Math 111 LP 12 - Financial Applications of Exponential Functions

1. Suppose you invest \$2000 at a 1.71% interest rate that is compounded yearly. How much will you have earned in one year? How about 2 and 5 years? Suppose you do not deposit or withdraw any money along the way.

2. Suppose you invest \$3000 at a 2.56% interest rate which is compounded Monthly. How much will you have earned after 5 years? What is the 5-year factor of growth and effective 5-year interest rate? What about the 1-year factor of growth and interest rate? What is the 1-day factor of growth and interest rate?