

Money Smith Financial Calculator
Copyright 1992-1993 Bradley J. Smith
Money Smith Systems Inc. All Rights Reserved

Calculator Commands

Using the Calculator

Setting up the calculator How to set up the Calculator.
How to use the calculator Using the Money Smith Calculator.
Smart Number Entry Fields Using the Money Smith Calculator.
License Terms License and ordering information.

Calculations and Commands

Infix Command Switch to Infix (Normal) Algebra.
Postfix Command Switch to Postfix Algebra.
Present Value.
 Present Value of an Annuity.
Present Value of a Perpetuity.
Payment for a Loan.
Future Value.
Future Value.
Investment to reach a Future Value.
Effective Annual Interest.
Internal Rate of Return.
Internal Rate of Return of an Annuity.
ACRS (1986) Depreciation.

Setting up the Calculator

The Money Smith calculator can be set up in a number of ways depending on the source you received it from.

Procedure: From floppy drive using setup

1. Choose the File Run command from your Windows Program Manager.
2. Type in the appropriate path to the setup program as in "B:\Setup" (without the quotes).
3. Type in the disk to install from and to. Usually the defaults are fine.
4. Answer Yes when setup asks you if you want it installed in the program manager.

Procedure: From shareware archived ZIP or LZH file.

1. Run the program to unpack the calculator file as in "pkunzip mscalc.zip". This is highly dependent on the method used to archive the package. Popular archives are PKZIP and LHARC with commands like 'pkunzip mscalc.zip' and 'lharc -x mscalc.arc'. Refer to your particular packing program.
2. Once you have the package unpacked you can either install the executable 'mscalc.exe' in the program manager yourself (refer to Windows Manuals) OR let setup do this for you by running setup from the unpacked version as shown above. Be sure to specify the full path to the directory you have unpacked mscalc into as in "c:\public\setup.exe".

Related Topics:

How to use the calculator Using the Money Smith Calculator.

Using the Calculator

You can use the Money Smith calculator just like a regular calculator. It performs the basic functions shown below using either infix or postfix notation. The algebraic expression is shown on the top left and intermediate result shown to the right. The number of digits shown correspond to the current currency settings (Set currencies from the windows control panel international area).

To start a calculation just clear the calculator using the 'C' button and type in an expression as you would on most any calculator. The backspace key lets you back up if you make a mistake.

<u>Button</u>	<u>Function</u>
C	Clear expression
<-	Backspace
^	Raise to power
*, /	Multiply, Divide
+, -	Add, Subtract
()	Group infix expression
=	Evaluate expression
Enter	Enter Postfix Number

Using Financial Functions

To perform a financial function, just press the button corresponding to the desired function. (PV is present value for example). Type in the required information and the result will be displayed at the bottom of the dialog. Press the OK button to save the result to the calculator or press the Cancel button to discard the result and return to the calculator.

Compound Financial Calculations

You can use financial calculations in series to perform more complicated functions. For example suppose you want to compute the value of a the \$10,000 you have in an IRA if you continue to add \$2000 per year to it for 10 years. First press the FV button to calculate what your initial \$10,000 will be worth in 10 years. When you have filled out that dialog press the OK button. Press the '+' button on the calculator to indicate you want to add to the current value. Next press the FVA button to calculate the value of your additional \$2000 per year deposit for the 10 years. When this dialog is filled out press the OK button and you will see the FV and FVA values added together. Press the '=' button to finish the calculation off.

You can chain any of the financial functions together in this way to get more complicated results. Just remember to press an operator like '+' between major financial functions so your results get added together rather than overwritten.

Examples: Infix (Normal) Algebra

<u>Expression</u>	<u>Result</u>
100+3*2=	\$106.00
(5+4)*9	\$81.00
80.8/(2^3)	\$10.10

Examples: Postfix (Reverse Polish) Algebra

<u>Expression</u>	<u>Result</u>
100 3 + 2*= 5 4 + 9 * = 80.8 2 3 ^ /	\$106.00 \$81.00 \$10.10

Related Topics:

- Infix Command Switch to Infix (Normal) Algebra.
- Postfix Command Switch to Postfix Algebra.

