Solution 1.39

Iselt Welding has extra funds to invest for future capital expansion. If the selected investment pays simple interest, what annual interest rate would be required for the amount to grow from $60,000 to $90,000 in 5 years?

Solution:

$$90,000 = 60,000 + 60,000(5)(i)$$
$$300,000\ i = 30,000$$
$$i = 0.10 \quad (10\% \text{ per year})$$