

Quiz #1

1. What is the description of the effective rate of discount in the 5th interest period (between $t=4$ and $t=5$) in terms of the accumulation function $a(t)$?
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$$\frac{a(5) - a(4)}{a(5)}$$

2. Give one relationship between i and d when they are said to correspond (be equivalent) with one another.
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$$d = \frac{i}{(1+i)} \quad \text{or} \quad i = \frac{d}{(1-d)}$$

3. What is the definition of the force of interest function δ_t in terms of the accumulation function $a(t)$?

$$\delta_t = \frac{a'(t)}{a(t)}$$