

## Simple Interest Practice

- Express the following interest rates as (r) in the simple interest formula.  
a) 6%              b) 4.5%              c) 1.25%              d) 0.85%              e) 32%
- Express the following lengths of time a (t) in the simple interest formula.  
a) 18 months              b) 16 weeks              c) 88 days              d) 4 years              e) 52 weeks
- \$300 is invested for 2.5 years at 6% simple interest. How much interest is earned?
- Joe borrowed \$500 from his parents to buy an iPod. They charged him 2.5% simple interest. He paid them back in 14 months. How much interest did he pay them? How much did he pay them in total?
- Peter invested in a GIC that paid 3.25% simple interest. In 36 months, he earned \$485. How much did he invest originally?
- What rate of simple interest is needed for \$700 to double, in 3 years?
- Kadeem's investment matured from \$1300 to \$1750. It was invested at a simple interest rate of 4.25%. How long was it invested for?
- \$600 is invested at 4% simple interest for 2 years.
  - How much interest is earned?
  - If the interest rate is doubled to 8% is the interest earned doubled?
  - If the time was doubled to 4 years, would the interest earned be doubled?

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**Solutions**

1. a) 0.06 b) 0.045 c) 0.0125 d) 0.0085 e) 0.32

2. a) 1.5 b)  $\frac{16}{52} = \frac{4}{13} \approx 0.31$  c)  $\frac{88}{365} \approx 0.24$  d) 4 e) 1

3. \$45 4. \$14.58; \$514.58 5. \$4974.36

6. 33.3% 7. 8.14 years

8. a) \$48 b) \$96, yes c) \$96, yes