%,\ t = 2$ yr _____
6. $P = \$1500,\ r = 4\%,\ t = 3$ yr _____
7. $P = \$250,\ r = 8\%,\ t = 1$ yr _____
8. $P = \$2000,\ r = 2\%,\ t = 5$ yr _____
9. $P = \$400,\ r = 10\%,\ t = 3$ yr _____
10. $P = \$600,\ r = 5\%,\ t = 4$ yr _____
11. $P = \$1200,\ r = 6\%,\ t = 2$ yr _____
12. $P = \$300,\ r = 4\%,\ t = 5$ yr _____
13. $P = \$5000,\ r = 3\%,\ t = 1$ yr _____
14. $P = \$900,\ r = 10\%,\ t = 2$ yr _____

Word Problems

15. You deposit $\$1000$ at 5% simple interest for 3 years. How much interest do you earn? _____
16. A $\$2000$ loan is at 4% simple interest for 2 years. What is the total amount to repay? _____
17. How much interest does $\$500$ earn at 6% for 1 year? _____
18. A $\$1500$ investment earns 8% simple interest for 2 years. How much interest is that? _____

Answer Keys

1. $\$5$	**7.** $\$20$	**13.** $\$150$
2. $\$40$	**8.** $\$200$	**14.** $\$180$
3. $\$120$	**9.** $\$120$	**15.** $\$150$
4. $\$30$	**10.** $\$120$	**16.** $\$2160$
5. $\$80$	**11.** $\$144$	**17.** $\$30$
6. $\$180$	**12.** $\$60$	**18.** $\$240$

Step-by-Step Explanations

1. Start by naming the process: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is Use $I = Prt$. Change 5% to 0.05, then multiply: $100 \times 0.05 \times 1 = \$5$. So the final answer is $\$5$.

2. A good way to think about this is: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 200 \times 0.10 \times 2$. Step by step: $200 \times 0.10 = 20$, then $20 \times 2 = \$40$. So the final answer is $\$40$.

3. Step by step: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 1000 \times 0.03 \times 4 = 30 \times 4 = \$120$. So the final answer is $\$120$.

4. Take it one move at a time: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 500 \times 0.06 \times 1 = \$30$. So the final answer is $\$30$.

5. Start by naming the process: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 800 \times 0.05 \times 2 = 40 \times 2 = \$80$. So the final answer is $\$80$.

6. A good way to think about this is: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 1500 \times 0.04 \times 3 = 60 \times 3 = \$180$. So the final answer is $\$180$.

7. Step by step: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 250 \times 0.08 \times 1 = \$20$. So the final answer is $\$20$.

8. Take it one move at a time: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 2000 \times 0.02 \times 5 = 40 \times 5 = \$200$. So the final answer is $\$200$.

9. Start by naming the process: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 400 \times 0.10 \times 3 = 40 \times 3 = \$120$. So the final answer is $\$120$.

10. A good way to think about this is: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 600 \times 0.05 \times 4 = 30 \times 4 = \$120$. So the final answer is $\$120$.

11. Step by step: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 1200 \times 0.06 \times 2 = 72 \times 2 = \$144$. So the final answer is $\$144$.

12. Take it one move at a time: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 300 \times 0.04 \times 5 = 12 \times 5 = \$60$. So the final answer is $\$60$.

13. Start by naming the process: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 5000 \times 0.03 \times 1 = \$150$. So the final answer is $\$150$.

14. A good way to think about this is: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 900 \times 0.10 \times 2 = 90 \times 2 = \$180$. So the final answer is $\$180$.

15. Step by step: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is Use $I = Prt$: $1000 \times 0.05 \times 3 = 50 \times 3 = \$150$ interest. So the final answer is $\$150$.

16. Take it one move at a time: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is Interest is $2000 \times 0.04 \times 2 = 80 \times 2 = \$160$. The total to repay is $2000 + 160 = \$2160$. So the final answer is $\$2160$.

17. Start by naming the process: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 500 \times 0.06 \times 1 = \$30$. So the final answer is $\$30$.

18. A good way to think about this is: Read what the problem is asking, choose the matching rule, write the setup, and then simplify one step at a time. The setup/work is $I = 1500 \times 0.08 \times 2 = 120 \times 2 = \$240$. So the final answer is $\$240$.

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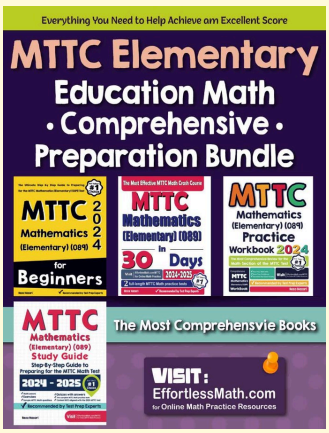

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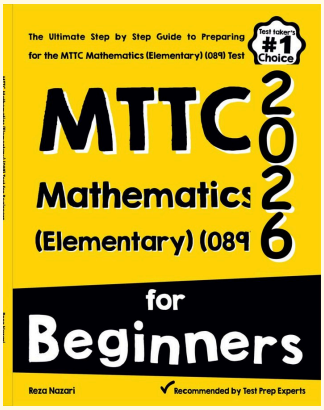

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