EXAMPLE 3-1

If $1,000 is invested at 6% compounded interest on January 1, 1990, how much will be accumulated by January 1, 2000? (Figure 3-2a.)

Solution:

$i = 0.06$; $n = 10$; $P = \$1,000$; $F = ?$

$$F = P(F/P,6\%,10)$$
$$= \$1,000(1.7908) = \$1,791$$