**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 $3000 at 3.75% for 2$\frac{3}{4}$ years. What is the balance?
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