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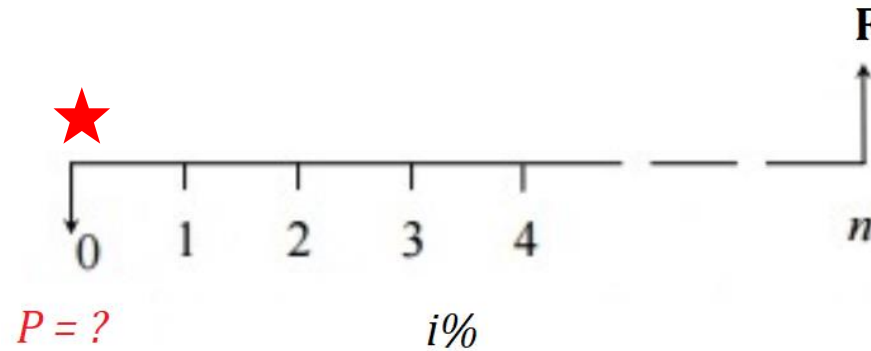
Present worth (P) refers to the value of money in today's $ @ t = 0

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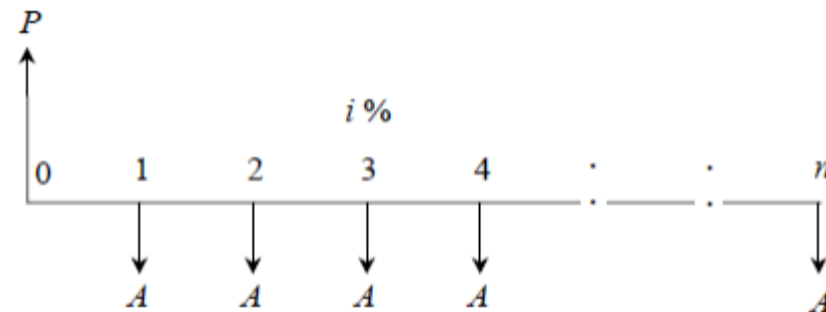
Denoted by $(P/F, i\%, n)$

❑ **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
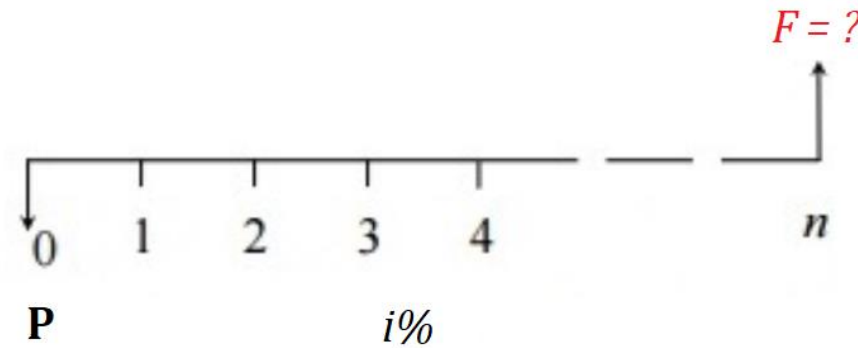
n – number of compounding period

Future Worth

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