

COMPOUND INTEREST

GENERAL INFORMATION

For year levels: 10,11,12

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NOTES

Activity Details (add other subheadings as needed in bold.)

Video Comparing Simple and Compound interest:

What differences were there between how the two types of interest were calculated?

What was the same for each calculation?

Describe the result, in terms of the total amount earned, between simple and compound interest.

Interactive Web Page

This web page has three sections:

- a) Notes, input boxes and a slider for exploring changes in values
- b) A graph to show visual differences
- c) A spreadsheet with 2 tables of values.

Copy the formula for Simple Interest:

Copy the formula for Total amount as a result of simple interest:

Copy the formula for total amount earned from Compound Interest:

How is the amount of compound interest determined?

What do you notice about the order of the calculations for simple and compound interest?

What is the shape of the graph formed by the simple interest formula?

What is the shape of the graph formed by the compound interest formula?

If you were an investor, which type of interest would you prefer to have used?

If you were a borrower, which type of interest would you prefer?