Answer on Question #76021 – Math – Algebra
Question

Kristen replays 425$ per month over 5 years on her car loan of 20,000. What flat rate of interest was Kristen being charge.

Solution

$P = \$20000$

$t = 5\ years$

$Total\ repayments = \$425 \times 12 \times 5 = \$25500$

$Interest\ paid = \$25500 - \$20000 = \$5500$

$I = Prt => r = \dfrac{I}{Pt}$

$r = \dfrac{\$5500}{\$20000(5)} \cdot 100\% = 5.5\ \%\ p.\,a.$

Answer: flat rate of interest is 5.5 % per annum.