Annuities

Homework 05

1. How much will be the regular pension paid at the end of every month for 31 years. The interest rate offered by the pension fund is 3.4 % p.a. and the fund calculates interest on the monthly basis.

For the pension plan you will create a saving over 18 years. You will save every 20 days 1,200.00 *(assume ahead savings)*. The bank provides an interest rate of 5.1 % p.a. and the interest period corresponds to the payment period. After you finish saving you withdraw the money and deposit it to the pension fund. The fund will immediately start with the pension plan.

2. Assume a loan of 2,250,000.00. You promised to repaid all debt in 13 years by quarterly payment. The bank requires 5.5 % p.a. and calculate the interest four times a year *(IP=PP)*. How much you will pay only on interest after 9 years and how looks like the 40th row in the amortization table? *For the calculation use the known proprieties of a amortization table.*