INTEREST WORD PROBLEMS WORKSHEET 2

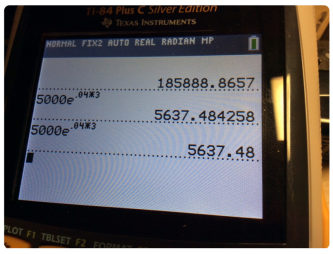
1. Suppose $5000 is put into an account that pays 4% compounded continuously. How much will be in the account after 3 years? $5,637.48

2. If interest is compounded continuously at 4.5% for 7 years, how much will a $2000 investment be worth at the end of 7 years? $2,740.52

3. If $8000 is invested in an account that pays 4% interest compounded continuously, how much is in the account at the end of 10 years? $11,934.60

4. Congratulations!! You have just won $50,000! You decide to invest your money and the bank presents you with two investment options. You may either invest your $50,000 at 5% interest, compounded monthly, for a period of ten years OR you can invest that $50,000 at 5% interest, compounded continuously, for ten years. Which investment option will yield a greater profit? Continuously

(1)



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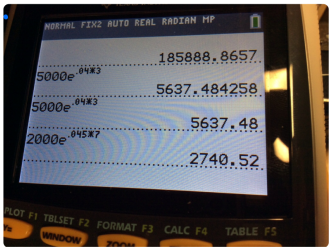

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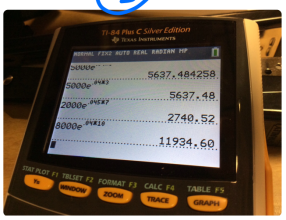

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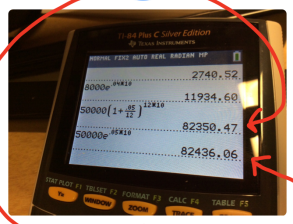

monthly

continuously