

## Chapter 7/ Example 9

# Using the finance app

Kathryn would like to buy a new house in 5 years' time. The average price of houses in the area she is considering is €120 000. She has €110 000 in an investment account, which is earning 5.2% interest per year compounded yearly. House inflation is expected to be 3.1% per year. Will she be able to afford an average price house in 5 years' time?

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 AMORTN

$N = 5$ .

$I\% = 5.2 - 3.1$ .

$PV = -110000$ .

$PMT = 0$ .

$FV = 0$ .

$P/Y = 1$ .

$C/Y = 1$ .

Compound Interest  
 $n = 5$   
 $I\% = 2.1$   
 $PV = -110000$   
 $PMT = 0$   
 $FV = 0$   
 $P/Y = 1$   
 n I% PV PMT FV AMORTN

Press **F5** FV to get the answer.

Since the future value of her investment is €122 045, she will be able to afford the house.

Compound Interest  
 $FV = 122045.3945$   
 REPEAT AMORTN GRAPH