

Test Review

1. Kevin invested \$1200 in a financial institution at 5.5% for 6 months. How much will Kevin earn?
2. Brandy has \$16 000 to invest in a financial institution. Calculate the annual rate of interest if she plans to earn \$300 on her investment at the end of two years.
3. Candace deposits \$6000 in an account earning interest at a rate of 4% per year. Calculate the number of days she must keep the money in her account to earn interest of \$600.
4. Jacquie invests \$1 750 at a financial institution at 6.5% per annum compounded semi-annually for 9 years. How much interest does she earn?
5. Mark plans on retiring from his job as a carpenter in 25 years. This year, he invests \$8,000 in his retirement plan at 4.3% per year. Will Mark double this investment before he retires? Use the rule of 72.
6. Bob's monthly statement shows a previous balance of \$1225.45. During the month, Bob made a payment of \$800 and purchased goods totaling \$689.00. Assume his interest charges for the month are \$18.50. What is the new balance?
7. Simon's balance on his credit card is \$496.55. The minimum payment due is equal to 5% of the new balance or \$10.00, whichever is greater. Calculate minimum monthly payment.
8. Josephine requires a personal loan of \$16 300 for home renovations. Her financial institution offers her a three-year loan at a fixed interest rate of $9\frac{3}{4}\%$.
 - a. How much must Bea pay her financial institution each month?
 - b. How much does Bea pay in interest at the end of the three years?

9. Jacob wants to buy a Whirlpool front load washer and dryer set. He finds one for \$2999.99 plus tax. The store offers an installment plan for \$850.00 down and \$125.00 a month for 24 months.
- Calculate the cash-selling price of the set.
 - Calculate the installment price of the set.
 - Calculate the finance charge. What percent of the cash selling price is the finance charge?
 - In your opinion, should Jacob purchase the washer and dryer in installments?
10. Sara buys a living room set (couch/chair/love-seat) from the Brick. She can either pay for the set at the time of purchase or purchase it on the buy-now-pay-later plan. The cash price for the set is \$2350.00 plus taxes and the delivery charge is \$25.00.

The buy-now-pay-later cost is \$2500.00 plus taxes; Sara must pay the taxes up front, a \$25.00 delivery charge, and an administration fee of \$49.95 at the time of sale. She has one year to pay for the sofa without any interest charges.

- If Sara pays for the set at the time of purchase, calculate her total price.
- If Sara chooses to purchase the sofa using the buy-now-pay-later option, calculate how much will she pay at the time of purchase?
- If Sara chooses to purchase the sofa using the buy-now-pay-later option, and pays for it within one year, calculate her total price.
- Calculate the difference between the total pay-now price and the total pay-later option.

Answer Key

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|------------------|-------------------|
| 1. \$33.00 | 10. a) \$2 657.00 |
| 2. 0.94% | b) \$374.95 |
| 3. 912.5 days | c) \$2 874.95 |
| 4. \$1 362.14 | d) \$217.95 |
| 5. 16.74 years | |
| 6. \$1 132.95 | |
| 7. \$24.83 | |
| 8. a) \$524.05 | |
| b) \$2 565.62 | |
| 9. a) \$3 359.99 | |
| b) \$3 850 | |
| c) \$490.01 | |