

SAM – LEASE/PURCHASE EQUIPMENT

COMPOUND INTEREST AND ANNUITY TABLES

3730

(Reviewed 11/2014)

Use compound interest and annuity tables when making the lease/purchase analysis. Three commonly used tables are described below. These can be found in this SAM chapter's Appendix, Annuity Tables. Choose the right set of interest tables according to whether the period is monthly, quarterly, semiannually, or annually as noted on the top of each page.

1. **Present Value of \$1.** Use this percentage to find the value now of an amount due sometime in the future when the interest is compounded at the given interest rate for the periods shown in the table. This table *is not* cumulative.
2. **Present Value of Annuity of \$1.** Use this percentage to find the value now of a series of payments that are due at equal intervals of time in the future when payments are made each period at the given interest rate. This table *is* cumulative.
3. **Annuity Whose Present Value is \$1.** Use this percentage to find the monthly amortization payment which is enough to pay both principal and interest for a set number of times over a given length of time. This table *is* cumulative.