

Excel: Using the PMT Function

1. Launch *Microsoft Excel*.
2. Enter the following data into the workbook:

	A	B	C	D	E
1	Car	Price	Interest Rate	Months financed	Payment Amt
2	Camry	\$28,700.00	8.75%	48	
3	Regal	\$22,300.00	6.25%	36	
4	Pickup	\$32,500.00	10%	48	

3. Click in Cell E2 and enter the *Excel* function:
=PMT(C2/12,D2,B2)

E
Payment Amt
=PMT(C2/12,D2,B2)
PMT(rate, nper, pv, [fv], [type])

You are asking *Excel* to calculate monthly payments on the given prices, interest rates, and months financed.

4. After the payment is calculated in cell E2, click and drag to copy the formula for the other vehicles. You should now see payment amounts for all 3.
5. Now, click in cell B2 and change the price of the Camry to \$27000. Hit your enter key to execute the change. Observe the change in payment.
6. Next, click in cell D4 and change the number of months financed from 48 to 60. Observe the difference. *Excel* automatically re-calculates the payment based on changes in the cells.

For review, the *Excel* function for calculating payments is as follows:

=PMT(RATE/12, #MONTHS Financed, Amount Financed)

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