

1. Ron is saving for a computer. At the end of each month he puts \$60 into a savings account that pays 8% compounded monthly. How much is in the account after 3 years?

\$2432.13

2. Raul, a 25 year old professional, puts \$750 into an account at the end of every quarter. The account pays 8% interest compounded quarterly.

- (a) If he does this until he turns 60, how much money will be in the account? (this is the future value of an ordinary annuity)

\$562,367.47

- (b) If he makes no other deposits and no withdrawals, how much will be in the account when he is 65?

\$835,648.48

- (c) Think about the amount of money that Raul would have at age 60. If this were a regular account, and he were to make a one-time deposit today, how much money would he have to deposit today to have the same amount of money as in (a) when he turns 60?

\$35,155.82

3. Find the future value of the annuity where \$1288 is deposited at the end of each year for 14 years, where the money earns 8% compounded annually.

\$31,188.82

4. Find the future value of the annuity where \$233 is deposited at the end of each month for 4 years and the money earns 12% compounded monthly.

\$14,264.87

5. Each year a firm must set aside enough funds to provide employee retirement benefits of \$52,000 in 20 years. If the firm can invest money at 7.5% compounded monthly, what amount must be invested at the end of each month for this purpose?

\$93.31