Smart Number Entry Fields

A smart number entry field is a numeric field that you can enter expressions as well as numbers into. All of the financial function dialogs use Money Smith's original smart number entry fields to make life easier on you. This means you don't need to go back to the calculator to perform simple calculations. Just type your calculation directly into the field.

Five operators (plus (+), minus (-), divide (/), multiply (*), and exponent (^) are supported. Parenthesis are supported for infix notation. Both Postfix and Infix expressions are accepted depending on the current algebra setting.

Procedure:

1. Select any numeric field in the dialog.
2. Type in an algebraic expression. When you press the TAB key to go to the next field, the result will be displayed.

Sample Uses: (Assuming infix algebra)

1. To calculate a monthly interest rate for a 10% annual rate:
10/12
2. To calculate number of years to IRA eligibility assuming you are 35 years old: 59.5-35
4. To perform simple math: 254.32-73.44

Related Topics:

- Calculator Index Index of functions.
- Infix Command Switch to Infix (Normal) Algebra.
- Postfix Command Switch to Postfix Algebra.

Infix Algebra Command

This command sets the calculator mode to infix algebra. This is the "Normal" form of algebra most people are familiar with. Infix algebra is generally of the form (Number Operator Number).

Expressions are evaluated with the exponent operator having the highest precedence, divide and multiply the next highest, and plus and minus the lowest precedence.

Procedure:

1. Choose the Options Infix Algebra command from the menu.
2. Clear the calculator and type in an algebraic expression.

Examples: Infix (Normal) Algebra

<u>Expression</u>	<u>Result</u>
100+3*2=	\$106.00
(5+4)*9	\$81.00
80.8/(2^3)	\$10.10

Related Topics:

Calculator Index Index of functions.
Postfix Command Switch to Postfix Algebra.

Postfix Algebra Command

This command sets the calculator mode to postfix algebra. This is the reverse polish notation used by scientists and engineers, and popularized by the Hewlett-Packard line of calculators. Numbers are placed on a numeric stack with most operators working on the top or top two numbers on the stack. Note that the enter key pushes numeric values on the stack and the equal key forces evaluation of the current expression. Note also that all smart number entry fields will work in postfix mode when postfix is chosen.

Procedure:

1. Choose the Options Postfix Algebra command from the menu.
2. Clear the calculator and type in a Postfix expression.

Examples: Postfix (Reverse Polish) Algebra

<u>Expression</u>	<u>Result</u>
100 3 2 * +	\$106.00
5 4 + 9 *	\$81.00
80.8 2 3 ^ /	\$10.10

Related Topics:

Calculator Index Index of functions.
Infix Command Switch to Infix Algebra.

Present Value (PV) Function

This function performs simple present value calculations based on a future value and fixed interest rate.

Procedure:

1. Choose the PV button or Present Value function from the menu.
2. Enter the future value, interest rate per period and number of periods. The display will be automatically updated with the calculated present value.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Present Value

Q: How much money do I need to invest at an annual rate of 10% to get \$10,000 in 15 years?
A: Enter Future Value=10,000 Interest=10 Num of Periods=15 gives result of \$2393.92.

Q: How much do I need to invest now at an annual rate of 8% to get

\$100,000 in 10 years if interest is compounded monthly? (Use smart number feature based on 12 months)

A: Enter FV=100000 Interest=8/12 and Number of periods=12*10 gives result of \$52,841.35

Related Topics:

Calculator Index Index of functions.

Present Value of Annuity (PVA) function.

Present Value of an Annuity (PVA) Function

This function performs simple present value calculations based on a fixed periodic investment.

Procedure:

1. Choose the PVA button or Present Value of an Annuity function from the menu.
2. Enter the payment amount, interest rate per period and number of periods. The display will be automatically updated with the calculated present value of the annuity.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Present Value of an Annuity

Q: What's the present value of an annuity of \$5,000 per year for 10 years assuming a 7% interest rate?

