

## Conditions

Brian, who recently sold his Porche, placed \$25,000.00 in a savings account paying annual compound interest of 13%. Calculate the amount of money that will have accrued if he leaves the money in the bank for 10 years.

## Solution

Here we must calculate the future value (FV) of our deposit:

$$FV = V \cdot (1 + r)^t$$

Where V is a deposit amount of money (\$25000), r – rate in decimal, 0.13, t – number of periods (years, in our case)

So,

$$FV = \$25000 \cdot (1 + 0.13)^{10} = \$84,864.2$$

Answer: \$84,864.2