In this lab run through the 5 steps. Please ensure you show all of your work. This means you will need to use lined paper.

Step 1:

* Choose two items from the list below
  + New Truck: $22,599.00-$77,780.00
  + New House: $ 90,000.00-$459,000.00
  + Renovations: $5,000.00-$10,000.00
  + A new home theater system: $1,199.99-$16,558.00
  + A new stove: $1,898.00-$3,299.99
  + A new fridge: $1,698.00-$7,948.00

Step 2:

* Select a principle (make sure it is realistic to what you would likely have)
* Also, the principle needs to be less than the amount you need
  + $1000.00
  + $5000.00
  + $10,000.00
  + $20,000.00

Step 3:

* Select a rate (remember the larger the rate the larger the fee)
  + 2.5% ($25.00 annual fee)
  + 3.25% ($32.50 annual fee)
  + 25% ($250.00 annual fee)
  + 30% ($300.00 annual fee)

Step 4:

* Using simple interest (I=Prt)
  + Calculate how long it would take to save enough money.
  + Remember to subtract out the annual fee (that is for 10 years at 2.5% you will have to subtract $250.00 from your total).

Step 5:

* Using compound Interest (A=P(1+i)n)
  + Calculate how long it would take to save enough money.
  + Remember to subtract out the annual fee (that is for 10 years at 2.5% you will have to subtract $250.00 from your total).
  + Hint: use the t values from step 4 to estimate the actual length of time
    - Make sure your calculated A value and actual A value are as similar as possible. This means you may have to try multiple values for n!!!