A: Enter Payment=5000 Interest=7 Num of Periods=10 gives result of \$35,117.91.

Q: A retailer is selling a video camera financed at a price of \$30 per month for 48 months at 10% interest (compounded monthly). How much am I paying for the camera including financing in today's dollars?

A: Enter Payment=30 Interest=10/12 and Number of periods=48 gives result of \$1,182.84.

Related Topics:

Calculator Index Index of functions.

Present Value Function (PV) function.

Present Value of a Perpetuity (PVP) Function

This function performs simple present value calculation of the value of a perpetual payment. Examples of perpetuities are fixed income preferred stock, and lifetime fixed payments like pensions or lifetime annuities. (Note: A true perpetuity pays forever, but pensions and the like can often be thought of as perpetuities because you are not particularly concerned with the value of the pension after your death.)

Procedure:

1. Choose the PVP button or Present Value of a Perpetuity function from the menu.
2. Enter the payment amount, and effective interest rate per payment period. The display will be automatically updated with the calculated present value of the perpetuity.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Present Value of a Perpetuity

Q: What's the present value of a perpetuity that pays \$1000 per year indefinitely if you discount inflation at 7% per year?

A: Enter Payment=1000 Interest=7 gives result of \$14,285.71..

Q: What's the value of my \$3000 per month fixed lifetime pension if I expect a 5% inflation rate per year.

A: Enter Payment=3000 Interest=5/12 gives result of \$720,000.

Related Topics:

Calculator Index Index of functions.

Present Value of Annuity Function (PVA) function.

Present Loan Payment (PMT) Function

This function calculates the payment for a loan given the present value, interest rate, and number of periods. It can be used to calculate your loan payment for your car, house, etc...

Procedure:

1. Choose the PMT button or Present Loan Payment function from the menu.
2. Enter the loan amount (in present dollars), effective interest rate per payment period, and number of periods. The display will be automatically updated with the calculated payment per period for the loan.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Present Loan Payment

Q: What's the monthly loan payment on a car that has a total cost of \$14,000 assuming 8% annual interest and a 48 month loan?

A: Enter Loan Amount=14000 Interest=8/12 and Number of Periods=48 gives result of \$341.78.

Q: What's the yearly payment on a house costing \$100,000 at an interest rate of 10% financed for 30 years?

A: Enter Loan Amount=100000 Interest=10 and Number of Periods=30 gives result of \$10,607.92.

Related Topics:

Calculator Index Index of functions.

Present Value of Annuity Function (PVA) function.

Future Value (FV) Function

This function performs simple future value calculations based on a present value and fixed interest rate.

Procedure:

1. Choose the FV button or Future Value function from the menu.
2. Enter the present value, interest rate per period and number of periods. The display will be automatically updated with the calculated future value.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Future Value

- Q: If I invest \$10,000 now at a fixed interest rate of 10% how much will I have in 15 years?
A: Enter Present Value=10,000 Interest=10 Num of Periods=15 gives result of \$41,772.48.
- Q: If I put \$1,000 in a savings account paying 5% compounded quarterly how much will it be worth in 5 years? (Use smart number feature based on 4 quarters/year)
A: Enter Present Value=1000 Interest=5/4 and Number of periods=4*5 gives result of \$1,282.84.

Related Topics:

- Calculator Index Index of functions.
- Future Value of Annuity (FVA) function.

Future Value of an Annuity (FVA) Function

This function performs a simple future value calculation based on a fixed payment and fixed interest rate. It can be used to calculate the future value of fixed periodic investments.

Procedure:

1. Choose the FVA button or Future Value of Annuity function from the menu.
2. Enter the payment value, interest rate per period and number of periods. The display will be automatically updated with the calculated future value of the annuity.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Future Value of Annuity

- Q: If I invest \$2,000 per year in an IRA at a fixed interest rate of 10% how much will I have in 15 years?
A: Enter Payment=2000 Interest=10 Num of Periods=15 gives result of \$63,544.96.
- Q: If I invest \$100 per month in an investment paying 7% (compounded monthly) how much will I have in 8 years?
A: Enter Present Value=100 Interest=7/12 and Number of periods=8*12 gives result of \$12,819.88.

