DO NOW
ALGEBRA 2 · 5 MINUTES · START RIGHT AWAY

Lesson 6-2b

Understand Compound Interest

Name _____ Date _____ Per _____

1 FLUENCY

Use $A = P(1 + \frac{r}{n})^{nt}$ to find the balance: \$2000 at 5% compounded quarterly for 3 years.

$r/n =$ ☐ $nt =$ ☐ $A \approx \$$ ☐

2 VISUAL MODEL

\$1000 earns 8% for 1 year, compounded n times. Complete the table (nearest cent).

n	1	2	4	12
A (\$)	1080.00			

More periods → **more** or **less** interest

3 APPLICATION

Rosa deposits \$5000 in an account paying 4.2% interest compounded monthly. How much is in the account after 6 years?

\$ ☐

WORK

4 REASONING

Which earns more in 1 year: 6% compounded annually or 5.9% compounded monthly? Compare the effective annual rates.

6% annually or **5.9% monthly**

_____

_____

*We don't divide our effort, we **multiply** it!*

✎ Show your work ✓ Check your work ★ Try your best

Preview - the full worksheet and its answer key are at primeworksheet.com