

Simple Interest

$$I = P \cdot R \cdot T$$

I = Interest

P =

R =

T =

Note: 1 Year =        days

A student takes out an emergency loan for \$600.00 to pay for school supplies. The interest rate is 6% annually. How much interest does the student have to pay after 6 months?

$$I = ?$$

$$P =$$

$$R =$$

$$T = 0.5 \text{ years}$$

$$I = P \cdot R \cdot T$$

$$I =$$

$$I =$$

An investor deposits \$2,000.00 into a savings account. The account pays 7% interest annually. What is the principal after the two years?

$$I = ?$$

$$P =$$

$$R =$$

$$T = 1+1 \text{ years}$$

$$I = P \cdot R \cdot T$$

$$I =$$

$$I =$$

Interest earned after  
first year!

$$I = P \cdot R \cdot T$$

$$I =$$

$$I =$$

Interest earned after  
second year!

Principal after two years!

A student needs a 90 day loan for \$750.00. The annual interest rate is 18%. How much must the student pay the lender after 90 days?

$$I = ?$$

$$P =$$

$$R =$$

$$T = \frac{90}{360} \text{ years}$$

$$I = P \cdot R \cdot T$$

$$I =$$

$$I =$$

Must be paid to  
to pay off the loan!