

SIMPLE INTEREST FORMULA

Personal finance is a fundamental aspect of our daily lives, impacting our ability to save, invest, and achieve financial stability. Simple interest is one of the crucial concept in personal finance and understanding it is paramount for making informed financial decisions.

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Q1: In a simple interest calculation, if the principal is \$1,000 and the rate of interest is 5%, what will be the interest earned in 2 years?

A: \$100 B: \$50 C: \$10

D: \$200

Q2: Which factor in the simple interest formula directly affects the total interest earned?

A: Principal (P) B: Rate (R) C: Time (T) D: Number of compounding periods

Q3: In a simple interest calculation, if the principal is \$4,000, the time period is 3 years, and the interest is \$720, what is the rate of interest?

A: 4%

B: 5%

C: 6%

D: 7%

Q4: In a simple interest calculation, if the principal is \$2,500, the time period is 4 years, and the interest earned is \$600, what is the rate of interest?

A: 2%

B: 3%

C: 6%

D: 5%

Q5: If you borrow \$3,000 at a simple rate of 6% for 5 years, how much interest will you pay?

A: \$900 B: \$2,400 C: \$1,500 D: \$2,000 C Equivie

Q6: You deposit \$8,000 in an account with a 3% yearly rate. How much interest will you earn in 2 years?

A: \$240 B: \$480

C: \$720

D: \$1,440

Q7: If you borrow \$1,200 at a rate of 8% for 9 months, how much interest will you pay?

A: \$72 B: \$96 C: \$144 D: \$160

Q8: You invest \$5,000 at a simple interest rate of 7.5%. How much interest will you earn in 3 years?

A: \$1,125 B: \$1,350 C: \$1,500 D: \$1,875

Q9: How much interest would you earn in a year if you deposit \$10,000 in a bank account with a 4% yearly rate?

A: \$200

B: \$400

C: \$600

D: \$800

Q10: You borrow \$6,500 for three years at a simple interest rate of 9.5%. How much interest will you pay overall?

A: \$1,235.7 B: \$1,755.5 C: \$1,852.5 D: \$2,005





Answers

- **Q1:** A \$100
- Q2: B Rate (R)
- **Q3:** C 6%
- **Q4:** C 6%
- **Q5:** B \$2,400
- **Q6:** B \$480
- **Q7:** A \$72
- **Q8:** A \$1,125
- **Q9:** B \$400
- **Q10:** C \$1,852.5