

Simple Interest Interest is computed one time at the end of the whole time period of the investment.

$A(t)=P(1+rt)$ r is the annual interest rate in decimal form. t is in years.

Compound Interest Interest is computed m times per year at regular intervals and added to the principle so it earns interest for the rest of the time.

$$A(t) = P\left(1 + \frac{r}{m}\right)^{mt}$$

Continuous Compound Interest Interest is compounded continuously.

$$A(t) = Pe^{rt} = \lim_{m \rightarrow \infty} P\left(1 + \frac{r}{m}\right)^{mt}$$

In all formulas: P =the amount at the beginning of the time period, also called present value

r =annual interest rate as a decimal

t is in years

m is the number of times interest is compounded per year

In the tvM-solver:

$N=mt$ =the total number of compoundings

$I\%$ =annual interest rate as a %

PV =present value=amount at the beginning of the time period

PMT =the amount of each regular payment at the end of each compounding period

FV =the balance in the account at the end of N payments, also called future value

$C/Y=m$

$P/Y=m$

Begin End End should be highlighted