Your credit card company charges you 1.5% per month on the outstanding balance in your account. Is the annual rate of interest 18%? No! The annual effective rate is 19.56%.

A company wishes to provide a $3,000 scholarship every year for 10 years. The first scholarship is to be awarded one year from now. If the company can get a 9% yearly return on its investment, how much money should the company have now in order to be able to pay for this series of scholarships?
Answer: $19,252.97.

Some day, you’ll want to buy a car, a house, or other items on time; to borrow money, or buy life insurance; to buy bonds, stocks or other investments. This course gives you the necessary background so that you may be able to borrow or invest more wisely.


Marks. The grade has normally been calculated from a final examination (50%), two term tests (20% each) and a number of assignments (10%).

Calendar description. 2090 Mathematics of Finance covers the topics: simple and compound interest and discount, forces of interest and discount, equations of value, annuities and perpetuities, amortization schedules and sinking funds, bonds and other securities, contingent payments.
Prerequisite: Mathematics 1001.

Offered. Fall