

Section 2.2 Additional Problems

1. Bob buys a perpetuity that pays \$20 at the end of each year with the first payment occurring 2 years from now for \$329.08. He could have purchased a perpetuity that pays \$X at the end of each 6 months, starting 6 months from now that earns the same effective annual rate. Find \$X.
2. Walter makes 8 deposits of \$900 into an account at the end of each year for 8 years. The account is earning a nominal rate of 6% compounded monthly. Jesse deposits \$500 into an account that earns the same rate at the end of each year until his accumulated amount exceeds that of Walter. How many deposits does Jesse make?