ALG 2 1/21

How much is $1000 deposit into savings account worth after 1 yr? Annual interest rate 5%, compounded monthly

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

$$= 1000\left(1 + \frac{.05}{12}\right)^{12 \cdot 1}$$

$$= 1051.60$$

For compound interest (no payments)

N = number of years (t)

I% = annual interest rate (r)

PV = present value (principle)

PMT = payment (leave at 0 for compound interest only problems) (annuity)

FV = future value

P/Y = payments/year (leave = 1)

C/Y = compounds per year (n)

Payments

N = number of payments

P/y = 12 (monthly)