

Name _____ Period _____ Date _____

Compound Interest Practice Problems

1. The Johnson's bought a house for \$296,000 in 1995. Real estate values in their area increase approximately 4% each year. What is the value of the house in 2020?
2. Determine the final account balance of an investment if \$300 is invested at an interest rate of 6.75% compounded semiannually for 20 years.
3. Jasmine invests \$2,658 in a retirement account with a fixed annual interest rate of 9% compounded quarterly. What will the account balance be after 15 years?
4. A \$10,000 Treasury Bill earned 16% compounded monthly. If the bill matured in 2 years, what was it worth at maturity?
5. How much money would you have if you invested \$3500 at 6% compounded quarterly for 12 years.
6. Brenda invests \$4,848 in a savings account with a fixed annual interest rate of 5% compounded 2 times per year. What will the account balance be after 6 years?

7. You borrow \$25,000 at 12.25% interest compounded monthly. If you are unable to make any payments the first year, how much do you owe, excluding penalties?

8. The Fresh and Green Company has a savings plan for employees. If an employee makes an initial deposit of \$1,000, the company pays 8% interest compounded quarterly. If an employee withdraws the money after 5 years, how much is in the account?

How much would it be worth if the employee left the money in the account and withdrew it after 35 years?

9. Determine the amount of interest earned on a \$100,000 investment if it is invested at 5.25% annual interest compounded quarterly for 12 years.

10. Ryan invests a sum of money in a savings account with a fixed annual interest rate of 4.31% compounded 12 times per year. After 10 years, the balance reaches \$12,855.94. What was the amount of the initial investment?

11. Ndiba invests a sum of money in a savings account with a fixed annual interest rate of 4.61% compounded 3 times per year. After 6 years, the balance reaches \$5,485.85. What was the amount of the initial investment?

12. Stephanie wants to make an investment so she will have \$100,000 after 25 years. If she can get a 4% interest rate compounded weekly, how much money does she need to invest?