

Answer on Question #64363 – Math – Financial Math

Question

Tuition of \$1517 will be due when the spring term begins in 4 months. What amount should a student deposit today, at 3.43%, to have enough to pay the tuition?

Solution

Tuition of \$1517 will be due when the spring term begins in 4 months.

The amount that a student should deposit today, at 3.43%, to have enough to pay the tuition is

$$PV = FV/(1 + r)^4 = 1517/(1 + 0.0343/12)^4 = \$1325.56.$$

Answer: \$1325.56.