

# Present Worth

NCEES® FE Reference Handbook Pages 230 – 237



STUDY FOR FE

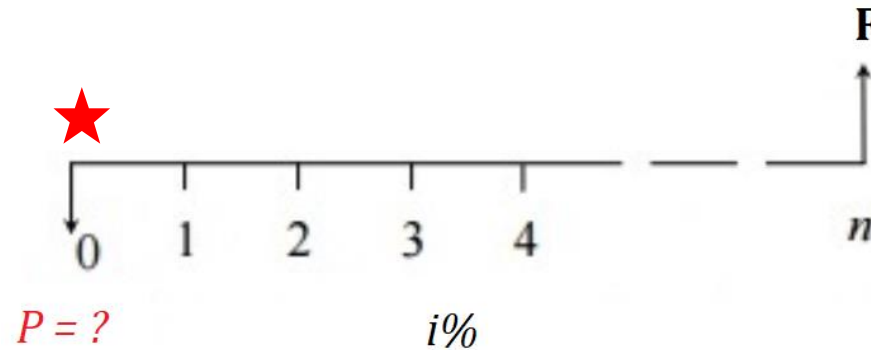
Present worth ( $P$ ) refers to the value of money in today's \$ @  $t = 0$

At times, it is useful to convert future values ( $F$ ) and annuities ( $A$ ) to a present value for comparison or cost evaluation.

## Single Payment Present Worth

Converts future value to present value

Denoted by  $(P/F, i\%, n)$



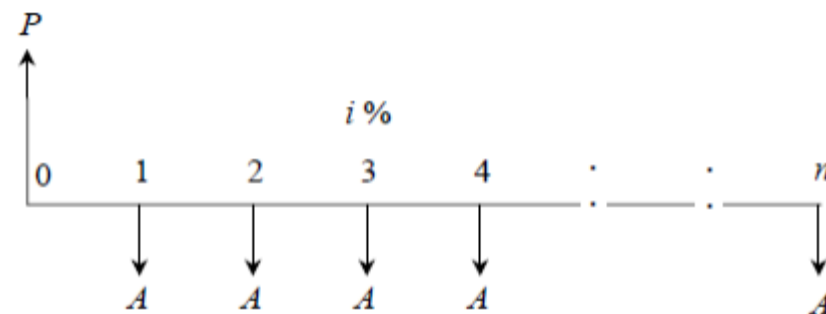
## Uniform Series Present Worth / Equal Payment Series Present Worth

Converts annuity to present value

Denoted by  $(P/A, i\%, n)$

$i\%$  - interest rate per period

$n$  – number of compounding period



# Future Worth

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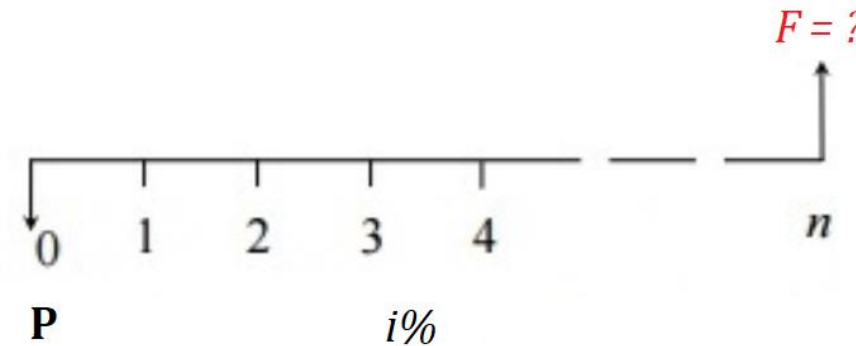
Future worth ( $F$ ) refers to the value of money in future \$

At times, it is useful to convert present values ( $P$ ) and annuities ( $A$ ) to a future value for forecasting, planning and cost evaluation.

## Single Payment Compound Amount

Converts present value to future value

Denoted by  $(F/P, i\%, n)$



## Uniform Series Compound Amount/ Equal Payment Series Compound Amount

Converts annuity to future value

Denoted by  $(F/A, i\%, n)$

$i\%$  - interest rate per period

$n$  - number of compounding period

