

. How do I create an EFFECT function in Google Sheets?

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The EFFECT function is a tool within Google Sheets that allows users to calculate the effective annual interest rate for a given nominal interest rate and compounding period. This function is useful for financial analysis and planning, as it provides an accurate representation of the true annual interest rate on a loan or investment. To use the EFFECT function, simply input the nominal interest rate and compounding period in the designated cells, and the function will return the effective annual interest rate. This feature makes it easy for users to make informed financial decisions and accurately track their investments.

EFFECT

Calculates the annual effective interest rate given the nominal rate and number of compounding periods per year.

Sample Usage

`EFFECT(0.99,12)`

`EFFECT(A2,A3)`

Syntax

`EFFECT(nominal_rate, periods_per_year)`

`nominal_rate` - The nominal interest rate per year.

`periods_per_year` - The number of compounding periods per year.

See Also

NOMINAL: Calculates the annual nominal interest rate given the effective rate and number of compounding periods per year.

INTRATE: Calculates the effective interest rate generated when an investment is purchased at one price and sold at another with no interest or dividends generated by the investment itself.

Examples