Name_____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Assume your uncle will pay you $100 for each of the next two years and $200 in years 3 and these amounts will be paid at year end. Assume the interest rate is 10% for the first two years and 12% for the next two (years 3 and 4). What is your uncle's promise worth in today's dollars? (Round your answer)
   A) $600   B) $317   C) $512   D) $453   E) $342

1) _____

2) What is the future value of $20,000 received today, after 10 years if it is invested at 6% compounded annually for the next six years and 5%, compounded semi-annually for the remaining four years?
   A) $32,772   B) $38,817   C) $25,000   D) $34,567   E) $31,000

2) _____

3) What is the future value of $30,000 received today, after 10 years if it is invested at 7% compounded annually for the next seven years and 5%, compounded annually for the remaining three years?
   A) $71,000   B) $54,567   C) $81,744   D) $62,772   E) $55,767

3) _____

4) What is the future value of $80,000 received today, after 14 years if it is invested at 8% compounded annually for the next five years and 3%, compounded annually for the remaining nine years?
   A) $171,022
   B) $158,098
   C) $153,371
   D) $134,567
   E) $144,772

4) _____

5) If a person deposited $10,000 earning 9 percent for 11 years, this would involve what type of computation?
   A) present value of a single amount
   B) simple interest
   C) future value of a series of deposits
   D) present value of a series of deposits
   E) future value of a single amount

5) _____

6) An individual invests $10,000 at a rate of 5% per annum. What will be its value in 10 years' time?
   A) $15,853   B) $15,000   C) $19,000   D) $18,000   E) $16,289

6) _____

7) Your goal is to accumulate in 4 years $5,000. If you can earn a rate of 4%, compounded   7) _____
   monthly, what will be your end of month monthly payment need to be to reach this
   goal?
       A) $124   B) $300   C) $104   D) $96   E) $262

8) Your goal is to pay down your student loan in 3 years. The balance today is $9,434. If   8) _____
   you are charged a rate of 4%, compounded monthly, what will be your monthly,
   end-of-period payment?
       A) $279   B) $406   C) $300   D) $262   E) $377

9) An individual invests $5,000 at a rate of 5% per annum. What will be its value in 10   9) _____
   years' time?
       A) $9,000   B) $8,144   C) $9,542   D) $7,500   E) $7,927

10) Assume your friend will pay you $200 for each of the next two years and $400 in years   10) _____
   3 and these amounts will be paid at year end. Assume the interest rate is 10% for the
   first two years and 12% for the next two (years 3 and 4). What is your friend's promise
   worth in today's dollars? (Round your answer)
       A) $951   B) $831   C) $1,000   D) $906   E) $600

11) Your goal is to pay down your student loan in 3 years. The balance today is $9,434. If   11) _____
   you are charged a rate of 9%, compounded monthly, what will be your monthly,
   end-of-period payment?
       A) $527   B) $406   C) $193   D) $300   E) $262

12) You wish to accumulate $15,000 within five years. How much would you have to save   12) _____
   each year for five years to attain your goal? Assume an annual interest rate of 4%.
   Savings occur at the end of each year.
       A) $3,500   B) $2,662   C) $3,000   D) $2,905   E) $2,769

13) An individual invests $12,000 at a rate of 4% per annum. What will be its value in 9   13) _____
   years' time?
       A) $15,853   B) $15,000   C) $18,000   D) $17,080   E) $16,289

14) An individual invests $9,000 at a rate of 6% per annum. What will be its value in 11   14) _____
   years' time?
       A) $15,000   B) $17,085   C) $18,000   D) $16,289   E) $15,853

15) If a person deposited $100 a month for 5 years earning 9 percent, this would involve what type of computation?   15) _____

    A) present value of a single amount
    B) present value of a series of deposits
    C) future value of a single amount
    D) simple interest
    E) future value of a series of deposits

1) D
2) D
3) B
4) D
5) E
6) E
7) D
8) A
9) B
10) D
11) D
12) E
13) D
14) B
15) E