Compound Interest Practice Worksheet

Name_____Date_____

1. A newborn child receives a $20,000 gift toward a college education from her grandparents. How much will the $20,000 be worth in 17 years if it is invested at 7% and compounded quarterly?

2. If you invest $10,000 in a bank which one is a better investment?

   a) 9% compounded monthly

   b) 9.3% compounded annually

3. If an investment company pays 6% compounded semiannually, how much should you deposit now to have $10,000 5 years from now?

4. At age 27, Jill deposited $4,000 into an IRA, where it earns 9.8 % interest compounded monthly. What will it be worth when she is thirty-five?

5. If you have $3,500 after 10 years on an investment that pays 5.3% compounded daily, what was the principle amount you started with?

6. A $175,000 loan compounded monthly at 3.2% for 19 years. How much interest was earned?

7. Your savings account has a balance of $2513.45. You opened the account 3 years ago. Interest on the account is compounded weekly at an annual interest rate of 4.35%. How much did you invest originally?

8. You deposit $1000 in an account that pays 6% annual interest. Find how long it will take for the amount to double if the interest is compounded quarterly.