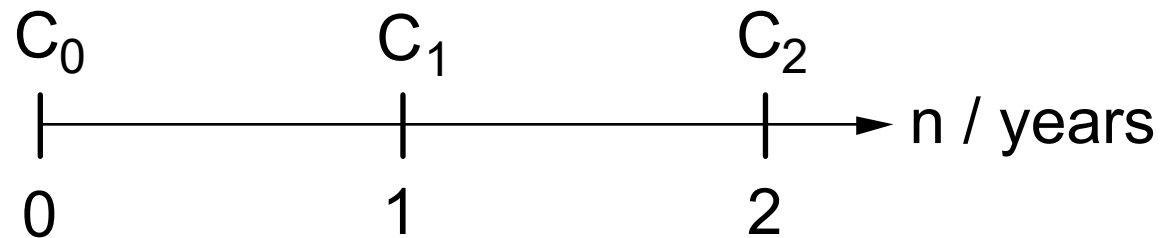


Compound interest

- interest compounded **once** per year

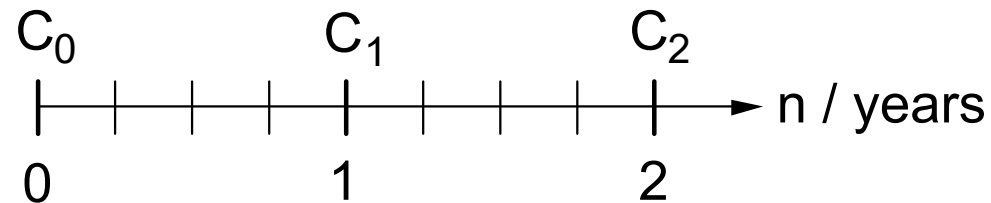


$$C_n = C_0 q^n = C_0 (1 + r)^n$$

Compound interest

- interest compounded **m times** per year

example: $m = 4$ (interest compounded quarterly)



$$C_n = C_0 \left(1 + \frac{r}{4}\right)^{4n}$$

generally: $C_n = C_0 \left(1 + \frac{r}{m}\right)^{mn}$