



Supplemental Instruction Handouts

Business Math

Chapter 12: Annuities Due

1. What is the future value of \$350 invested at the beginning of every month for the next 25 years at an interest rate of 7.25% compounded monthly?
2. How much interest was earned?
3. Vanessa purchased a car that requires her to make payments of \$450 every six months for the next five years. She will be charged an interest rate of 4.75% compounded quarterly for all five years. If the first payment is due at the time of purchase, what was the purchase price of the car?
4. How much interest did Vanessa pay?
5. If Joan has \$500,000 accumulated in her RRSP, what payments will she receive at the beginning of each month for the next 15 years if there is an interest rate of 5.46% compounded annually?
6. If Larry has \$85,000 accumulated in his RRSP and he wishes to receive \$1,000 at the beginning of every month for the next 15 years, what interest rate was he receiving if it was compounded monthly?
7. How long did it take Ron to accumulate \$500,000 in his RRSP if he was making payments of \$1,500 at the beginning of every quarter at an interest rate of 11.25% compounded quarterly?
8. How long would it take if the payments were made at the end of the quarter?