

Name _____

Date _____

Logarithm Word Problems - Step-by-Step Lesson

Reed works for a very large multinational company. He is investing in his future. He saved for several years and amassed \$60,200. He puts it into a guaranteed government bond at 8% compounded annually interest rate for 4 years. What is his total return on this investment when he cashes in his bond?



Explanation:

Let's defining the parameters:

P = principal amount = 60,200

R = annual rate of interest (8% or 0.08)

n = number of years the amount is deposited (60,200)

A = amount of money accumulated after n years, including interest.

Compound amount (A) = $P (1+R/100)^n$

$$= 60,200 (1+8/100)^4$$

$$= \$81,901.44$$

