Substitute $A = 5,304.5$, $P = 5,000$, and $t = 2$ into the formula: $5,304.5 = 5,000(1 + r)^2$

Divide both sides by 5,000: $1.0609 = (1 + r)^2$

Use the Square Root Property: $\pm 1.03 = 1 + r$

Subtract 1 from both sides: $r = 0.03$ or $r = -2.03$

The negative rate does not make sense, so $r = 0.03$ is the answer.