

Warm - Up

1. Find the Future value of \$2350 at 6.72% per year compounded annually for *each year* up to 20 years using:
 - a) the compound interest formula
 - b) TVM functions

The two columns should match if you did it right!

2. Using your calculations from 1a) or 1b), **estimate** how many years it will take for your investment to triple in value
3. Then use TVM functions to calculate how many years it will take, rounded to the nearest tenth of a year **(Answer - 16.9 years)**

Solutions are posted with the spreadsheet from last class.

-When you are done, try questions #1-9 on Pg. 507

-If you finish, try to do Ex 3 and Ex 4 from the notes yesterday.

I have posted the solutions on the spreadsheet from last class.

The answers are: Ex 3 - \$6,180.22 Ex 4 - 6.59%

-You can also look ahead at Lesson #2

Answer: 10,000 years

Ex 3

If you need to save up \$10,000 for a new car in 8 years, how much do you need to invest at an interest rate of 6.2% per year?

For this question, we are solving for the Investment PV and we will be using the PV function.

Answer: \$6180.22

Ex 4

If you need to save up \$10,000 for a new car in 8 years and you have \$6,000, what is the minimum interest rate per year you can invest at?

For this question, we are solving for the Interest rate and we will be using the rate function.

Answer: 6.59%