Question | 1 | 2 | 3 | 4 | 5

Description
Section 5.6 - Payout Annuities

Instructions
Please work all homework questions and clearly label / place your answers in the
boxes (or parenthesis) provided. If you have questions, please feel free to email me at
Joshua.Patterson@tamuc.edu

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1. Question Details   JModd7 5.6.001.CMI. [1637309]

Cheryl Wilcox is planning for her retirement, so she is setting up a payout annuity with her bank. She wishes to receive a payout of $1,500 per month for twenty years.

(a) How much money must she deposit if her money earns 8% interest compounded monthly? (Round your answer to the nearest cent.)
$ [   ]

(b) Find the total amount that Cheryl will receive from her payout annuity.
$ [   ]

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2. Question Details   JModd7 5.6.003. [1637179]

Dean Gooch is planning for his retirement, so he is setting up a payout annuity with his bank. He wishes to receive a payout of $1,300 per month for twenty-five years.

(a) How much money must he deposit if his money earns 7.3% interest compounded monthly? (Round your answer to the nearest cent.)
$ [   ]

(b) Find the total amount that Dean will receive from his payout annuity.
$ [   ]

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3. Question Details   JModd7 5.6.005. [1637587]

Cheryl Wilcox is planning for her retirement, so she is setting up a payout annuity with her bank. She wishes to receive a payout of $1,600 per month for twenty years. (Round your answers to the nearest cent.)

(a) How large a monthly payment must Cheryl Wilcox make if she saves for her payout annuity with an ordinary annuity, which she sets up thirty years before her retirement? (The two annuities pay the same interest rate of 8% compounded monthly.)
$ [   ]

(b) Find the total amount that Cheryl will pay into her ordinary annuity.
$ [   ]

Compare it with the total amount that she will receive from her payout annuity.

Cheryl receives $ [   ] more than she paid.

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4. Question Details   JModd7 5.6.007. [1637414]

Dean Gooch is planning for his retirement, so he is setting up a payout annuity with his bank. He wishes to receive a payout of $1,900 per month for twenty five years. His money earns 7.3% interest compounded monthly. (Round your answers to

the nearest cent.)

(a) How large a monthly payment must Dean Gooch make if he saves for his payout annuity with an ordinary annuity, which he sets up thirty years before his retirement? (The two annuities pay the same interest rate.)

$ _____

(b) How large a monthly payment must he make if he set the ordinary annuity up twenty years before his retirement?

$ _____

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5.   Question Details   JModd7 5.6.008. [1637154]

Holly Krech is planning for her retirement, so she is setting up a payout annuity with her bank. She wishes to receive a payout of $1,500 per month for twenty years. (Round your answers to the nearest cent.)

(a) How large a monthly payment must Holly Krech make if she saves for her payout annuity with an ordinary annuity, which she sets up thirty years before her retirement? (The two annuities pay the same interest rate of 7.8% compounded monthly.)

$ _____

(b) How large a monthly payment must she make if she sets the ordinary annuity up twenty years before her retirement?

$ _____

Assignment Details