

Answer to Question #90136 – Math – Financial Math

Question

When you were born, a rich aunt put \$4000 in a college fund. The fund pays a consistent 8% APR compounded quarterly (four times per year). What is the balance of the fund when you turn 18 years old?

Solution

$$A = P \left(1 + \frac{r}{n} \right)^{nt}$$

$$A = 4000 \left(1 + \frac{0.08}{4} \right)^{4 \cdot 18}$$

$$A = \$16644.56.$$

Answer: \$16644.56.