Simple Interest Problems

Name: _____ **Date:** _____

Simple Interest Formula:

$$I = P \times r \times t$$

Where: I = Interest, P = Principal, r = Rate (as a decimal), t = Time (in years)

1. Sarah deposits $2,000 into a savings account that earns 5% simple interest per year. How much interest will she earn after 3 years?

P = _____ r = _____ t = _____

Working:

Interest earned = $ _____

2. Michael borrows $5,000 from the bank at a simple interest rate of 8% per year. How much interest will he owe after 2 years?

P = _____ r = _____ t = _____

Working:

Interest owed = $ _____

3. Emma invests $1,500 at 4% simple interest per year for 5 years. Calculate:

a) The interest earned:

Interest = $ _____

b) The total amount she will have after 5 years (Principal + Interest):

Total amount = $ _____

4. Jacob borrows $3,200 at 6.5% simple interest per year for 18 months. How much interest will he pay? ***(Hint: Convert months to years)***

P = _____ r = _____ t = _____ years

Working:

Interest = $ _____

5. A loan of $8,000 earns $1,200 in simple interest over 3 years. What was the annual interest rate?

Working:

Interest rate = _____ %