For each problem, show your work, including the formulas or arithmetic procedures which you used to get your answer. Financial calculations should be rounded to the nearest cent, and give at least one digit past the deciml point on all other calculations.

1. **(3 points)** You pay \$2.34 for a gallon of milk, including a 4% sales tax. What was the price of the milk prior to applying tax?

2. **(4 points)** Kim has borrowed \$2000 under the conditions that she will pay back \$3000 in four years. What is the annual *simple* interest rate which is described by these terms on the loan?

3. **(3 points)** I invest \$700 into government bonds which earn 3% interest per year *compounded annually.* How much will my investment be worth in ten years?

4. **(5 points)** Xavier takes out a \$950 loan with an annual interest rate of 7% *compounded semiannually (twice a year).* If he repays the loan in full three years later, how much *interest* will he have paid?