Compound Interest Comparison Sheet

Interest rate = 2%
(compounded annually)

	Year 1	2	3	4
Current principal (equal to previous year's total)	$2,500			
Interest earned = (current principal) x (interest rate)				
Total (current principal + interest earned)				
Accumulated interest = total - original investment				

Compound Interest Formula (compounded annually)

$A = P\,(1+r)^t$ = accumulated money (principal + all interest)

P = original investment = $2500; r= interest rate; t = time in years

Use interest formula to calculate:

Year 4	8	12	16	20

Interest rate = 4%
(compounded annually)

	Year 1	2	3	4
Current principal (equal to previous year's total)	$2,500			
Interest earned = (current principal) x (interest rate)				
Total (current principal + interest earned)				
Accumulated interest = total - original investment				

Use interest formula to calculate:

Year 4	8	12	16	20