Do **not** write solutions on this page.

12. [Maximum mark: 15]

Phil takes out a bank loan of $\$150\,000$ to buy a house, at an annual interest rate of 3.5%. The interest is calculated at the end of each year and added to the amount outstanding.

(a) Find the amount Phil would owe the bank after 20 years. Give your answer to the nearest dollar. [3]

To pay off the loan, Phil makes annual deposits of $\$P$ at the end of every year in a savings account, paying an annual interest rate of 2%. He makes his first deposit at the end of the first year after taking out the loan.

(b) Show that the total value of Phil's savings after 20 years is $\frac{\left(1.02^{20}-1\right)P}{\left(1.02-1\right)}$. [3]

(c) Given that Phil's aim is to own the house after 20 years, find the value for P to the nearest dollar. [3]

David visits a different bank and makes a single deposit of $\$Q$, the annual interest rate being 2.8%.

(d) (i) David wishes to withdraw $\$5000$ at the end of each year for a period of n years. Show that an expression for the minimum value of Q is $\frac{5000}{1.028}+\frac{5000}{1.028^2}+\ldots+\frac{5000}{1.028^n}$.

(ii) Hence or otherwise, find the minimum value of Q that would permit David to withdraw annual amounts of $\$5000$ indefinitely. Give your answer to the nearest dollar. [6]