

Less Time is Less Money

- Use Spreadsheet “**U5A5 Weekly**” to enter the first loan amount, an annual interest rate and the length of the loan from your record sheet.
- **The blue cells are the ones that you should be entering information into.**
- This is what the spreadsheet looks like:

	A	B	C	D	E
1	Weekly amount	=B6			
2					
3	Loan Amount	5000			
4	Annual Interest Rate	0.12	Monthly Interest Rate	=B4/12	
5	Length of Loan (years)	5	Effective Interest Rate	= ((1+D4)^12)^(1/52) - 1	
6	Payment Amount	=((B3*D4)/(1-(1+D4)^-(B5*12)))/4			
7					
8	Payment Periods	Payment Amount	Interest	Principal Paid	Principal Remaining
9	1	=\$B\$6	=B3*D5	=B9-C9	=B3-D9
10	2	=\$B\$6	=E9*\$D\$5	=B10-C10	=E9-D10

- The weekly payment amount is found by dividing the monthly payment by 4 (as a bank would do with mortgage payments).
- Continue as done with bi-weekly.
- Convert the number of pay periods into number of years (by dividing by 52).
- Record in Your Borrower’s Guide the trend you have found regarding frequency of payments and time to pay off the loan.