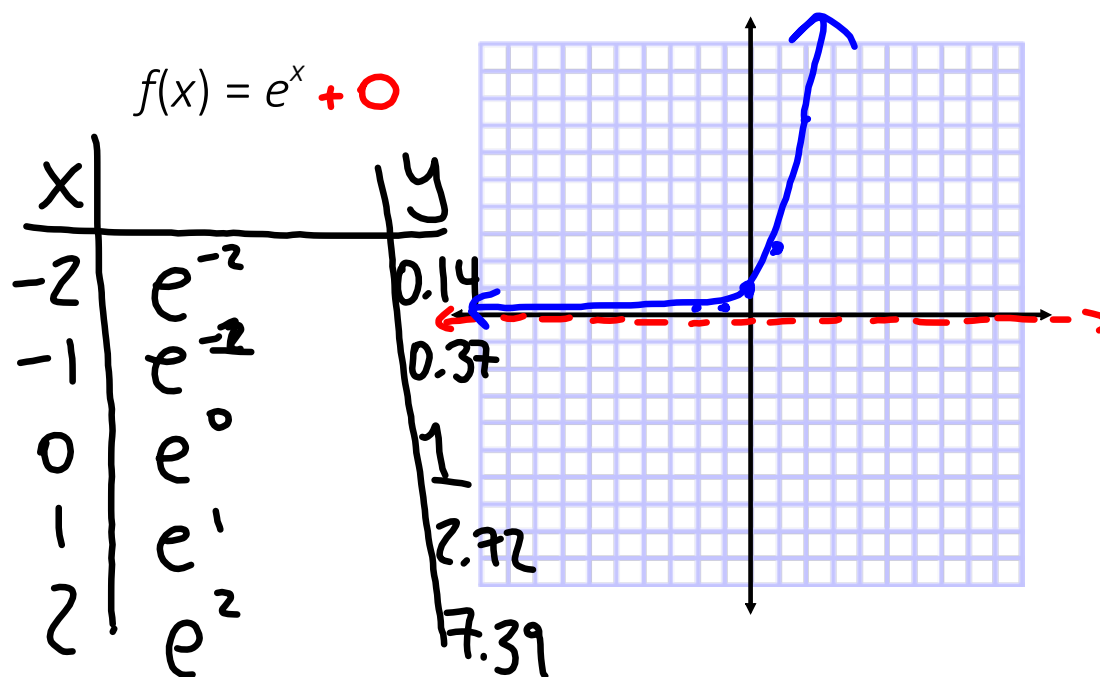


## 8.3 Part 2 The Number e

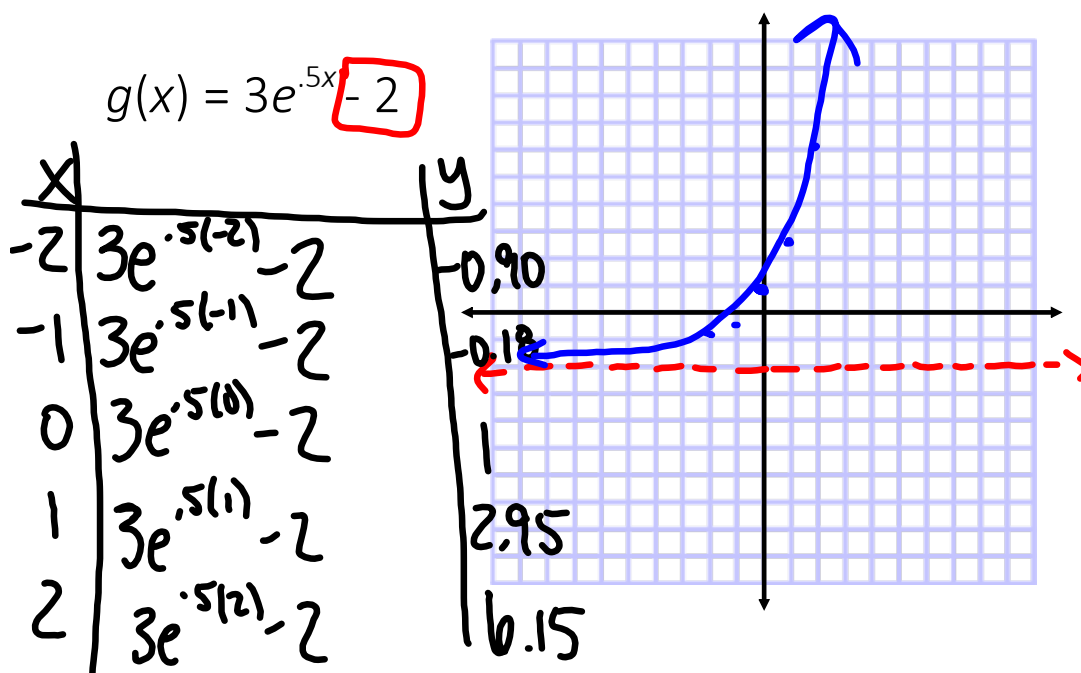
Sketch the graph of the functions.

