

FUTURE VALUE (FV) AND PRESENT VALUE (PV) Worksheet

1. The amount to which your investment will grow, is refers to:
 - A. compound value
 - B. annuity value
 - C. future value
 - D. present value

2. The amount of money that would have to be invested today at a given interest rate over a specified period to equal a future amount is referred to as:
 - A. compound value
 - B. annuity value
 - C. future value
 - D. present value

3. The situation in which interest paid on an investment during the first period, interest is earned on the original principle plus the interest earned during the first period
 - A. Compound interest
 - B. Simple interest
 - C. Future interest
 - D. Present interest

4. If you only earned interest on your initial investment, it would be referred to as:
 - A. Compound interest
 - B. Simple interest
 - C. Future interest
 - D. Present interest

5. Principle 2 states that “money has a time value” Explain this statement.

6. How does compound interest differ from simple interest? Give an example of each.

7. Why is the present value of a future sum always less than sum’s future value?

