Some useful formulas:

$$A = P\left(1 + \frac{r}{n}\right)^{nt} \qquad\qquad A = P\left(1 + rt\right)$$

$$A = P\left[\frac{(1+i)^m - 1}{i}\right] \qquad\qquad V = P\left[\frac{1 - (1+i)^{-m} - 1}{i}\right]$$

(1) **[5]** What rate of interest compounded quarterly will yield an effective interest rate of 7%?

(2) [**10**] Pam and Tim decide to start saving money for their daughter's college education. They open a college savings plan with a \$300 initial investment and next month start to make monthly deposits of \$50. If the account pays 6.00% compounded monthly, how much will the account be worth after 150 deposits? Be sure to include the initial investment in the computation.