

Savings Accounts: Answer Key

From the worked solutions

1. Amara — Metroline Bank: 10% simple interest, £120 for 4 years

- Interest each year: £12
- Interest altogether: £48
- Total at the end: £168

2. Ben — Chace: 4% compound interest, £200 for 2 years

- Multiply by: 1.04
- After 1 year: £208
- After 2 years: £216.32

3. Priya — Starlight Bank: 6% compound interest, £500

- Multiply by: 1.06
- After 10 years: £895.42
- After how many whole years is there more than £1000? **12 years**

4. Erin — £600 for 2 years: Virgo 8% compound or Tesbury 6% simple?

- Virgo pays her more.
- Difference: £27.84 more.

5. Aisha — Halifield Half-Year Saver: 2% compound every 6 months, £500 for 1 year

- After 6 months: £510
- After 12 months: £520.20
- Is 2% twice a year the same as 4% once a year? **No**: it is equivalent to 4.04% a year.

6. Sofia — Nationworth Loyalty Saver: 6% simple interest with £2 monthly fee, £250 for 2 years

- Interest in 2 years: £30
- Fees cost: £48
- She is left with: £232, so she ends with less than she started with.