

## Word Problems 151

### CHAPTER 2.1

Simple Interest:  $I = Prt$  where  $I$  is interest earned  
 $P$  is principal invested  
 $r$  is annual interest rate  
 $t$  is time in years

1. Mr. Smith puts \$100 in an account that pays 3.5% simple annual interest. How much interest does he receive after 5 years?

ANS. \$17.50

2. Mr. Smith puts \$500 in an account that pays 5% simple annual interest. How much interest does he receive after 18 months?

ANS. \$37.50

3. Mr. Smith left \$750 in an account that pays simple annual interest for 36 months and found that he received \$90 in interest. What was the simple annual interest rate for that account?

ANS. 4%

4. Mr. Smith received \$206.25 interest from bonds that paid 2.75% simple annual interest. He kept the bonds for 18 months. How much did he initially invest in these bonds?

ANS. \$5,000

5. Mr. Smith wants to earn \$31,500 interest from the \$350,000 that he got from the sale of his house. If he deposits the money in an account that pays simple annual interest of 2%, how long must he leave the money in the account?

ANS. 4.5 years