**Key Ideas:**

* Simple Interest – Money earned/owed on invested/borrowed
* Principal – The amount invested/borrowed
* Rate – The annual interest rate
* Term - The length of the loan
  + always needs to be in years
  + 30 months = 2.5 years
* Simple interest formula
* The total amount is the amount invested or loan plus the interest
* If we want to find the rate
* If we want to find the term
  + Will give the answer in years
* If we want to find the principal

**Example 1**

Find the interest on $600 invested at 8% for 24 months

**Example 2**

Find the total amount paid back when $1,000 borrowed at 12% for 48 months

**Example 3**

$56.25 interest is earned on $450 for 30 months. Find the rate.