Foundations 12   Name: _____

1. A bank is offering a simple interest rate of 3.5% for a GIC with a 3 year term.   Reid invests $1500 into the GIC. What is the future value at maturity?

2. At 5% simple interest, how long would it take $500 to grow to $575?

3. Cal wants to buy a car and hopes to save $6400 in the next 5 years. How much should he invest now at 2.4% simple interest in order to reach his goal?

4. The Canada Savings Bonds issued one year earned 8.25% interest compounded annually. They matured in 7 years.   Determine the future value of a $500 bond.

5. Elise put $2000 into an RRSP (Registered Retirement Savings Plan) earning 9.5% interest compounded semi-annually. Determine the future value after 7 years.

6. Pat puts $5000 into a short-term deposit. She obtains a 1 year term at 6% compounded monthly.   What is the future value of her investment?

7. How much would you have to invest today at 4.5% compounded annually in order to have $2850 available after 3 years?

8. Anna wants to invest money to accumulate $8000 in 4 years when her son starts university. How much would she need to invest now at 6% compounded quarterly?

9. A donor gave $75000 to a town council. The money was to be invested for 10 years, and the accumulated amount used to expand the public library. Each member of the council found a different investment option. Which investment option will return the most money to spend on the library, and how much will it be?

   a) 8.5% simple interest

   b) 6.3% compounded annually

   c) 6.25% compounded semi-annually

   d) 6.2% compounded quarterly

   e) 6.15% compounded monthly

   f) 6.1% compounded daily

Answers: 1. $1657.50   2. 3 years   3. $5714.29   4. $870.89   5. $3829.89   6. $5308.39   7. $2497.45   8. $6304.25   9. c, $138784.35