

EXAMPLE 3-7

How much would you need to deposit at 6% on January 1, 1990, in order to draw out \$179.2 at the end of each year for 7 years, leaving nothing in the fund at the end? (Figure 3-2g.)

Solution:

$$i = 0.06; n = 7; A = \$179.2; P = ?$$

$$\begin{aligned} P &= A(P/A, 6\%, 7) = \$179.2(5.582) \\ &= \$1,000 \end{aligned}$$