

Mr. G in Grade 9

Episode 2:
A Romantic “Interest”

Last time on...

Mr. G in Grade 9



Calgary, Alberta, Canada



Edo Japan

\$8.80 per hour





There was this girl... Caroline



Picture not found.

Caroline was VERY forgetful.

She used to forget her lunch money, and I would lend her money.

But, she would ALSO forget to pay me back. Sometimes it took weeks!

And I still needed to get my iPod Classic!

So, I made a deal with her...

I told Caroline if she borrowed money from me, I would charge her an extra \$1 for each day she didn't pay me back.

If Caroline borrowed \$10 and forgot to pay me back 3 days in a row, how much does Caroline owe me (total)?

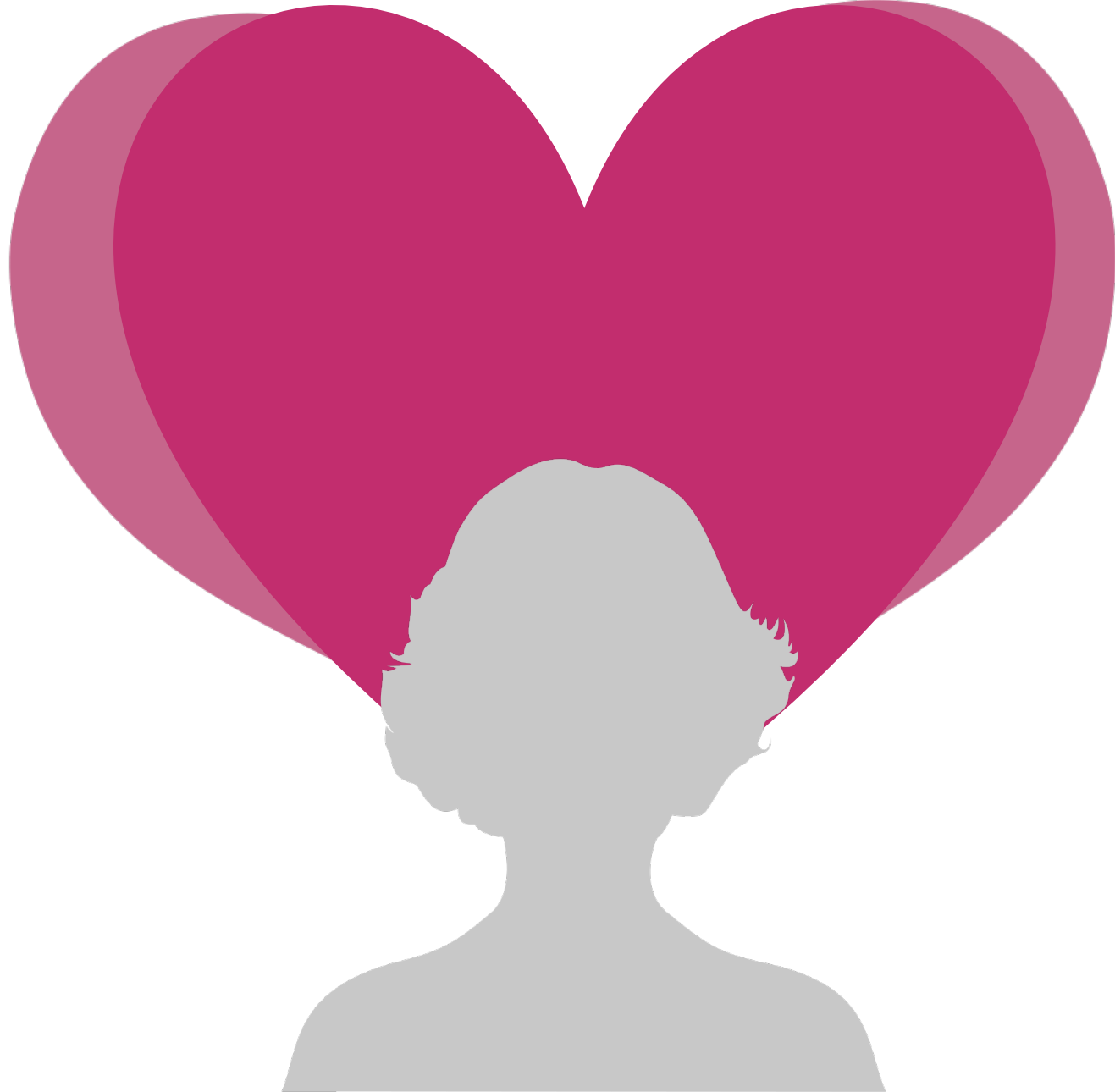
$$3 \text{ days} \times \$1 \text{ per day} = \$3 \text{ (Interest)}$$

$$\begin{aligned} \$10 \text{ (Principal)} + \$3 \text{ (Interest)} \\ = \$13 \text{ (Final Amount)} \end{aligned}$$

Principal - How much money you borrowed, invested or lent to someone
(\$10 in the last example)

Interest - How much EXTRA money is owed
(\$3 in the last example)

$$\begin{aligned} \textit{Final Amount} &= \textit{Principal} + \textit{Interest} \\ \textit{(Future Value)} &= \$10 + \$3 = \$13 \\ &\text{(in the last example)} \end{aligned}$$



Picture not found.



Now Playing



San Francisco
Foxygen
We Are the 21st Century
★★★★
4 of 9

1:54

MENU



Now Playing



San Francisco
Foxygen
We Are the 21st Century
★★★★



iPod

160GB

Designed by Apple in California. Assembled in China. Model No. A1238
EMC No. 2113 Rated 5-30V rms 1A Max. Serial No. 3C798829W4



When banks lend you money, interest is charged as a percentage of the Principal.


(How much money is being borrowed)

For example, a bank might charge you 5% of the Principal for every year you borrow money.

$$I = P \cdot r \cdot t$$

I = Interest

P = Principal

r = Interest Rate (decimal)

t = Time (in years)