

Compound Interest Assessment

Name: _____ Date: _____

Directions: Write a brief answer to each of the following questions.

1. What is savings?
2. Why do people save?
3. What is principal?
4. What is interest rate?
5. What is interest?
6. Why do banks pay interest?
7. What is simple interest?
8. What is compound interest?
9. What factors affect how much interest someone earns on their deposits?
10. How does compound interest affect the use of credit cards?
11. How does time affect the amount of compound interest earned or paid?
12. Why do banks pay interest on savings and creditors charge interest?