Which Kind of Annuity? (FV or PV)
Sections 4.2, 4.3, 4.4

Practice Classifying each Annuity before you solve it.

1. Bobby just bought a $8,405 used car. He has a $1,200 down payment, and his interest rate is 4.1%. Assuming his car loan is for 3 years, what are his monthly payments?

2. Jan would like to have $15,000 saved up (to use as the down payment on a house) in 4 years. If she makes monthly deposits into an account that earns $3.75% interest, how much should each deposit be?

3. Mike just bought a boat that cost $19,499. He financed it with a 5 year loan at 6.89%. He will make semiannual payments, with the first payment due today. How much will each payment be? How much will Mike spend in interest.

4. Peter is thinking about starting a small business, but he'll need money for capital. He's determined he can afford to repay $3730 each quarter. If he's looking at a 7 year loan at 5.5% interest, what's the largest amount Peter can borrow?

5. Alice has been adding $45 twice a month to her retirement account for the past 32 years. Assuming her account has been earning 6.4% interest and that her first deposit was the day she opened the account, how much money is in her account today?