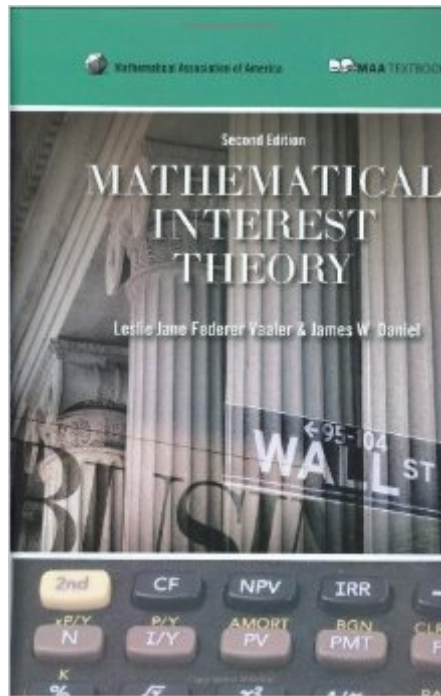# Mathematical Interest Theory (Mathematical Association Of America Textbooks)

Synopsis

Mathematical Interest Theory gives an introduction of how investments grow over time. This is done in a mathematically precise manner. The emphasis is on practical applications that give the reader a concrete understanding of why the various relationships should be true. Among the modern financial topics introduced are: arbitrage, options, futures, and swaps. The content of the book, along with an understanding of probability, will provide a solid foundation for readers embarking on actuarial careers. On the other hand, Mathematical Interest Theory is written for anyone who has a strong high-school algebra background and is interested in being an informed borrower or investor. The content is suitable for a mid-level or upper-level undergraduate course or a beginning graduate course. Mathematical Interest Theory includes more than 240 carefully worked examples. There are over 430 problems, and numerical answers are included in an appendix. A companion student solution manual has detailed solutions to the odd-numbered problems. Most of the examples involve computation, and detailed instruction is provided on how to the Texas Instruments BA II Plus and BA II Plus Professional calculators can be used to efficiently solve the problems. This is important for readers wishing to pass the SOA/CAS joint financial mathematics exam FM/2. However, this part of the book can be skipped without disturbing the flow of the exposition.

Book Information

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Customer Reviews

I bought this book because it is required for my class. The examples in this book are decent and it does an ok job explaining how things happen, however, even my professor(an actuary with 9 exams

completed) even says the book doesn't do a good job explaining interest or how to calculate it. The problems that we are suppose to workout are terrible as they have thrown in curve balls. I can understand the reason behind it, but it goes from showing examples that are very straight forwards to trick questions with no build up in between. It makes learning the material very difficult and may even deter individuals from doing the fm exam.I've talked it over with my professor and he agrees with me and is looking into other books that are better. I do not recommend this book. This book may be simple for those that have passed fm and fully understand interest, but if you do not know how to calculate interest, bonds face/present value, and are able to remember how to calculate annuity due and immediate by memory, skip this book!

Clear explanations with examples. The math is easy to understand. Sufficient number of exercises which follow the text. The student manual is worthwhile also.

So I've been using this book + solutions manual to study for the FM/2 actuary exam, and while I think the book itself is fine, this solutions manual is horrible. Only having solutions to half the answers is just lazy in my opinion, but the real kicker is the fact that there are "equations" in the solutions manual that are flat out wrong. Like, the right hand side of the "equation" does not actually equal what's on the left hand side. It makes using this solutions manual extremely frustrating because now I have to second guess everything, double check their answers, and even then I'll never really know what the correct solution is. Don't use this book.

This was the first book that I bought to learn the material for the FM actuarial exam. I am a self-study student, learning this material without the benefit of tutorials or professors. These are my concerns:1) The examples are not basic enough. In a good textbook, the first few examples for any concept should be straightforward calculations, directly using the equations. Instead, many introductory examples contain curveballs that are appropriate only AFTER the basic calculation examples are presented.2) The solutions in the back of the book and solutions in the manual include only odd-numbered problems. This means that even for the easy questions #2 or #4 in a problem set for a section, there is no way to check your work to see why your answer is so close, but not quite right. VERY frustrating for self-study.3) That being said, the book is presented very rigorously - sometimes too rigorously. Again, having formal proofs and definitions are nice, but they're not conducive to letting students form intuitive understandings that they can later flesh out with details. Anyone using this book is forced to have to either memorize the derivations, or find

their own intuitive explanations for how formulas work. Some of the proofs and derivations themselves are too formalistic - what takes up a whole page of symbols and variables could be easily explained verbally and in algebra in a couples of lines. The most egregious examples are the proofs for formulas for arithmetically growing annuities and criterion for full immunization of cash flows.Overall - This should NOT be the first textbook you buy - use this ONLY as a supplement to Broverman's book published by Actex.

The questions in this text are confusingly worded and either have no relation to the sections or do not demonstrate the real "meat" of the concepts discussed in the sections. Rather than a progressive approach where a student builds on concepts through each succeeding question, the authors seem to enjoy giving questions that are either utterly difficult or have been worded by a schizophrenic. Too many formulas are included in the book that could have easily been omitted to maintain clarity.The accompanying student solution manual that is available for $30 is absolutely atrocious and covers only the odd numbers of the problems. Is there an option to pay $60 for the even numbers or what? It just doesn't make any sense.

Not really useful for FM exam

This is exactly the book I needed for my actuarial exam and am grateful I found it easily on

Great book

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