

1 How much do you need to put in the bank today so you can take out \$100 per year for each of the next three years? The bank pays interest at 12% compounded annually. You will make your first withdrawal one year from today.

$PV = \frac{100}{(1.12)^1}$	89.29	OR	$2^{nd} \text{ CLR TVM}$
$PLUS$			$100 \text{ PMT}$
$PV = \frac{100}{(1.12)^2}$	79.72		$2 \text{ N}$
	169.01		$12 \text{ I/Y}$
			$CPT \text{ PV} \quad 169.01$

2 How about \$1,000 per year for the next 4 years, bank pays interest at 10% compounded annually?

	$2^{nd} \text{ CLR TVM}$
	$1,000 \text{ PMT}$
	$4 \text{ N}$
	$10 \text{ I/Y}$
CPT PV	3,169.87

3 How much do you need to put in the bank today so you can take out \$10,000 per year for the next five years? The bank pays interest at 8% compounded annually?

	$2^{nd} \text{ CLR TVM}$
	$10,000 \text{ PMT}$
	$5 \text{ N}$
	$8 \text{ I/Y}$
CPT PV	39,927.10

4 How about \$100 for 10 years, same bank and interest?

	$2^{nd} \text{ CLR TVM}$
	$100 \text{ PMT}$
	$10 \text{ N}$
	$8 \text{ I/Y}$
CPT PV	671.01

5 How about \$500 per year for the next 30 years, bank pays interest at 8% compounded annually?

	$2^{nd} \text{ CLR TVM}$
	$500 \text{ PMT}$
	$30 \text{ N}$
	$8 \text{ I/Y}$
CPT PV	5,628.89

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$$\begin{array}{r}
 PV = \frac{100}{(1.12)^1} = 89.29 \\
 \text{PLUS} \\
 PV = \frac{100}{(1.12)^2} = 79.72 \\
 \hline
 169.01
 \end{array}$$

2<sup>nd</sup> CLR TVM  
 100 FV  
 1 N  
 12 I/Y  
 CPT PV 89.29

+

2<sup>nd</sup> CLR TVM  
 100 FV  
 2 N  
 12 I/Y  
 CPT PV 79.72 = 169.01

OR

100 PMT  
 2 N  
 12 I/Y  
 CPT PV 169.01

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