

Math 9 – Simple and Compound Interest Review Sheet

Principal: starting money you borrow, invest or lend

Interest: the extra money owed at the end

Final Amount: principal + interest

Compounding Period: how often you recalculate interest during 1 year

Annually – 1 times per year

Semi-Annually – 2 times per year

Quarterly – 4 times per year

Monthly – 12 times per year

Daily – 365 times per year

Every Two Weeks – 26 times per year

Semi-monthly – 24 times per year

Simple Interest

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

I = Interest

A = Final amount

P = Principal

r = Interest rate (decimal)

t = time (in years)

n = Number of Compounding periods in a year

Compound Interest

$$A = P \left(1 + \frac{r}{n} \right)^{nt}$$

