GMF

Financial Services Review

| ATLANTIC | Card Number: | 458 654 566 |
| CANADA | Statement Dates: | Nov. 1, 2011 - Nov. 31, 2011 |

Transaction Date	Posting Date	Activity description	Amount ($)
PREVIOUS STATEMENT BALANCE			$56.87
Nov. 02	Nov. 03	PAYMENT - THANK YOU	($50.00)
Nov. 06	Nov. 07	Square Pants factory	$47.00
Nov. 20	Nov. 21	Krusty Crab	$16.25

Payment Information		Calculating your banance	
Minimum payment		Previous balance	$
Payment due date	Dec. 10	Payments & credits	$
Credit Limit	$2,000.00	Purchases	$
Available credit		Cash advances	$
Annual interest rate	18.25%	Interest	$
		Other fees	$
		New Balance	$

1. The interest rate is: _____ 18.25 %
2. What is the previous balance? 56.87
3. How much was his payment? 50.00
4. How much does he still owe after his payment? 6.87
5. What did he purchase in November? 47 + 16.25
6. Calcuate the new balance. 70.12

8. What is his available credit? $2000 - 70.12 = $1929.88
9. Will Sponge Bob have to pay interest? Why? Yes, didn't pay last statement in full.

Sally invested 2500 at 4.25% interest **compounded** quartly for 8 years

a) What will be the value of her investment after the 8 years?
b) How much interest will she earn?

#3 $A = P\left(1 + \dfrac{r}{n}\right)^{nt}$

a)

$A = 2500\left(1 + \dfrac{0.0425}{4}\right)^{(4 \times 8)}$

$A = 2500\left(1.010625\right)^{32}$

$A = 2500\left(1.4024299996\right)$

$A = 3506.07$

b)   3506.07
    −2500.00
    ─────────
     1006.07

	1	2	3	4	17.97
3.00	84.69	42.98	29.08	22.13	18.08
3.25	84.81	(43.09)	29.19	22.24	
5.00	85.61	43.87	29.97	23.03	18.87
5.25	85.72	43.98	(30.08)	23.14	18.99
5.50	85.84	44.10	30.20	23.26	19.10
5.75	85.95	44.21	30.31	23.37	19.22
6.00	86.07	44.32	30.42	(23.49)	19.33
6.25	86.18	44.43	30.54	23.60	19.45
6.50	86.30	44.55	30.65	23.71	19.57
6.75	86.41	44.56	30.76	23.83	19.68
7.00	86.53	44.77	30.88	23.95	19.80

Isabelle borrowed $5000 at 5.25% interest for 3 years.

a) What is her monthly payment? $30.08 \times 5 = 150.40$

b) How much does she pay back to the bank in total? $150.40 \times 12 \times 3 = \$5414.40$

c) What is the finance charge? $5414.40 - 5000 = 414.40$

Marsha borrowed $3560 at 3.25% interest for 2 years.

a) What is her monthly payment? $43.09 \times 3.560 = \$153.40$

b) What is the finance charge? $153.40 \times 12 \times 2 = \$3681.61$

$3681.60 - 3560 = \$121.61$

Justin borrowed $10000 at 6% interest for 4 years.

a) What is his monthly payment? $23.49 \times 10 = \$234.90$

b) What is the finance charge? $234.90 \times 12 \times 4 = \$11275.20$

$11275.20 - 10000 = \$1275.20$

4) *** Are there any limitations when using internet banking? (Is there anything you can't do?)

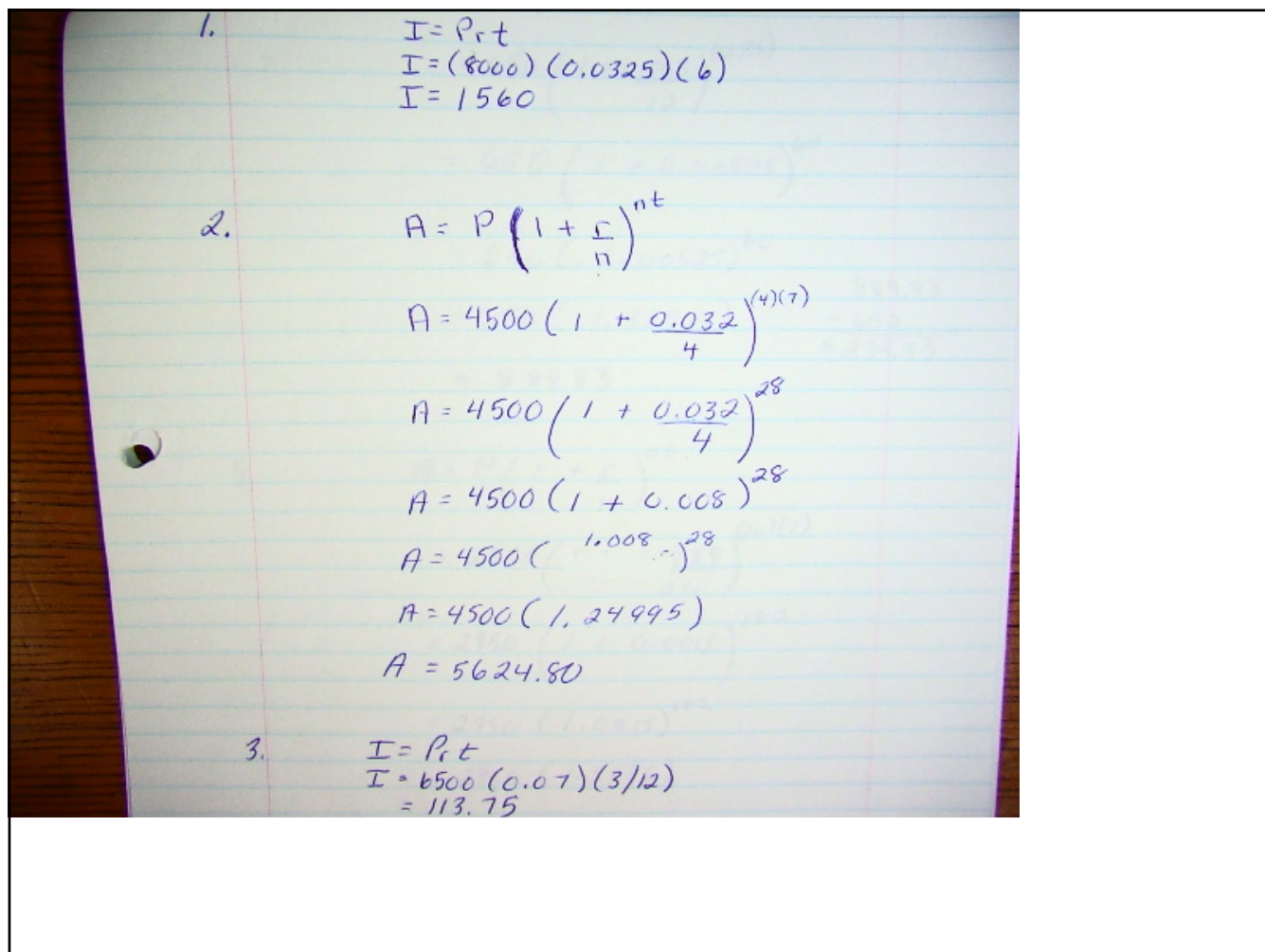You will not be able to withdraw cash.

