9. If the interest rate in the financial markets for all investments is zero, the present value of an annuity equal to $1,000 per year to be received at the beginning of the next five years would be
   a. greater than $5,000.
   b. equal to $5,000.
   c. less than $5,000.
   d. There is not enough information to answer this question.
   e. None of the above is the correct answer.

   Numerical Solution: Because I = 0, PVA = 5(1,000) = 5,000

   Financial Calculator Solution: This is an annuity due; N = 5, I = 0, PMT = 1,000,
   FV = 0, PV = ? = 5,000

RETURN TO THE SAMPLE QUESTIONS