State the domain, range, and asymptote.



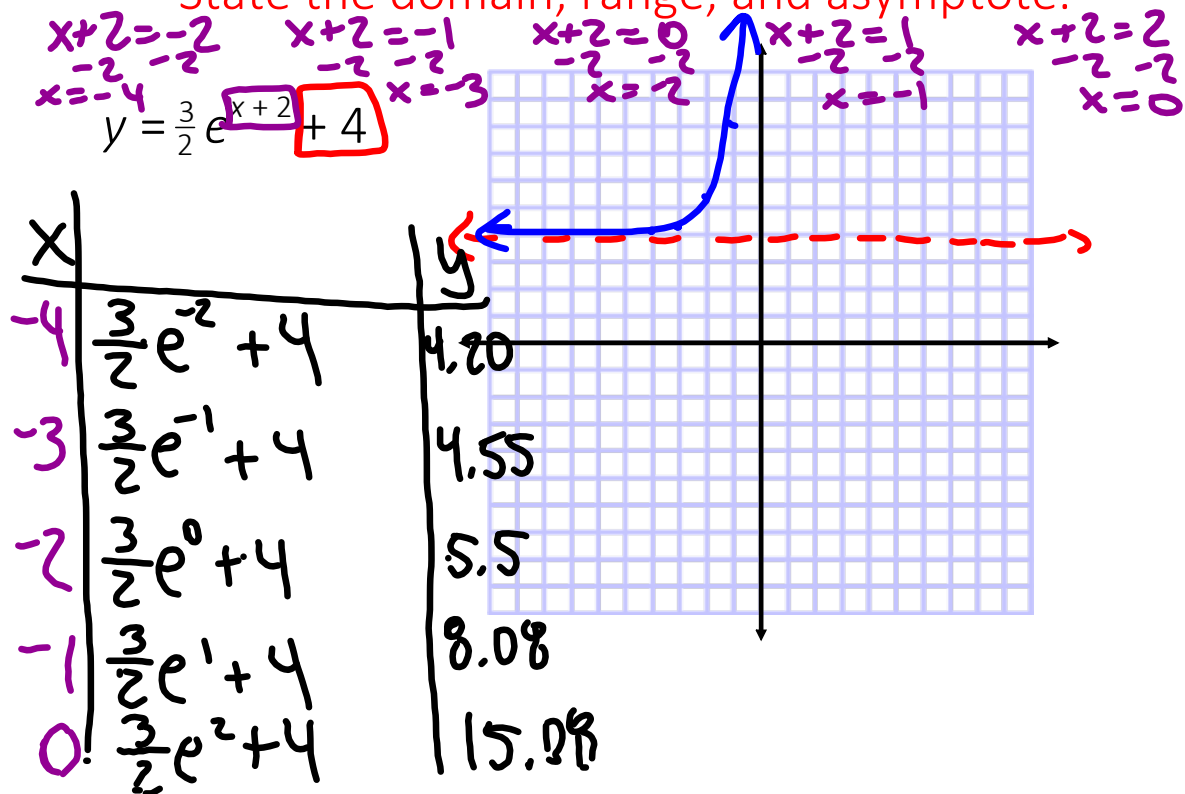
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## Continuous Compound Interest

$$A(t) = Pe^{rt}$$

$A(t)$  = the amount of \$ after  $t$  years

$P$  = the amount of \$ invested or borrowed

$e = e$

$r$  = the percent as a decimal

$t$  = the number of years

Example

You deposit  $\$1500$  in an account that pays  $12\%$  annual interest compounded continuously. What is the balance after  $1$  year?

$$A(t) = Pe^{rt} \quad r = 0.12$$

$$A(t) = (1500)e^{0.12 \cdot 1} \approx \$1691.25 \quad t = 1$$

Example

Sallie deposits  $\$2800$  in an account that pays  $7.5\%$  annual interest compounded continuously. What is the balance after  $2$  years?

$$A(t) = Pe^{rt} \quad r = 0.075$$

$$A(t) = 2800e^{0.075 \cdot 2} \approx \$3253.14 \quad t = 2$$

Example

A radioactive substance decays in such a way that the amount of mass remaining after  $t$  days is given by the function

$$m(t) = 13e^{-0.015t} \quad \text{where } m(t) \text{ is measured in kg.}$$

- a) Find the mass at time  $t = 0$ .

$$m(t) = 13e^{-0.015 \cdot 0} = 13$$

- b) How much of the mass remains after 20 days?

$$m(t) = 13e^{-0.015 \cdot 20} \approx 9.631$$

- c) How much of the mass remains after 45 days?

$$m(t) = 13e^{-0.015 \cdot 45} \approx 6.619$$