

6 a) $n = 10$ years
 $C = 100,000$
 $r = 16\%$

$$100,000(1.16)^{10}$$

$$= 441143.5079$$

b) $\left(1 + \frac{i}{P}\right)^P = (1+i)$

$$\left(1 + \frac{i}{4}\right)^4 = 1.16$$

$$i = \left(1.16\right)^{\frac{1}{4}} - 1$$

$$i = 0.0372 = 3.72\%$$

$$100,000(1.0372)^{40}$$

$$441143.5079$$

$$27927447.05$$

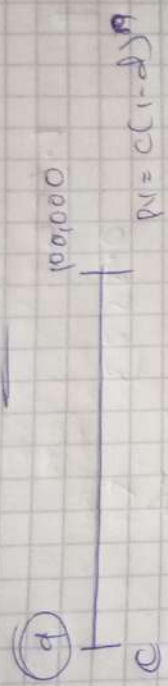
① Annuity Immediate

$i = 15.5\%$

$FV = C \left(\frac{(1+i)^n - 1}{i} \right)$

$100,000 = \frac{C \left((1.155)^{10} - 1 \right)}{0.155}$

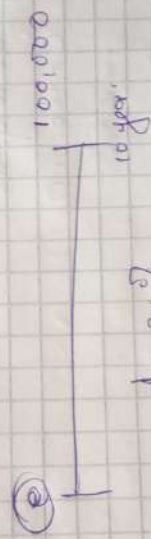
$C = 2,125.6240131$



$PV = C(1-d)^n$

$100,000 = (2,125.6240131) \cdot 10$

$d = 16.7\%$
 $= 17490.12888$
 $= 20668.3034$



$d = 24.2\%$

$PV = C(1-d)^n$

$100,000 = (1 - 0.242)^{10} C$

$= 6428.8887$

②

$PV = \left(\frac{1-d}{1+i} \right)^n C$

$(1-d)^n = (1+i)^n - 1$

$(1 - 0.10)^n = (1 + 0.10)^n - 1$

$1 = \frac{1.19047}{0.19047}$

$= 433.190.190$