

TOPIC

Economics – Section VI – Question 2

QUESTION

You invest money in a savings account that provides an interest rate of 4% per year. If you have \$3,000 in the account at the end of 6 years, the money you invested most nearly is

- (A) \$1,371
- (B) \$1,500
- (C) \$2,013
- (D) \$2,371

HINT

$$P = \frac{F}{(1+i)^n} = F(P/F, i, n)$$

SOLUTION

$$F = 3000$$

$$i = 0.04$$

$$n = 6$$

$$P = \frac{F}{(1+i)^n} = F(P/F, i, n)$$

$$P = \frac{3000}{(1 + 0.04)^6}$$
$$= \$2,371$$

ANSWER

(D)

CONTRIBUTOR

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