

Summial Wise Test 2 page 2

3.

$$\left(1 + \frac{.0718}{12}\right)^{12} - 1 =$$

$$1.0059833333^{12} - 1 = .0742 \rightarrow \boxed{7.42\%}$$

4.

$$\frac{2P}{P} = P \times \left(1 + \frac{.12}{4}\right)^{4y}$$

$$2 = 1.03^{4y}$$

$$\log(2) = 4y \log(1.03)$$

$$\text{So } y = \frac{\log 2}{[4 \log(1.03)]} = \frac{.3010299957}{4 \cdot .0128372247}$$

$$\frac{.3010299957}{.0513488988} = 5.86$$

5

5 years + 4 quarters