

INTEREST

$$\text{Interest} = (\text{Principal} \times \text{Rate} \times \text{Time}) / 100$$

Example:

Alex invested \$500 and received \$650 after three years. What was the interest rate?

$$\$650 - \$500 = \$150 \text{ in interest.}$$

Initial amount or Principal = 500

Time = 3 years

Plug into the formula:

$$150 = (500 \times R \times 3) / 100$$

$$150 = (1500R) / 100$$

$$\frac{15000}{1500} = \frac{1500R}{1500}$$

$$10 = R$$

Interest Rate: 10%



TRY IT:

Find the total value of the account with a deposit of \$2500 at 5% interest rate for 1 year.