When Melissa was born, her parents put $8,000 into a college fund account that earned 9% simple interest. After 18 years, she had $20,960 in the account. How did this happen?	Hannah deposits $630 in a savings account at 6.5% simple interest. After 4 years, she will have earned $163.80 in interest. How is this possible?
The average cost for a vacation is $1,050. A family borrows money for the vacation at an interest rate of 11% for 6 months. The total amount that they must pay back is $1107.75 How did the bank arrive at this amount?	Rita used her credit card to charge $126 for a DVD player. Her card interest rate is 15.9% per year. After 2 months, she owes $129.34. How did this happen?

When Melissa was born, her parents put $8,000 into a college fund account that earned 9% simple interest. After 18 years, she had $20,960 in the account.

How did this happen?

i = prt

i = 8000 * 0.09 * 18 = 12,960

then add the interest to the starting amount.

8000 + 12,960 = $20,960

Hannah deposits $630 in a savings account at 6.5% simple interest. After 4 years, she will have earned $163.80 in interest.

How is this possible?

i = prt

i = 630 * 0.065 * 4 = $163.80

The average cost for a vacation is $1,050. A family borrows money for the vacation at an interest rate of 11% for 6 months. The total amount that they must pay back is $1107.75

How did the bank arrive at this amount?

i = prt (where t=years)

(6 months=0.5 yr)

i = 1050 * 0.11 * 0.5 = 57.75

then add the interest to the starting amount.

1050 + 57.75 = $1107.75

Rita used her credit card to charge $126 for a DVD player. Her card interest rate is 15.9% per year. After 2 months, she owes $129.34.

How did this happen?

i = prt (where t=years)

i = 126 * 0.159 * (2/12) = 3.339

then add the interest to the starting amount.

126 + 3.339 = $129.339 or $129.34