

ADDITIONAL PROBLEMS FOR CHAPTER 6

- 6-51** What is the future value of a 5-year annuity due that promises to pay you \$300 each year? Assume that all payments are reinvested at 7 percent a year, until Year 4.
- 6-52** An investment pays you 9 percent interest, compounded quarterly. What is the periodic rate of interest? What is the nominal rate of interest? What is the effective rate of interest?
- 6-53** Which amount is worth more at 14 percent, compounded annually: \$1,000 in hand today or \$2,000 due in 6 years?
- 6-54** Your broker offers to sell you a note for \$13,250 that will pay \$2,345.05 per year for 10 years. If you buy the note, what interest rate (to the closest percent) will you be earning?
- 6-55** While you were a student in college, you borrowed \$12,000 in student loans at an interest rate of 9 percent, compounded annually. If you repay \$1,500 per year, how long to the nearest year, will it take you to repay the loan?