WARM UP

1) **Principal = $1,500**

   interest rate = 6%

   time = 5 years

What's the simple interest?

MATH COURSE I

Simple Interest

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VOCABULARY

interest: the amount of money charged for borrowing or using money

simple interest: a fixed percentage of the principal

$I = prt$

principal: the initial/original amount of money borrowed or saved

FORMULA

$$I = prt$$

$p = principal$

$r = rate\ of\ interest$

$t = time$

SIMPLE INTEREST

Aria borrowed $3,000 and will pay 4% simple interest for 3 years. Use the formula to find how total interest she will pay.

principal x interest rate x time = interest

$3,000 x 4% x 3 = interest

4% of 3,000 =

1% = $30 $30 x 4 = $120

Then, $120 x 3 = $360

PRACTICE

Find total interest & Total amount owed.

1) Principal = $250
   interest rate = 8%
   time = 6 years

2) Principal = $1,100
   interest rate = 7%
   time = 5 years

More Practice

3) Suppose you wanted to borrow $600. At Sun Trust you can borrow at 4% simple interest for 2 years. At Wells Fargo you can borrow at 2% simple interest for 4 years. Which bank would you choose? Why?

4) P = $575, r = 8%, t = 3 years

5) P = $600, r = 5%, t = 4 years

6) P = $900, r = 3%, t = 2 years