**Mini Lesson #4: Simple Interest (Math 7 – Percent Unit)**

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| **Simple Interest**   * **(R) Interest Rate**- The percentage of the balance that an account or investment earns in a fixed period of time * **(P) Principal**- The initial amount of money in an investment or loan * **(T) Time-** Usually in years * **(I) Interest** - The amount that is charged for borrowing money or given when investing money. * **Balance**- The principal plus the earned interest gives the balance on an account   **To Find Simple Interest: I = P • R • T**  **Interest Rate**  (Amount money)  Time  **Interest**  **Principal**  (in years)  % (Change to decimal)  **To Find the Balance: P + I** |
| **EXAMPLES**   * + - 1. How much interest will you make on $700, if the rate is 2.4% and you save for 2 years? What will the balance of your account be after the 2 year period?       2. You borrow $2500 for 4 years at a 5.5% interest rate. How much will you owe after the 4 years is up?       3. Mark borrowed $4300 for 6 months at a 9% simple interest rate from Loans R Us. At the end of the 6 month period how much does Mark need to pay back to Loans R Us?       4. You want to save $3000 at 3.75% for 2 years. What is the balance? |