Related Topics:

Calculator Index Index of functions.
Future Value (FV) function.

Investment Required for a Future Value (INV) Function

This function calculates the fixed payment needed to reach a certain investment goal in a fixed number of years at a fixed interest rate.

Procedure:

1. Choose the INV button or Future|Investment for a Future Value function from the menu.
2. Enter the Future Value, interest rate per period and number of periods. The display will be automatically updated with the calculated investment required.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Investment Required for Future Value

- Q: I want to be a millionaire in 30 years - how much do I need to invest yearly at a fixed interest rate of 10% to get my first million?
- A: Enter Future Value=1000000 Interest=10 Num of Periods=30 gives the rather modest result of \$6,079.35 per year! Start saving!
- Q: You want to save for your child's college. You estimate the total cost of her college 15 years from now to be \$400,000 in future dollars. How much do you need to invest each month at a rate of 9% (compounded monthly) to send her to school?
- A: Enter Future Value=400000 Interest=9/12 and Number of periods=15*12 gives result of \$1,057.07.

Related Topics:

Calculator Index Index of functions.
Future Value (FV) function.

Effective Annual Interest (EffI) Function

This function calculates an effective interest rate based on a fixed interest rate and number of periods the interest is compounded over yearly. For example a 10% fixed interest rate compounded monthly gives an effective annual rate of 10.47%.

Procedure:

1. Choose the EffI button or Other|Effective Annual Interest function from the menu.
2. Enter the interest rate per year and number of periods the interest rate is compounded over per year. The display will be automatically updated with the calculated effective annual rate of interest.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Effective Annual Interest

- Q: My bank offers 5% on savings with dividends compounded quarterly.

What's the effective annual rate?

A: Enter 5% annual interest with 4 periods per year gives an annual rate of 5.09%.

Q: A money market fund offers 7.2% compounded daily. What's the annual rate assuming the fund holds a 7.2% yield for the year?

A: Enter Interest=7.2% and 365 periods per year gives effective rate of 7.46%.

Related Topics:

Calculator Index Index of functions.

Internal Rate of Return (IRR) function.

Internal Rate of Return (IRR) Function

This function calculates the effective rate of interest for a investment given a present value, future value, and Number of Periods. Note that for sales of held items the Present Value may be the purchase price of the investment and the Future Value may be the sales price of the investment.

Procedure:

1. Choose the IRR button or Other|Internal Rate of Return function from the menu.
2. Enter the Future Value, Present Value and number of periods in the dialog. The display will be automatically updated with the calculated effective rate of interest per period.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Internal Rate of Return

Q: A zero-coupon bond sells for \$800 and with a face value of \$1000 maturing in 4 years. What's the rate of return for the bond?

A: Enter Present Value=\$800, Future Value=\$1000 and 4 periods gives a returned rate of 5.74%.

Q: You sold your house that you held for 10 years. Your purchase price was \$50,000 and sales price was \$100,000. What return did you get on your real estate investment?

A: Enter Present Value=\$50,000 and Future Value=\$100,000 over Number of Periods=10 gives effective rate of 7.18%.

Related Topics:

Calculator Index Index of functions.

Internal Rate of Return for an Annuity (IRRA) function.

Internal Rate of Return for an Annuity (IRRA) Function

This function calculates the effective rate of interest for a regular investment given a payment, future value, and Number of Periods.

Procedure:

1. Choose the IRRA button or Other|Internal Rate of Return for Annuity function from the menu.
2. Enter the Payment, Future Value and number of periods in the dialog. The display will be automatically updated with the calculated effective rate of interest per period.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: Internal Rate of Return for Annuity

Q: You have invested \$100 per month over 5 years in a fund now worth \$8000. What's your effective annual return?

