

TOPIC

Economics – Section VI – Question 5

QUESTION

Your bank pays a 2.5% interest on the amount in a savings account every three months. If you invested \$2,000 in this account, the money you would have at the end of three years most nearly is

- (A) \$2,000
- (B) \$2,690
- (C) \$3,000
- (D) \$3,300

HINT

Effective interest rate takes compounding into consideration.
Use the effective interest rate to find the future worth of the investment.

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