

2.3, Notes **Title:** _____

Name: _____

Learning Targets

- Students will understand how interest rates can affect growth or decrease in money.
 - Students will be able to calculate simple and compound interest
- Introduction

Introduction Your grandmother decides to give you \$1500 for your birthday this year but only on the condition that you put it in a savings account in the bank and leave it for 10 years. You can ear 3% interest per year. How much interest will you earn on this \$1500 during these 10 years? How much will be in your savings account at the end of 10 years?



Simple Interest Formula

Ex. Suppose you borrow \$500 from your brother to buy a car at 12% simple interest. How much interest do you owe at the end of 3 years?

Compound Interest Formula

Ex. Suppose you borrow \$500 from your brother to buy a car at 12% simple interest. How much interest do you owe at the end of 3 years?