Name: _____ .

Preview: Chapter 1: The Measurement of Interest

Directions: Print out and complete, based on your reading of the text. If there are multiple sheets, staple together the top left corners (in the correct order). Turn in at the start of class on the date due. Do not submit answers on notebook paper or via email. No credit for late or incomplete preview assignments. Assignments may be turned in, in advance, to my mailbox in 233 MSB.

§1.3: The effective rate of interest

1. Define in words and give a formula for each of the following.

   (a) i

   (b) i_n

2. Give formulas for i in terms of

   (a) the accumulation function

   (b) the amount function

3. Read Example 1.2 (which refers back to the table in Example 1.1).

   (a) Find I_1, I_2, I_3, and I_4.

   (b) If $A(5) = \$12{,}518.58$, find I_5 and i_5.

   (c) If $A(6) = \$13{,}394.88$, find I_6 and i_6.