1. Interest

I Interest

P Principal amount

P Percentage interest rate

e.g. 8% of $250

I = 250 x (8/100)

= $20

1. Compound interest

I Interest

P Principal amount

P Percentage interest rate

N The number of years

e.g.

$350 at 7.1% interest for 5 years

Interest

I = 350 x (1 + 8.2/100)^5 - 1

= $169.04

Total

= 350 + 169.04

= $519.04