

Problem 1.40

In order to make CDs look more attractive as an investment than they really are, some banks advertise that their rates are higher than their competitors' rates; however, the fine print says that the rate is based on simple interest. If you were to deposit \$10,000 at 10% per year simple interest in a CD, what compound interest rate would yield the same amount of money in 3 years? Solve by formula and write the spreadsheet function to display the i value.