

Solution 1.57

At a compound interest rate of 10% per year, the amount that \$10,000 one year ago is equivalent to now is closest to:

- (a) \$8264
- (b) \$9091
- (c) \$11,000
- (d) \$12,100

Solution:

$$\begin{aligned}\text{Amount now} &= 10,000 + 10,000(0.10) \\ &= \$11,000\end{aligned}$$

Answer is (c)