

Time is Money

- Use Spreadsheet “**U5A5 Monthly**” to enter a loan amount, an annual interest rate and the length of the loan.
- 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	Loan Amount	5000			
2	Annual Interest Rate	0.12	Monthly Interest Rate	=B2/12	
3	Length of Loan (years)	5	No. Of Payment Periods	=12*B3	
4	Monthly Payment	= $(B1*D2)/(1-(1+D2)^{-D3})$			
5					
6	Pay Period	Payment	Interest	Principal Paid	Principal Remaining
7	1	=B\$4	=B1*D2	=B7-C7	=B1-D7
8	2	=B\$4	=E7*\$D\$2	=B8-C8	=E7-D8
9	3	=B\$4	=E8*\$D\$2	=B9-C9	=E8-D9

- Record the loan amount, the interest rate, the length of the loan, and the payment calculated by the spreadsheet on your record sheet.
- Calculate the total interest paid by using the “**SUM0**” function on the spreadsheet at the bottom of the interest column. Record this value in your chart.
- Repeat this five (or more) times varying the loan amount, interest rate, or the length of the loan.