Answer on Question #80911 – Math – Financial Math

Question

Petro invests R24000.00 in an investment fund that offers an interest rate of 10% per annum compounded yearly. After 4 years, he withdraws R18000.00 to pay for security system. After a further 2 years he decides to withdraw the remaining amount. How much will this be?

(Hint: Use a time-line).

Solution

After 4 years $P = 24000(1 + 0.1)^4 = 35138.40$.

After withdrawing $35138.40 - 18000.00 = 17138.40$.

After further 2 years $P = 17138.40(1 + 0.1)^2 = 20737.46$.

Answer: 20737.46.