

Downpayment Example 1 (Uniform Series Sinking Fund)



John is saving up to purchase his first house. He estimates that he will need \$24,000 for the downpayment and the closing costs.

John's savings account earns a 0.5% per month and compounds monthly.

How much must he take out of his paycheck each month and put into savings in order to reach his goal in four years?