A: Enter Payment=100*12, Future Value=\$8000 and 5 periods gives a returned rate of 14.43%.

Q: You put \$2000 per year in your IRA accounts for the last 10 years. They now have a total value of \$40,000. What's your overall annual rate of return?

A: Enter Payment=2000 and Future Value=40000 over Number of Periods=10 gives effective rate of 14.74%.

Related Topics:

- Calculator Index Index of functions.
- Internal Rate of Return (IRR) function.

ACRS Depreciation (ACRS) Function

This function calculates the depreciation for a given year based on the 1986 version of the ACRS depreciation tables. You enter the purchase price, select the class of property, and enter the year.

Classes are as follows: **1986 act - Note regulations change yearly so please consult a tax publication before using!**

<u>Class</u>	<u>Type of Property</u>
3 Year	Research Equipment
5 Year	Autos, Tractors, Trucks, Computers
7 Year	Industrial Equipment, Office Furniture
10 Year	Long Lived Equipment
27.5 and 31.5 Year	Real Estate, Buildings

Note that 27.5 and 31.5 Year property is not supported by this tool because it is depreciated on a straight line basis pro-rated from the month placed in service.

Procedure:

1. Choose the ACRS button or Other|ACRS Depreciation function from the menu.
2. Enter the purchase price of the property, choose the correct property class, and enter the year you want depreciation calculated for.
3. Press OK to have the result entered in the calculator or press Cancel to discard the result.

Examples: ACRS Depreciation

- Q: You buy a new computer for \$3,000 for your business. What's your first year ACRS depreciation?
A: Enter Price=3000, Class=5-Year, Year=1 gives depreciation of \$600.
- Q: You purchase a truck for your business use for \$20,000. You are in the third year of writing it off. What's your depreciation for the third year?
A: Enter Price=20000, Class=5-Year, Year=3 gives depreciation of \$3,800.

Related Topics:

- Calculator Index Index of functions.
Internal Rate of Return (IRR) function.

Licensing Terms

Money Smith Financial Calculator
Copyright (c) 1991-1992 by Bradley J. Smith
All Rights Reserved.

Obtaining registered licensed versions

You can obtain a registered licensed version of the Money Smith Financial Calculator from Money Smith Systems Inc. by remitting payment as described in the REGISTER.TXT file. You can look at and print this file using the windows notepad application. Site licenses are available - write for details.

License Agreement

This is a legal agreement between you (either individual or entity) and Money Smith Systems Inc. If you have purchased a registered version and do not agree to the terms of this agreement, promptly return the disk and accompanying items within 90 days for a full refund.

Limited Distribution Rights

A limited license is granted to copy and distribute the unregistered shareware version of the Money Smith Financial Calculator subject to the conditions below and the following:

- 1) No fee, charge or compensation may be accepted for distribution of Money Smith except:
 - A) Time related usage fees for electronic bulletin boards not directly related to the downloading of this program.
 - B) Association of Shareware Professionals (ASP) member distributors may charge a nominal fee of no more than \$7 to distribute this shareware version.
 - C) Others wishing to charge a fee not provided for above can do so only with the express written consent of Money Smith Systems Inc.
- 2) No one may modify program files, documentation, or executables in any way, including reverse engineering the program.
- 3) The full machine readable documentation, help files, executable, and examples must be included with each copy.

Single User License

A single user license permits users to use the Money Smith Financial Calculator only on a single computer. Licensed users may use the program on different computers as long as the program is not used on more than one computer at a time. Site license or network use requires a separate license. No one may not copy or distribute any portion of the registered documentation, files, or executables except for registered users with the express purpose of backing up these files for personal use on a single computer.

Notice

Money Smith and the Financial Calculator is not and has never been public domain software, nor is it free software. Unregistered users are granted a limited single user license to use the shareware version of Money Smith on a 30-day trial basis for the purpose of determining whether Money Smith is suitable for their needs. Use of Money Smith, beyond the initial 30-day trial requires registration. The use of unlicensed copies of Money Smith outside of the initial 30-day trial, by any person, business, corporation, government agency or any other entity is strictly prohibited.

