

Review for 09-20-2016

Deferred Annuity $v^t | a_{\overline{n}|i} = v^t a_{\overline{n}|i}$ deferred t payment periods

Perpetuity: (Immediate) $a_{\overline{\infty}|i} = \frac{1}{i}$ (Due) $= \frac{1}{d}$

Length of Payment Stream:

Drop payment

Balloon payment

Solving for interest rate:

Use financial calculator

Interest Rates Changing over Payment Periods:

Portfolio Method

Yield Curve Method

