AMDM- Quiz Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Unit 6- B

1. Twelve years ago, Joan put money into an account paying 6.5% compounded

semiannually. If the account has $18,000 now, how much money did she deposit?

2. Mr. Murphy has just started a career in the aerospace industry. He is 26 years old and wants to save $1,500,000 by the time he retires at age 67. He is going to invest in a retirement plan that earns 5.2% interest (compounded annually) per year. Calculate how much money Mr. Murphy must save today to reach his retirement goal. You must show all steps that led you to your answer.

3. Jane wants to have $25,000 in 25 years. What is the smallest initial investment that she would be able to begin with if her investment will be compounded quarterly at a 4.6% interest rate?

4. Juan wants to invest $1,400 in an account that earns 3% interest monthly. How many years will it take for the account to have a value of $5,000?

5. Ronnie wants to save for retirement and believes he needs $1,000,000. He is going to invest money for 30 years. He is offered 4.2% interest. Ronnie also has a choice of quarterly or monthly compounding. What value of money is needed to reach his goal for the two compounds? Which compounding would you rather have? Please explain in complete sentences