

## Math 7 - Unit 4

## Day 10 - MORE Simple Interest

## Lesson Objectives:

- I can use proportional relationships to solve percent problems involving simple interest.

Simple interest is the amount of money paid or earned for the use of money. For a savings account, interest is earned. For a credit card, interest is paid.

To find simple interest, use the formula

$$I = Prt$$

$P$  is the principal or the amount of money in the account

$r$  is the percentage rate for the account

$t$  is the time the money is in the account

$I$  is the interest received at the end of the time period

With your table, work on Activity 3 on page 179.

You have 10 minutes.



In 2010, the United States owed about \$10 trillion in debt. The interest rate on the national debt is about 3% per year.

a. \$10,000,000,000,000 (13 zeros)

b. \$300 billion *300,000,000,000*

c. \$821,917,808.22

d. \$1000

Who can have a credit card?

Why would you want a credit card?

When did credit cards first start?



Dave Ramsey  
Financial "Guru"

You borrow \$600 to buy a violin. The simple interest rate is 15%. You pay off the loan after 5 years. How much interest did you pay on the loan? How much did you pay altogether?

$$\begin{aligned} I &= Prt \\ I &= 600(.15)5 \\ I &= 450 \end{aligned}$$

\$450  
\$1050

You use a credit card to buy a \$350 X-box. Your credit card has 18% interest. Unfortunately, you don't make payments for 6 months. How much interest did you accrue? How much did the X-box cost with interest?

$$\begin{aligned} I &= Prt \\ I &= 350(.18)(.5) \\ I &= 31.50 \end{aligned}$$

\$31.50  
\$381.50

## Homework

### Simple Interest WKS

#### \* Individual Think Time \*



#### What to do if you get stuck...

- Reread the problem. Did you write it down correctly?
- Reread your notes. Is there a problem similar that we did together in class?
- Find a problem similar in your book. Try this one to see if it helps.
- Skip the problem until the end of Individual Think Time. Then ask an "educated" question of a neighbor or Mrs. Call.

Today we're working by...

