

Math 29
Homework 10

Write a 1-3 sentence summary of what we did in class the previous period.

1. You have \$500 which you plan to put in the bank for 10 weeks. You are considering two accounts. One gives 2% annual interest compounded continuously, and the other gives 2.1% annual interest compounded daily. Is one better or are they the same?
2. You inherit a bond with a face value of \$15,000. However the bond can't be redeemed for 20 years. Given that interest rates are 5% annually compounded daily, what is the present value of the bond?
3. You are told on August 15 that you have won a scholarship. The scholarship will pay you \$50 at the start of every month from September 1 to May 1 of your first year of college. Given that banks are offering 2.1% annually compounded daily, what is the present value of all of this money on the day you find out about it?

In Section 7.13 do problem 18; and in Section 5.3, do problems 8, 9. Be sure to show all of the steps of your work.