How can I use the ISPMT function in Excel to calculate the interest payment for a specific period of a loan?

Authored by

stats writer

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The ISPMT function in Excel is a useful tool that allows users to calculate the interest payment for a specific period of a loan. This function takes into account the loan amount, interest rate, and payment schedule to accurately calculate the interest payment for any given period. By simply inputting the necessary parameters, users can quickly and easily obtain the interest payment for any desired period, making it a convenient and efficient tool for loan management and financial planning.

This article describes the formula syntax and usage of the **ISPMT** function in Microsoft Excel.

Description

Calculates the interest paid (or received) for the specified period of a loan (or investment) with even principal payments.

Syntax

ISPMT(rate, per, nper, pv)

The ISPMT function syntax has the following arguments:

Argument	Description
Rate	Required. The interest rate for the investment.
Per	Required. The period for which you want to find the interest, and must be between 1 and Nper.
Nper	Required. The total number of payment periods for the investment.
Pv	Required. The present value of the investment. For a loan, Pv is the loan amount.

Remarks

Make sure that you are consistent about the units you use for specifying Rate and Nper. If you make monthly payments on a four-year loan at an annual interest rate of 12 percent, use 12/12 for Rate and 4*12 for Nper. If you make annual payments on the same loan, use 12% for Rate and 4 for Nper.

For all the arguments, the cash you pay out, such as deposits to savings or other withdrawals, is represented by negative numbers; the cash you receive, such as dividend checks and other deposits, is represented by positive numbers.

ISPMT counts each period beginning with zero, not with one.

Most loans use a repayment schedule with even periodic payments. The IPMT function returns the interest payment for a given period for this type of loan.

Some loans use a repayment schedule with even principal payments. The ISPMT function returns the interest payment for a given period for this type of loan.

To illustrate, the amortization table below uses an even-principal repayment schedule. The interest charge each period is equal to the Rate times the unpaid balance for the previous period. And the payment each period is equal to the even principal plus the interest for the period.

Need more help?

You can always ask an expert in the Excel Tech Community or get support in Communities.

See Also

IPMT function

PV function