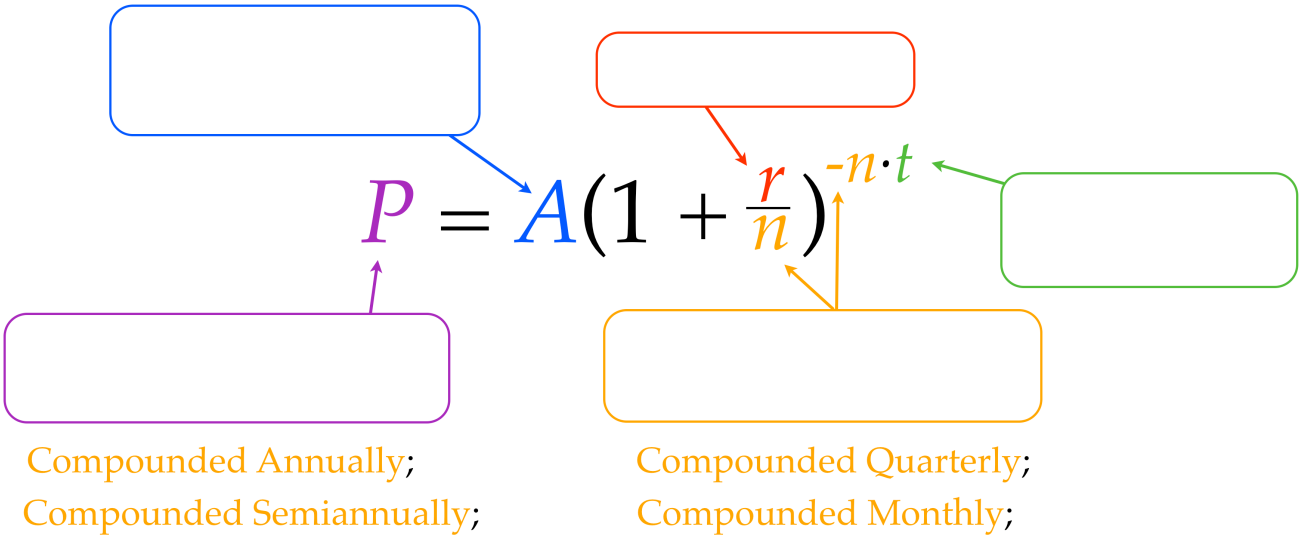
Name _____

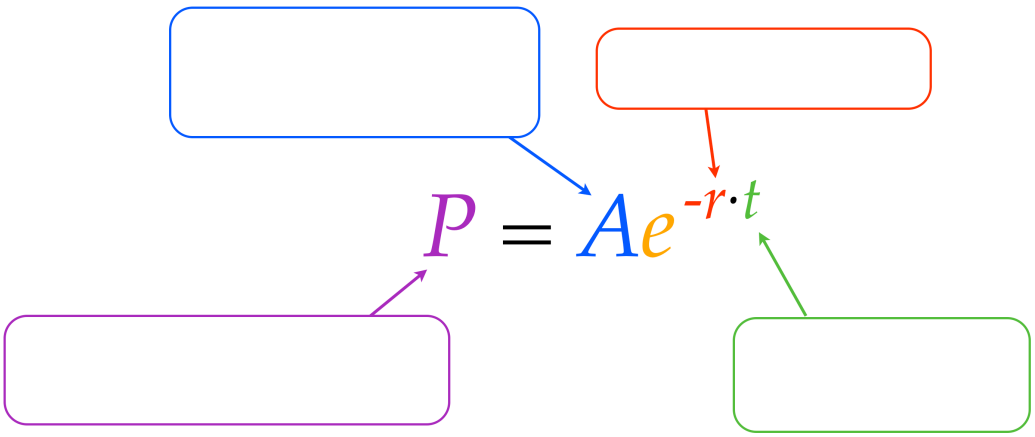
Date _____ Period _____

Present Value Formula

Present Value Formula



Present Value Formula



Present Value Formula

$P = A(1 + \frac{r}{n})^{-n \cdot t}$ $\quad P = Ae^{-r \cdot t}$

A special bank bond can be redeemed in 20 years for $5,000. How much should you pay for it now, if you want a return of...

9% compounding monthly ?

6% compounding continuously ?

Present Value Formula

$P = A(1 + \frac{r}{n})^{-n \cdot t}$ $\quad P = Ae^{-r \cdot t}$

An investment projects it can be cashed out in 8 years for $12,000. How much should you pay for it now, if you want a return of...

10% compounding quarterly ?

10% compounding continuously ?

Present Value Formula

Compounding Interest

$$P = A\left(1 + \frac{r}{n}\right)^{-n \cdot t}$$

Continuously Compounding Interest

$$P = Ae^{-r \cdot t}$$