Mr. Ponder Annuities Worksheet Name:_____

Math 105

1) Tim deposits $500 at the beginning of each semiannual period for 12 years at 6% interest compounded semiannually. Find the amount he will have on deposit. How much interest does he earn?

2) Mr. Ponder's 50 year-old uncle deposits a total of $2,000 per year in an IRA until age 62. How much money will be in the account if the interest rate is 12% compounded quarterly with payments made at the end of each quarter?

3) Gretta wants to retire in 18 years. At that time she wants to be able to withdraw $18,000 at the end of each 6 months for 15 years. Assume that money can be deposited at 10% per year compounded semi-annually. What exact amount will Gretta need in 18 years? How much interest did she earn?

4) Chuckie wants to buy a new set of titanium tipped cooking knives. How much should Chuckie deposit each month into a sinking fund for four years to accumulate $2,400 if the money earns 12% compounded monthly? How much interest was earned?

5) If $650 is deposited each month for 5 years in an account paying 12% interest compounded semi-annually find the account balance.

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