





## 1. *Compound Interest:* "n"

compoundings per year

$$A = P \left( 1 + \frac{r}{n} \right)^{nt}$$

2. Compound Interest:

For continuous compounding

$$A = Pe^{rt}$$

Scenario: You are given one dollar to invest at 100% interest. "Banks" have compete for business as they increase the number of compounding offered.

Compounding Per YEAR	$A = P \left( 1 + \frac{r}{n} \right)^{nt}$	AMOUNT AFTER ONE YEAR
Annually		
Bi-Annually		
Quarterly		
Monthly		
Weekly		
Daily		
Hourly		
Minutely		
Secondly		
Moment		

Why does 
$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$
 look like it does?

Consider leaving \$500 in an account for 5 years with a 25% annual interest rate. You only collect interest once a year.

$$\$500(1+.25)(1+.25)(1+.25)(1+.25)(1+.25) (1+.25) (1+.25) (1+.25)^{5} = \$1525.88$$
Year one Year two Year three Year four Year five  $\$625.00 \$781.25 \$976.56 \$1220.70\$1525.88$ 
Now consider leaving \$500 in an account for 5 years with a 25% annual interest rate. You only collect interest twice a year.
$$\$500(1+\frac{.25}{2})(1+\frac{.25}{2}$$

## Applications of "e" and "In"

Doubling Time and Half Life.

• How long does it take for an investment of \$1000 to double? The interest rate is 1.3% yearly and is compounded continuously.

- If it took an invest 5 years to double, what was the interest rate? The interest is compounded continuously and yearly
- If the half life of a certain elements mass is 3 years, what is the formula for the mass of the element with respect to time in years. Assume you start with 1000 grams.

**Human Memory Model** In a group project in learning theory, a mathematical model for the proportion P of correct responses after n trials was found to be  $P = 0.83/(1 + e^{-0.2n})$ .

- (a) Use a graphing utility to graph the function.
- (b) Use the graph in part (a) to determine any horizontal asymptotes of the function. Interpret the meaning of the upper asymptote in the context of the problem.
- (c) After how many trials will 60% of the responses be correct?







Graph the function below and supply all the work asked for.

$$y = -2e^{x-10} + 7$$

Parent: \_\_\_\_\_

Multiplier: \_\_\_\_\_

Shift: \_\_\_\_\_

X - int: \_\_\_\_\_

Y - Inf:

Asymptote: \_\_\_\_\_

Graph the function below and supply all the work asked for.

$$y = 3\ln(x+2) + 1$$

Parent: \_\_\_\_\_

Multiplier: \_\_\_\_\_

Shift: \_\_\_\_\_

X - int: \_\_\_\_\_

Y - int: \_\_\_\_\_

Asymptote: \_\_\_\_\_

 $x^{-7} + x^{-4} - 2x^{-1}$  $(x^{3}+2)^{1/3}$   $(x^{3}+2)^{-5/3}$ 

 $2e^{x^2}-11e^x-21$ 

 $3x^{\frac{1}{2}} + 2x^{-\frac{1}{2}} - 5x^{-\frac{3}{2}}$ 

In the problems you factored above, analyze the new factored from and identify (if possible) a) X-Intercepts b) Undefined Values c) Asymptotes d) End Behavior e) Domain Restrictions Use your graphing calculator to confirm your predictions