Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Table #: \_\_\_\_\_\_\_\_\_\_\_\_ Period: \_\_\_\_\_\_ Date: \_\_\_\_\_\_

**6.7B Simple Interest\_Classwork**

*Objective: use the simple interest formula to find interest earned or paid, annual interest rates, and amounts paid on loans. CC.SS.7.RP.3 HW: 6.7B worksheet*



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| --- | --- |
| **EXAMPLE 1: Finding Interest Earned**You put $500 in a savings account. The account earns 3% simple interest per year.1. What is the interest earned after 3 years? \_\_\_\_\_\_\_
2. What is the balance after three years? \_\_\_\_\_\_\_\_\_\_
 | **EXAMPLE 2: Finding an Annual Interest Rate**You put $1000 in an account. The account earns $100 simple interest in 4 years. What is the annual interest rate? |
| **EXAMPLE 3: Finding an Amount of Time**A bank offers three saving accounts. The simple interest rate is determined by the principal. How long does it take an account with a principal of $800 to earn $100 interest? | **EXAMPLE 4: Finding an Amount Paid on a Loan**You borrow $600 to buy a violin. The simple interest rate is 15%. You pay off the loan after 5 years. How much do you pay for the loan? |

**PRACTICE PROBLEMS**

1. Jay borrowed $15,000 for one year from a bank in order to buy a motocyle. He agreed to pay an interest rate of 8% per yar. At the end of one year, how much money would Jay pay back to the bank?
2. You want to borrow $10,000 from a bank. The following are interest rates at different finanical institutions. How much would you owe in interest after one year at each bank? Which is the best rate?

|  |  |  |
| --- | --- | --- |
| 1. Navy Fed Bank 3.45%
 | 1. Chase Bank 3.5%
 | 1. Bank of America 3.48%
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Warm-Up

Find the sale price for the item. Round to the nearest cent.

1. Original price: $300; Discount: 25%

 2. Original price: $75; Discount: 40%







