Calculating Compound Interest PFIN 5

Complete the following tables showing different savings options. Round answers to the nearest penny.

1. You plan to set aside $500 for 5 years. The account pays annual interest of 8 percent, compounded **quarterly***. What is the ending balance (principal plus interest) at the end of 5 years?

Year	Beginning Amount	Quarter 1 Interest	Quarter 2 Interest	Quarter 3 Interest	Quarter 4 Interest	Ending Amount
1	$500.00	$10.00	$10.20			$541.22
2	$541.22					
3						$634.12
4				$13.19		
5		$13.73				

* hint: you need to divide the annual interest rate by 4 if you are compounding quarterly.

2. You plan to begin saving with $100. You plan to save another $100 at the beginning of each year for 5 years. The account pays annual interest of 8 percent, compounded **quarterly***. What is the ending balance (principal plus interest) at the end of 5 years?

Year	Beginning Amount	Yearly Deposit	Quarter 1 Interest	Quarter 2 Interest	Quarter 3 Interest	Quarter 4 Interest	Ending Amount
1	$100.00	$100.00	$4.00				$216.49
2	216.49	$100.00					
3		$100.00					
4		$100.00					
5		$100.00					

* hint: you need to divide the annual interest rate by 4 if you are compounding quarterly.