

Answer on Question #66326 – Math – Financial Math

Question

Trish Hardison deposited \$18,680 in a 4-year account paying 4% interest. The bank where she put the money pays a passbook rate of 3.5% compounded daily. She withdrew \$2000 after 15 months. Find the interest that she earned on the \$2000.

Solution

Because of early withdrawal, Trish Hardison earned the regular passbook interest on the 2000\$.

$$\text{Interest} = 2000\$ * (1 + 0.35/365)^{456} - 2000\$ = 89\$$$

Answer: 89\$.