

EXPERIMENT

NO. 1

THE OBJECT OF THIS EXPERIMENT IS TO

DETERMINE THE PRESENT VALUE OF AN

ANNUITY DUE OF \$100 PER YEAR FOR

A TERM OF 5 YEARS AT AN INTEREST RATE

OF 6% PER ANNUM.

THE DATA GIVEN IS AS FOLLOWS:

ANNUITY DUE (\$100 PER YEAR)

TERM (5 YEARS)

INTEREST RATE (6% PER ANNUM)

THE PRESENT VALUE OF AN ANNUITY DUE

IS THE SUM OF THE PRESENT VALUES OF

ITS SEVERAL PAYMENTS.

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TABLE III



Year	Present Value of \$100 Per Year	Present Value of \$100 Per Year
1	94.34	94.34
2	89.00	183.34
3	84.00	267.34
4	79.20	346.54
5	74.62	421.16
Total		421.16

TABLE III
PRESENT VALUE OF AN ANNUITY DUE