

REAL LIFE MATH

•Banking•

Name: _____

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WORKING PROBLEMS WITH SIMPLE INTEREST

Problem #1: Charisse lends Roland \$100. She charges him 5% in interest. He has 1 year to repay the loan. How much interest will Charisse earn?

To solve: The formula for solving this problem is
interest = principal x rate x time

$$\frac{\text{interest earned}}{\text{principal}} = \frac{\text{principal}}{\text{principal}} \times \frac{\text{rate}}{\text{rate}} \times \frac{\text{number of years}}{\text{number of years}}$$

Show your work when solving the problem. Circle the answer.

How much will Roland pay in interest? \$_____

Problem #2: Kyle borrowed \$3000 from the bank in order to buy a car. The bank charged Kyle 12% in simple interest. He has 3 years in which to repay the loan. How much interest will Kyle pay?

$$\frac{\text{interest paid}}{\text{principal}} = \frac{\text{principal}}{\text{principal}} \times \frac{\text{rate}}{\text{rate}} \times \frac{\text{number of years}}{\text{number of years}}$$

Show your work when solving the problem. Circle the answer.

What is the total amount Kyle will pay back to the bank? (To solve this problem add the original loan amount plus the amount in interest.)

$$\begin{array}{l} \$ \underline{\hspace{2cm}} \\ \text{original loan} \end{array} + \begin{array}{l} \$ \underline{\hspace{2cm}} \\ \text{amount in interest} \end{array} = \$ \underline{\hspace{2cm}} \\ \text{total amount paid back}$$