

Calculating Simple Interest Rates

Name: _____ Date: _____

Directions: In this assignment, you will use the simple interest rate formula to compare the amount of interest and the total amount paid on two different car loans.

$$I = P * r * t$$

Loan 1.

Amount Borrowed: \$20,000
Interest Rate (APR): 3.25%
Length of Loan: 60 months

Show your work for Loan 1.

Loan 2.

Amount Borrowed: \$20,000
Interest Rate (APR): 4.1%
Length of Loan: 48 months

Show your work for Loan 2.

Total Interest Paid:

Total Amount Paid:

Total Interest Paid:

Total Amount Paid:

What are the differences in these two loans? What can you conclude from those differences?