

# Interest Theory (2<sup>nd</sup> Edition)

## Errata

(Updated on 8/29/2019)

### Chapter 7

Pages 95-96. A few textbooks are missing pages 95-96. The missing pages can be found at:

[http://actuarialbrew.com/data/documents/IT\\_Textbook\\_2018\\_Pages9596.pdf](http://actuarialbrew.com/data/documents/IT_Textbook_2018_Pages9596.pdf)

### Chapter 11

Page 146. In the final equation of Example 10.04,  $1.07^2$  should be replaced with  $1.03^2$ . The corrected version appears below:

$$PV_0 = 100 + \frac{100 \times 1.03}{1.10} + \frac{100 \times 1.03^2}{1.10^2} + \dots = \frac{100 - 0}{1 - \frac{1.03}{1.10}} = \mathbf{1,571.43}$$

### Chapter 11

Page 157. In the first equation at the top of the page, the final minus sign should be a plus sign. The corrected version appears below:

$$(1 + i)^2 L_0 - AV_2 \left( \begin{array}{l} \text{Payments made on} \\ \text{or before time 2} \end{array} \right) = 1.05^2 \times 1,000 - [250 \times 1.05 + 300]$$

Page 166. In Question 11.04, Choice E should be **4,453**, not 4,452.

### Chapter 13

Page 204. A few textbooks are missing page 204. The missing page can be found at:

[http://actuarialbrew.com/data/documents/IT\\_Textbook\\_2018\\_Page204.pdf](http://actuarialbrew.com/data/documents/IT_Textbook_2018_Page204.pdf)

### Chapter 14

Page 246. The second line of the first mathematical expression on the page is missing a set of parentheses. The corrected version is below:

$$= \frac{\left(1 + \frac{y^{(m)}}{m}\right)^{-2} \left( \sum_{t \geq 0} \left[ t^2 \times PV_0(CF_t) \right] + \sum_{t \geq 0} \left[ \frac{t}{m} \times PV_0(CF_t) \right] \right)}{\sum_{t \geq 0} PV_0(CF_t)}$$

### Chapter 17

Page 313. In the first equation of Section 17.05,  $F_s$  should be  $F_2$ . The corrected version appears below:

$$\begin{aligned} c \left[ F_1 \times v_{spot}^1 + F_2 \times v_{spot}^2 + \dots + F_n \times v_{spot}^n \right] \\ = F_1 \times f_0 \times v_{spot}^1 + F_2 \times f_1 \times v_{spot}^2 + \dots + F_n \times f_{n-1} \times v_{spot}^n \end{aligned}$$

## **Chapter 18**

Page 329. The numbered list should begin with 1, not 3. The corrected version is shown below:

1. Maintain the safety and soundness of the nation's banking system
2. Support the smooth operation of the nation's payment and settlement system