Limited Warrantee for Registered Users

Money Smith Systems Inc. warrants that the disks provided with the registered version of Money Smith are free from defects for a period of 90 days from the purchase date. You may return defective disks to us for replacement or a full refund. For refunds the complete package including documentation must be returned in a salable state. Money Smith Systems Inc. also agrees to provide mail software support for a period of 90 days from the original purchase date. Direct questions to Money Smith Systems, P. O. Box 333, Converse, TX 78109.

LIMITATION OF LIABILITY:

MONEY SMITH SYSTEMS INC. HEREBY LIMITS ITS LIABILITY TO, AT MONEY SMITH SYSTEMS INC'S SOLE DISCRETION 1) THE ORIGINAL PURCHASE PRICE OF THE SOFTWARE OR 2) REPLACEMENT OF A DEFECTIVE DISK. PURCHASER OF SOFTWARE AGREES NOT TO HOLD MONEY SMITH SYSTEMS INC, ITS DIRECTORS, OFFICERS, SHAREHOLDERS, OR EMPLOYEES LIABLE FOR ANY DAMAGES WHATSOEVER BEYOND ONE OF THE TWO REMEDIES DESCRIBED ABOVE.

GENERAL TERMS:

Use of this program for any period of time equates to agreement to all terms of this license. Money Smith programs are only one possible tool for financial management. You should make NO FINANCIAL DECISIONS WHATSOEVER based on the feedback Money Smith provides. This software is provided AS IS.

EXCEPT AS PROVIDED ABOVE MONEY SMITH SYSTEMS INC DISCLAIMS ALL WARRANTIES WITH RESPECT TO THIS PRODUCT, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SHOULD THE PRODUCT PROVE DEFECTIVE IN ANY WAY THE PURCHASER ASSUMES THE RISK OF SERVICING, REPAIR, CORRECTION, INCIDENTAL, OR CONSEQUENTIAL DAMAGES. (INCLUDING BUT NOT LIMITED TO DAMAGES RESULTING FROM INVESTMENT DECISIONS MADE, BUSINESS PROFITS LOST, INTERRUPTION OF BUSINESS, LOSS OF INFORMATION AND THE LIKE) USING THIS SOFTWARE.

This agreement is governed by the laws of the state of Texas and shall inure to the benefit of Money Smith Systems Inc. and any successors, administrators, heirs, and assigns. Any action or proceeding brought by either party against the other arising out of or related to this agreement shall be brought only in a STATE or FEDERAL court of competent jurisdiction located in Bexar County, Texas. The parties hereby consent to personam jurisdiction of said courts.

Association of Shareware Professionals (ASP) Ombudsman Statement

"Bradley J. Smith is a member of the Association of Shareware Professionals (ASP). ASP wants to make sure that the shareware principle works for you. If you are unable to resolve a shareware-related problem with an ASP member by contacting the member directly, ASP may be able to help. The ASP Ombudsman can help you resolve a dispute or problem with an ASP member, but does not provide technical support for members' products. Please write to the ASP Ombudsman at 545 Grover Road, Muskegon, MI 49442 or send a CompuServe message via CompuServe Mail to ASP Ombudsman 70007,3536."

Acknowledgements

Money Smith is a trademark of Bradley J. Smith.
Money Smith Systems Inc. is a corporation under the laws of the state of Texas.
IBM is a trademark of International Business Machines
Microsoft, Windows, Paintbrush, Notepad, DOS, Word, Excel are all trademarks of Microsoft Corp.
Borland C++ is a trademark of Borland International.
The Association of Shareware Professionals (ASP) is a non-profit group dedicated to the shareware profession.
PKZIP, PKUNZIP, PKSFY are all trademarks of PKWARE, INC.
Many thanks to Charles Petzold and Jeffrey Richter for their fine books and examples of Windows programming.
If I missed any other credits, it was unintended, so please write and I'll be sure to include them in future versions.