

Name: _____ .

Preview: Chapter 3: Basic annuities

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.

§3.1: Introduction

1. Define each of the following.

(a) annuity

(b) annuity-certain

(c) term

(d) contingent annuity

(e) life annuity

(f) payment period

2. When we use the term “annuity” in this course, what type of annuity will we be referring to?

3. In Chapter 3, we will only consider annuities for which the _____ period and _____ period are equal and coincide.

§3.2: Annuity-Immediate

1. Define *annuity-immediate*.
2. For each of the following, give a time diagram, a formula, and then state what it represents in plain English.
 - (a) $a_{\overline{n}|}$
 - (b) $s_{\overline{n}|}$
3. State Formula (3.5) and explain why it's true using a time diagram.
4. State Formula (3.6).