

Simple Interest

$$I = \frac{PRT}{100}$$

P = Principal

R = Annual Rate of Interest

T = Time in Years

Ex Find the simple interest when

£2000 is invested for 4 years at 3% per annum

$$I = \frac{2000 \times 3 \times 4}{100} = £240$$

This involves the interest being paid annually so the principal never grows. Typically relevant to retired people who require an income from their savings
