EXAMPLE 3-4

If \$840 is invested at 6% on January 1, 1987, what equal year-end withdrawals can be made each year for 10 years to leave nothing in the fund after the tenth withdrawal? (Figure 3-2d.)

Solution:

$i = 0.06$; $n = 10$; $P = \$840$; $A = ?$

$A = P(A/P, 6\%, 10) = \$840(0.13587)$
$\quad = \$114.1$