

Chapter 7 / Example 8

Using the finance app

Zoe deposits €25 000 in a bank offering 2.4% annual interest rate compounded quarterly. From this account she wishes to pay her rent, which is €600 per month. How long will it take until the account can no longer be used to pay the rent?

Press **MENU** **C** **TVM** **FF** Financial.

Press **F2** Compound Interest.

Compound Interest
 $n = 0$
 $I\% = 0$
 $PV = 0$
 $PMT = 0$
 $FV = 0$
 $P/Y = 12$
 [n] [I%] [PV] [PMT] [FV] [AMORTIZ]

$N = 0$

$I\% = 2.4$.

$PV = -25000$.

$PMT = 600$.

$FV = 0$.

$P/Y = 12$.

$C/Y = 4$.

Compound Interest
 $I\% = 2.4$
 $PV = -25000$
 $PMT = 600$
 $FV = 0$
 $P/Y = 12$
 $C/Y = 4$
 [n] [I%] [PV] [PMT] [FV] [AMORTIZ]

Press **F1** n to get the answer.

$n = 43.5$ months, meaning that she will be able to pay the rent from this account for 43 complete months.

Compound Interest
 $I\% = 2.4$
 $PV = -25000$
 $PMT = 600$
 $FV = 0$
 $P/Y = 12$
 $C/Y = 4$
 [n] [I%] [PV] [PMT] [FV] [AMORTIZ]