

Procedure for Using Correct n and i values

1. Determine relationship between payment period (PP) and Compounding Period (CP)
2. If $PP \geq CP$, *cannot* change diagram
 - Most single payment problems (i.e. P & F) fit this condition; use *any* n , with i expressed over *same* period as n
 - if problem is *uniform series*, then $n =$ *number of payments* and i must be expressed over *same* period as n
3. If $PP < CP$, move cash flow to beginning or end of compounding period (move withdrawals to beginning and deposits to end). Then use i expressed over compounding period