



## calculating simple interest

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future cost of \$1.00:

- After one year at 5% interest:

- Example:

$$\begin{array}{r} \$1.00 \\ \times .05 \\ \hline .0500 \end{array}$$

$$\$1.00 + .05 = \$1.05$$

- After two years at 5% interest:

- Example:

$$\begin{array}{r} \$1.05 \\ \times .05 \\ \hline .0525 \end{array}$$

$$\$1.05 + .05 = \$1.10$$

- After three years at 5% interest:

- Example:

$$\begin{array}{r} \$1.10 \\ \times .05 \\ \hline .0550 \end{array}$$

$$\$1.10 + .06 = \$1.16$$