

## Solving Annuity Problems on the TI-83s



1. You have decided to start saving for a car. You decide to deposit \$400 at the end of each month into an account that pays 3.6% per year, compounded monthly. How much money will you have saved, in total, after 6 months?

2. You want to make sure that you have money available for "fun" while you are away at college.

How much do you need to invest before you go to school, in an account that earns 3.5% interest compounded monthly, to be able to withdraw \$200 per month for 8 months? Assume that you will withdraw the money at the end of each month, and that you will deposit all of the money one month before the initial withdraw.

3. Andrew has just purchased a used motorcycle. His bank has given him a loan with payments of \$229.19 per month for one year at 10.5% per year, compounded monthly.
  - a. What is the actual cost of the motorcycle if Andrew were to pay for it in cash today?

- b. How much interest will he pay by choosing the payment plan?