Finance QUIZ

When using the TVM Solver, write down clearly all of your entries in the right order:

**N :
I :
PV :
PMT :
FV :
P/Y :
C/Y :**

1. Describe when you use which method in the following table: [1]

|  |  |
| --- | --- |
| Simple interest formula |  |
| Compound interest formula |  |
| TVM solver |  |

1. If Sophie is investing $1500 with a 6.5% simple interest rate, how much is her investment worth after 15 years? [1]
2. Is it better to invest money with simple interest or compound interest for the same given rate?
 [1]
3. If Alex is investing $2500 with an 8% interest rate, compounded quarterly, how much is his investment worth after 10 years? [1]
4. You are investing $12 000. The interest rate is 3.6% paid monthly
a) How long will it take for the value of your investment to double if it’s a simple interest?
 [2]

b) How long will it take for the value of your investment to double if the interest is compounded? [2]
5. Charlie invested $23 000 5 years ago with an interest rate compounded semi-annually. His investment is now worth $31 000. What is the interest rate that the bank is using? [2]
6. How much money should you invest today if you want to have $10 000 in 3 years? The bank is proposing 3.2% interest compounded quarterly. [1]
7. a) If you invest $350 every month in a savings account with 4% interest rate, compounded quarterly for 8 years, how much money will you have? [2]

b) How much interest did you gain? [1]
8. How long does it take to receive $50 000 by making regular $1000 payments 4 times a year at 5% interest rate compounded semi-annually? [2]