

Answer on Question #75996 - Math - Financial Math Question

George Penny will receive \$31,250 for the next 12 years as a payment for a slogan he coined. Currently a 11 percent discount rate is appropriate and i want to calculate PV

Solution

$$PV = FV \cdot (1 + r)^{-n}$$

r - rate per period

n - number of period

FV - Future Value

PV - Present Value.

It means that $r=0.11$, $n = 12$, $FV = \$31,250$.

We get:

$$PV = \$31,250 * 1.11^{-12} = \$8,933.$$

Answer:

$$PV = \$8,933.$$