

Name: Answer Key  
Simple Interest Word Problems

1. John wants to have an interest income of \$3,000 a year. How much must he invest for one year at 8%?

$$P = \$37,500$$

2. Jane owes the bank some money at 4% per year. After half a year, she paid \$45 as interest. How much money does she owe the bank?

$$1 \text{ year} = \$90$$

$$6 \text{ months} = \$45$$

3. To start a mobile dog-grooming service, a woman borrowed \$2,500. If the loan was for two years and the amount of interest was \$175, what simple interest rate was she charged?

$$r = 3.5\%$$

4. A student borrowed some money from his father at 2% simple interest to buy a car. He paid his father \$360 in interest after 3 years, how much did he borrow?

$$P = \$6,000$$

5. A couple invested \$6,000 of his \$20,000 lottery earning in bonds. How much do they have left to invest in stocks?

$$\$14,000$$

6. Jenna invests her money into a bank account, earning 6% simple interest. If at the end of one year she earns \$682.50 in interest, how much did she invest in the account?

$$P = \$11,375$$

7. Johnny is a shrewd eight-year-old. For Christmas, his grandparents gave him ten thousand dollars. Johnny decides to invest the money in a stock fund that pays ten percent per annum. How much should he should he make in three years?

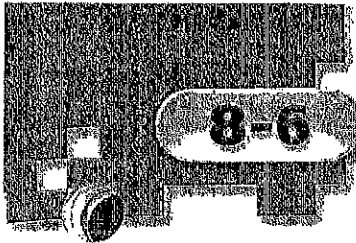
$$I = \$3,000$$

\* 8. Blake divided \$7,000 equally between two bank accounts. One account pays 10% simple interest per year and the other pays 5%. How much money will Blake make in 45 months?

$$\$1,968.75$$

9. You invest \$20,000 into an account paying 9% annual interest rate. If the total interest earned she earned is \$1,550 how long did she invest the money?

$$r = 0.867 \text{ years}$$



NAME \_\_\_\_\_

DATE \_\_\_\_\_

PERIOD \_\_\_\_\_

**8-6****Practice: Skills****Simple Interest**

Find the interest earned to the nearest cent for each principal, interest rate, and time.

1. \$500, 4%, 2 years

\$40

2. \$350, 6.2%, 3 years

\$65.10

3. \$740, 8.25%, 2 years

\$48.10

4. \$725, 4.8%,  $2\frac{1}{2}$  years

\$77.94

5. \$955, 6.75%,  $3\frac{1}{4}$  years

\$209.50

6. \$1,540, 8.25%, 2 years

\$254.10

7. \$3,500, 4.2%,  $1\frac{3}{4}$  years

\$257.25

8. \$568, 16%, 8 months

\$60.59

Find the interest paid to the nearest cent for each loan balance, interest rate, and time.

9. \$800, 9%, 4 years

\$288

10. \$280, 5.5%, 4 years

\$61.60

11. \$1,150, 7.6%, 5 years

\$437

12. \$266, 5.2%, 3 years

\$41.50

13. \$450, 22%, 1 year

\$99

14. \$2,180, 7.7%,  $2\frac{1}{2}$  years

\$419.65

15. \$2,650, 3.65%,  $4\frac{1}{2}$  years

\$435.26

16. \$1,245, 5.4%, 6 months

\$33.62