9 – 7 Vocabulary Terms

*These terms/examples are to be placed on note cards for credit by Friday.

1) **Percent** – A ratio that compares a **number** to 100.

   Example: when using an equation to find out what percent one number is of another number use the following formula:

   Let n = the percent

   a) <u>What percent of 75 is 21?</u>

   $$n \quad \times \quad 75 = 21$$

   $$75n = 21$$

   $$\frac{75n}{75} = \frac{21}{75}$$

   $$n = \frac{21}{75} = \frac{7}{25} = \frac{28}{100} = 28\%$$

   $$21 \div 75 = .28 = 28\%$$

2. <u>Interest</u> - is money paid for the use of money.

3. <u>Principal</u> – is money deposited in a bank, on which interest is paid.

- The simple interest formula is $\boxed{I = Prt}$
- I is the interest earned
- P is the principal
- r is the interest rate per year
- t is the time in years

<u>Example</u>: Find I when $P = \$1000$, $r = 5\%$ per year, and $t = 1$ year

$I = (1000)\,(.05)\,(1)$ **you must change % into decimal
$I = (50)\,(1)$
$I = \$50$