1. Would you rather have \$100 now or the promise of \$100 in five years? Give at least 3 different reasons why.

2. \$100 now versus \$100 in five years are worth different amounts. The difference, Future - Now, is called the **interest**. What are the important ingredients to deciding how much interest?

3. A savings bond is worth \$1000 now, plus another 5% (of \$1000) every year. How much is it worth after each of the next 4 years? 5% is called the **interest rate**; it is how fast the interest grows.

4. A treasury bond is named after its future value, so a \$1000 treasury bond is worth \$1000 in seven years. If the interest rate was 5%, then how much is it worth now?

5. Why don't we just subtract 5% of \$1000 seven times?

6. A pawn shop will loan you \$25 for up to two months in exchange for the \$25 back, a 2% interest rate per month, and a \$5 processing fee. What sort of simple interest rate is this?

7. A KU power bill asked for \$130.56 now, or \$137.09 if it was 3 days late. What sort of simple interest rate is this?

8. A rent-to-own place offers an \$890 TV for the low low price of \$120 per month for 18 months. What sort of simple interest rate is this?