

### **Example Calculations for Bond Deposits and Premiums**

The deposit is a percentage of the bond amount calculated using the following formula:

$$\frac{3}{299,000} (\text{amount of bond} - 10,000) + 50$$

If the required bond amount is \$200,000.00, this percentage would be found as follows:

$$\text{Deposit percentage} = \frac{3}{299,000} (200,000 - 10,000) + 50$$

$$= \frac{3}{299,000} (190,000) + 50$$

$$= 51.90635$$

The deposit is 51.90635 percent of \$200,000.00 or \$103,812.71

The annual premium is a percentage of the bond amount calculated using the following formula:

$$-\frac{0.5}{299,000} (\text{amount of bond} - 10,000) + 10 \quad (\text{Note: the 0.5 is a negative number})$$

If the required bond amount is \$200,000.00, this percentage would be found as follows:

$$\text{Annual premium percentage} = -\frac{0.5}{299,000} (200,000 - 10,000) + 10$$

$$= -\frac{0.5}{299,000} (190,000) + 10$$

$$= 9.68227$$

The annual premium is 9.68227 percent of \$200,000.00 or \$19,364.55.

The quarterly premium is one fourth of the annual premium or \$4,841.14.