

Answer Key

Worksheet 1: An Introduction to Interest

Directions: Answer each of the following questions using your knowledge of percent and interest. You have five minutes to complete this assignment. You may use your phone or calculator to answer the questions but be sure to show all work.

1. You invest \$1,000 with interest rate of 4% annually (annually means once each year). How much interest will you earn after one year?
 $1000 \times 0.04 = 40$
2. Joanna opens a bank account that earns 2.1% interest annually. She deposits \$3000. How much interest will she earn after a year?
 $3000 \times 0.021 = 63$
3. Jasmin invests her money in a special type of bank account. She can't access her money for one year but it will earn 8% interest. If she deposits \$1234, how much interest will she earn in one year?
 $1234 \times 0.08 = 98.72$
4. In order to buy a pair of new limited edition sneakers, Juan borrows \$200 from Pete the loan shark. Pete demands to be paid back in one week and, in addition to the \$200, Pete wants 22% interest on the one-week loan. How much interest will Juan have to pay on his \$200 loan in one week?
 $200 \times 0.22 = 44$
5. In order to pay for textbooks for his first semester at college, Samuel borrowed \$100 from his friend Cindy. She lent him the money on the condition that he pay her back the original \$100 plus an additional 5% interest on what he borrowed.
 - a. How much interest will Samuel owe Cindy?
 $100 \times 0.05 = 5$
 - b. How much will Samuel pay Cindy back in total?
 $100 + 5 = 105$