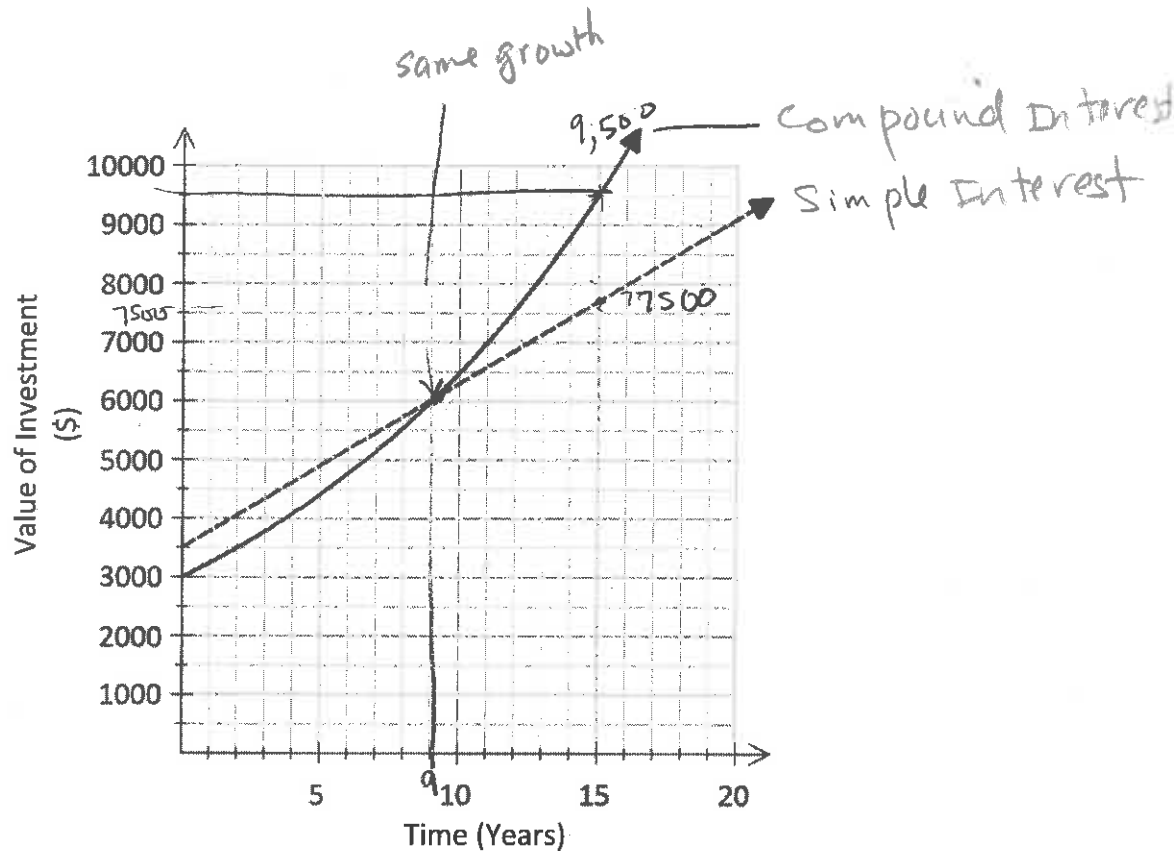


Using Graphs to Compare Simple Interest and Compound Interest

Example 5



- a) The graphs of two investments are shown above. One is the graph of a simple interest investment and the other is a graph of a compound interest investment. Identify each graph.
- b) State the initial value of each investment.
 Initial value (1) Simple Interest = \$ 3000
 (2) Compound Interest = \$ 3500
- c) Describe the growth of the investments in relation to each other.
 (a) Compound Interest: Exponential growth
 (b) Simple Interest: Linear growth
- d) Estimate the year when the investments share the same value.
 Year #9.
- e) What is the approximate amount that each investment is worth after 15 years?
 Compound Interest app. \$ 9500
 Simple Interest app. \$ 7550