

6. Suppose in 5 years you'd like to have \$5000 for a deposit on a new truck. How much should you invest per quarter in an account earning 3.75% annual interest compounded quarterly?
7. If you were able to deposit \$600 per quarter into an account earning 3.75% annual interest compounded quarterly,
- (a) How many years would it take for you to have \$20,000 to pay for the new truck in cash?

 - (b) About how much total interest did you earn?
8. Suppose you decide not to wait to buy the \$20,000 truck. Instead, you finance it at 6% compounded monthly for 5 years.
- (a) What are your monthly payments?

 - (b) How much do you end up paying for the truck?

 - (c) How much interest do you pay?

Answers

- \$577.19
 - \$577.36
- \$4159.06
- 3.7517%
- 31 years
- \$3282.83
- \$228.46
- 7.5 years
 - \$2,000
- \$386.66
 - \$23,199.60
 - \$3,199.60