

Compound Interest from Simple Interest

0.05

\$4000 was invested at 5% for a period of 10 years.

Complete the tables below and compare the growth of this investment in accounts earning Simple Interest and Compound Interest.

Remember, simple interest investments only earn interest on the initial investment.

Simple Interest

Year	Amount at Start of Year	Interest	Amount at End of Year
0	4000	-	4000
1	4000	200	4200
2	4200	200	4400
3	4400	200	4600
4	4600	200	4800
5	4800	200	5000
6	5000	200	5200
7	5200	200	5400
8	5400	200	5600
9	5600	200	5800
10	5800	200	6000

Compound Interest

Year	Amount at Start of Year	Interest	Amount at End of Year
0	4000	-	4000
1	4000	200	4200
2	4200	210	4410
3	4410	220.50	4630.50
4	4630.50	231.50	4862.00
5	4862.00	243.10	5105.10
6	5105.10	255.26	5360.36
7	5360.36	268.02	5628.38
8	.	.	.
9	.	.	.
10	.	.	6515.57