Review for Test

Solve each of the following using simple or compound interest:

1. Jim wants to invest $8000.00. His bank offers an investment option that earns **simple interest** at a rate of 3.25% per year. How much interest would Jim earn on his investment after 6 years?

2. Troy wants to invest $4500.00. His bank offers an investment option that earns **interest compounded** quarterly at a rate of 3.2% per year for 7 years. How much would he have after 4 years?

3. Ava's bank offers a **simple interest** rate of 7% per annum. How much interest would Ava earn on her investment of $6500.00 after 3 months?

4. Ryan wants to invest $650.00. His bank offers an investment option that earns **interest compounded** monthly at a rate of 6.3% per year for 5 years. How much would he have after 8 years?

5. Ben wants to **invest** $2950.00. His bank offers an investment option that earns interest **compounded biweekly** at a rate of 3.9% per year for 7 years. How much would he have after 6 years?

Using the simple interest equation calculate the unknown $(I = Prt)$

6. The interest earned on a deposit is $89.00 with an interest rate of 4.2% per annum. If the money was invested for 4 years, **what is the principal?**

7. The interest earned on a deposit is $210.00 with an interest rate of 6.5% per annum. If the money was invested for 6 years, **what is the principal?**

8. The interest earned on a deposit of $5000.00 is $78.00. If the money was invested for 7 years, **what is the interest rate?**

9. The interest earned on a deposit of $6250.00 is $92.00. If the money was invested for 4 years, **what is the interest rate?**

10. The interest earned on a deposit of $4800.00 is $50.00 with an interest rate of 3.95%. **How many years** was the money invested?

1.
$$I = P_r t$$
$$I = (8000)(0.0325)(6)$$
$$I = 1560$$

2.
$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$
$$A = 4500\left(1 + \frac{0.032}{4}\right)^{(4)(7)}$$
$$A = 4500\left(1 + \frac{0.032}{4}\right)^{28}$$
$$A = 4500(1 + 0.008)^{28}$$
$$A = 4500(1.008)^{28}$$
$$A = 4500(1.24995)$$
$$A = 5624.80$$

3.
$$I = P_r t$$
$$I = 6500(0.07)(3/12)$$
$$= 113.75$$

4.

$$A = P \left(1 + \frac{r}{n} \right)^{nt}$$

$$= 650 \left(1 + \frac{0.063}{12} \right)^{(12)(5)}$$

$$= 650 \left(1 + 0.00525 \right)^{60}$$

$$= 650 \left(1.00525 \right)^{60}$$

$$= 650 \left(1.36913 \right)$$

$$= 889.93$$

$$\begin{array}{r} 889.93 \\ - 650 \\ \hline \$ 239.93 \end{array}$$

5.

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

$$= 2950\left(1 + \frac{0.039}{26}\right)^{(26)(7)}$$

$$= 2950\left(1 + 0.0015\right)^{182}$$

$$= 2950\left(1.0015\right)^{182}$$

$$= 2950\left(1.3136\right)$$

$$= 3875.21$$

Nov 10-9:25 AM

6. $I = Prt$
    $89 = P(0.042)(4)$
    $89 = P(0.168)$
    $529.76 = P$

7. $I = Prt$
    $210 = P(0.065)(6)$
    $210 = P(0.39)$
    $538.46 = P$

8. $I = Prt$
    $78 = 5000(r)(7)$
    $78 = 35000r$
    $0.0022 = r$

    0.22%

9. $I = Prt$
    $92 = 6250(r)4$
    $92 = 25000r$
    $0.00368 = r$
    $0.368\% = r$

10.

$$I = Prt$$
$$50 = 4800 (0.0395) t$$
$$50 = 189.6 \, t$$
$$0.26 = t$$

Nov 10-9:26 AM