NAME _____ DATE _____ PERIOD _____

Lesson 8 Reteach

Financial Literacy

Simple interest is the amount of money paid or earned for the use of money. To find simple interest I, use the formula $I = prt$. Principal p is the amount of money deposited or invested. Rate r is the annual interest rate written as a decimal. Time t is the amount of time the money is invested in years.

Example 1

Find the simple interest earned in a savings account where $136 is deposited for 2 years if the interest rate is 7.5% per year.

$I = prt$	Formula for simple interest
$I = 136 \cdot 0.075 \cdot 2$	Replace p with $136, r with 0.075, and t with 2.
$I = 20.40$	Simplify.

The simple interest earned is $20.40.

Example 2

Find the simple interest for $600 invested at 8.5% for 6 months.

6 months $= \frac{6}{12}$ or 0.5 year	Write the time in years.
$I = prt$	Formula for simple interest
$I = 600 \cdot 0.085 \cdot 0.5$	$p = \$600$, $r = 0.085$, $t = 0.5$
$I = 25.50$	Simplify.

The simple interest is $25.50.

Exercises

Find the simple interest earned to the nearest cent for each principal, interest rate, and time.

1. $300, 5%, 2 years
$30

2. $650, 8%, 3 years
$156

3. $575, 4.5%, 4 years
$103.50

4. $735, 7%, $2\frac{1}{2}$ years
$128.63

5. $1,665, 6.75%, 3 years
$337.16

6. $2,105, 11%, $1\frac{3}{4}$ years
$405.21

7. $903, 8.75%, 18 months
$118.52

8. $4,275, 19%, 3 months
$203.06

NAME _____ DATE _____ PERIOD _____

Lesson 8 Skills Practice

Financial Literacy

Find the simple interest earned to the nearest cent for each principal, interest rate, and time.

1. \$500, 4%, 2 years
\$40

2. \$350, 6.2%, 3 years
\$65.10

3. \$740, 3.25%, 2 years
\$48.10

4. \$725, 4.3%, $2\frac{1}{2}$ years
\$77.94

5. \$955, 6.75%, $3\frac{1}{4}$ years
\$209.50

6. \$1,540, 8.25%, 2 years
\$254.10

7. \$3,500, 4.2%, $1\frac{3}{4}$ years
\$257.25

8. \$568, 16%, 8 months
\$60.59

Find the simple interest paid to the nearest cent for each loan, interest rate, and time.

9. \$800, 9%, 4 years
\$288

10. \$280, 5.5%, 4 years
\$61.60

11. \$1,150, 7.6%, 5 years
\$437

12. \$266, 5.2%, 3 years
\$41.50

13. \$450, 22%, 1 year
\$99

14. \$2,180, 7.7%, $2\frac{1}{2}$ years
\$419.65

15. \$2,650, 3.65%, $4\frac{1}{2}$ years
\$435.26

16. \$1,245, 5.4%, 6 months
\$33.62