**Solution 1.25**

To attract new customers, EP Employees Credit Union advertised that they will begin paying 3% interest every quarter on all savings accounts. (Their competitors pay interest every 6 months.) The credit union uses March 31st, June 30th, September 30th, and December 31st as quarterly interest periods. Determine (*a*) the end-of period totals in the account, and (*b*) the interest paid each quarter on the total. Assume there are no withdrawals and that quarterly interest is not redeposited.

|  |  |
| --- | --- |
| **Month** | **Deposit, $** |
| Jan | 50 |
| Feb | 70 |
| Mar | 0 |
| Apr | 120 |
| May | 20 |
| June | 0 |
| July | 150 |
| Aug | 90 |
| Sept | 0 |
| Oct | 40 |
| Nov | 110 |
| Dec | 0 |

*Solution:*

End-of-period amount for March: 50 + 70 = $120; Interest = 120\*0.03 = $3.60

End-of-period amount for June: 120 + 120 + 20 = $260; Interest = 260\*0.03 = $7.80

End-of-period amount for September: 260 + 150 + 90 = $500; Interest = $15.00

End-of-period amount for Dec: 500 + 40 + 110 = $650; Interest = $19.50