

# Review for 8-25-16

Interest

Principal

Amount Function:  $A(t)$

Accumulation Function:  $a(t)$

$$A(t) = (\text{Initial deposit}) a(t)$$

Effective Rate of Interest in  $n^{\text{th}}$  interest period:

$$\frac{A(n) - A(n-1)}{A(n-1)} = \frac{a(n) - a(n-1)}{a(n-1)}$$

