

Definitions:

Systematic savings: pg. 154

Examples:

Finding Future Value: # 2 pg. 161 Find the future value of this account for a systematic savings plan given: $D = \$25$, $t = 30$ years, $r = 4.8\%$ compounded monthly.

Finding Time: Based on # 6 pg. 161 Find the how long you would have to make deposits into this systematic savings plan given: $F = \$892$, $D = 70.33$, and $r = 4\%$ compounded quarterly.

Something tricky: # 21 pg. 162 The Mississippi Prepaid Affordable College Tuition Program (MPACT) is a prepaid tuition program through which the college tuition and fees at any Mississippi public university or college may be paid for in advance. To cover the costs of in-state tuition at a 4-year university for a new born who will enter college in 18 years, purchasers of the plan have the options of paying one lump-sum payment of \$9141 immediately, payments of \$185 at each month's end for 5 years beginning immediately, or payments of \$80 at each month's end for 18 years. Show that the future values after 18 years of each of these deposits into an account with an interest rate of 8% compounded monthly are fairly close in value.