

Quiz 7

How much money belongs to a savings account that earns 7% interest compounded continuously over four years, assuming an initial investment of \$1000.

Solution. Use the formula $A = Pe^{rt}$, where $P = 1000$, $r = 0.07$, and $t = 4$. Thus, $A = 1000e^{0.28} \approx 1000 \cdot 1.32313 = \$1,323.13$