

Deferred Payments (Buy-now, pay-later) Exercise

$$\% \text{ extra paid} = \frac{\text{difference in prices}}{\text{pay now price}} \times 100$$

1. Complete the following chart

Pay – Later price	Pay – Now price	Difference between two prices	% extra paid
\$12000	\$10000		
	\$780	\$160	
\$580	\$500		
\$1400		\$75	
\$3250	\$2900		
\$1200		\$200	

2. Bart Yorke purchases a washing machine and dryer. He chooses to purchase them on the company's buy-now, pay-later plan.

The details of the buy-now, pay-later plan are:

The price of the washing machine is \$698.98 (plus taxes) and the dryer is \$509.98 (plus taxes).

At the time of purchase, the taxes, a delivery charge of \$40, and a \$35 administration fee are due.

He has six months to pay for the purchase. If he pays during this time period no interest charges will be added.

- a) How much will Bart pay at the time of purchase?
- b) If Bart pays for the appliances within six months, calculate his total pay-later price.

3. Cassie purchases a sound system. She can either pay for the sound system at the time of purchase or purchase it on the buy-now, pay-later plan.

The details of the buy-now plan are:

The price of the sound system is \$795 (plus taxes)

The delivery charge for the sound system is \$25.

The details of the buy-now, pay-later plan option are:

The price of the sound system is \$869.55 (plus taxes)

The taxes, delivery charge, and a \$49.99 administration fee are due at the time of purchase.

She has 18 months to pay for her purchase. If she pays during this time period, no interest charges will be added.

- a) If Cassie pays for the sound system at the time of purchase, calculate her total pay-now price.
- b) If Cassie chooses to purchase the sound system using the buy-now, pay-later option, how much will the total price be?
- c) Calculate the difference between the total pay-now price and the total buy-now, pay-later price.
- d) What percent extra did she pay (see the equation on the first page)?