## CALCULATING INTEREST

Interest is added on to a loan every year in a percentage (%). This is called the Annual Percentage Rate or APR. The APR is different depending on the type of loan, usually between 3% and 18%. For the sake of this exercise, the APR is 10%. 10% in math is seen as .10, so to calculate interest to multiply (X) what you owe by the percentage rate.

Example:  $$2,000 \times .10 = $200$ 

After a year, the loan will add \$200 in interest that is paid to the Credit Union as a "thank you" for giving you the loan.

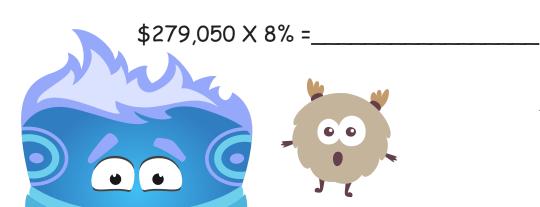
## TEST YOUR KNOWLEDGE!

The Annual Percentage Rate is 10% (.10), Calculate the Interest for 1 year.



## **BONUS**

You are buying a house for \$279,050. The Annual Percentage Rate is 8% (.08), Calculate the Interest for 1 year.



BONUS 279,050 X 10% = \$22,324 \$20,000 X 10% = \$1,000 \$1,000 X 10% = \$100 \$1,000 X 10% = \$100 \$2,050 X 10% = \$20 \$2,050 X 10% = \$205

SYSWERA