EXAMPLE 3-2 ─────────────────────────

How much would you have to invest at 6% interest on January 1, 1994, in order to accumulate $1,791 on January 1, 2000? (Figure 3-2b.)

Solution:

$i = 0.06$; $n = 6$; $F = \$1,791$; $P = ?$

In this case zero time is assumed to be January 1, 1994.

$P = F(P/F,6\%,6) = \$1,791(0.7050)$
$= \$1,263$