Invest and Build Wealth Worksheet

Using the charts below calculate 1) interest or return earned, and 2) total value.

How to Calculate Simple Interest:

A = P(1 + rt)

A= Amount
P= Principal
r= Interest rate (decimal)
t= Time (years)

Simple Interest/Rate of Return Example:

Imagine you have $100 and plan to put it in the bank for 6 years with a 6% interest rate, calculated as .06%. Here's what the calculation would look like:

100(1+.06x6) = $136

The interest is $36. If you invested $100, you would have $136 after 6 years.

How to Calculate Compound Interest:

A=P(1+r/n)^nt

A= Amount
P= Principal
r= Interest rate (decimal)
n= Number of times interest is compounded per year
t= Time (years)

Compound Interest/Rate of Return Example:

Imagine the same scenario ($100, interest rate calculated as .06% for 6 years), but this time interest will be compounded annually. Here's how your money grows:

A = 100(1+ .06/6) to the power of 1 x 6
A= 100(1.06)^6
A= 100 x 1.4185
A= $141.85

Strategy	Principal	Interest Rate	Time	Interest or Return Type	Interest or Return Earned	Total Value
Stock	$10,000	3 %	10 years	Compound		
Mutual Fund (portfolio of stocks & bonds)	$1,000	7 %	20 years	Compound		
Bond	$100	5 %	30 years	Simple		

Answers:

Stock	$10,000	3 %	10 years	Compound	**$3,439**	**$13,439**
Mutual Fund (portfolio of stocks & bonds)	$1,000	7 %	20 years	Compound	**$2,869**	**$3,869**
Bond	$100	5 %	30 years	Simple	**$150**	**$250**