

Bank of ATLANTIC CANADA	Customer Name: Sponge Bob Card Number: 458 654 566 Statement Dates: Nov. 1, 2011 - Nov. 31, 2011
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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 balance	
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	\$

- The interest rate is: 18.25%
- What is the previous balance? 56.87
- How much was his payment? 50.00
- How much does he still owe after his payment? 6.87
- What did he purchase in November? \$47.00, 16.25
- Calculate the new balance. $47 + 16.25 + 6.87 = 70.12$
- If the interest is \$78, what will his minimum payment be? _____
- What is her available credit? $\$2000 - 70.12 = 1929.88$
- Will Sponge Bob have to pay interest? Why?
Yes, because he didn't pay his bill in full.

②

**PERSONAL LOAN PAYMENT CALCULATOR:
MONTHLY PAYMENT PER \$1000.00 BORROWED
(INTEREST COMPOUNDED MONTHLY)**

Interest rate (%)	Term in years				
	1	2	3	4	5
3.00	84.69	42.98	29.08	22.13	17.97
3.25	84.81	43.09	29.19	22.24	18.08
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	44.66	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? $30.08 \times 5,000 = \$150.40$

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 - 5000.00 = \414.40

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

a) What is her monthly payment? $43.09 \times 3,560 = \$153.40$ Total Paid back

b) What is the finance charge? $\$3681.60 - 3560 = \121.60 Total Paid back

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

a) What is his monthly payment? $23.49 \times 10,000 = \$234.90$

b) What is the finance charge? $\$11275.20 - 10000 = \1275.20 Paid Back...

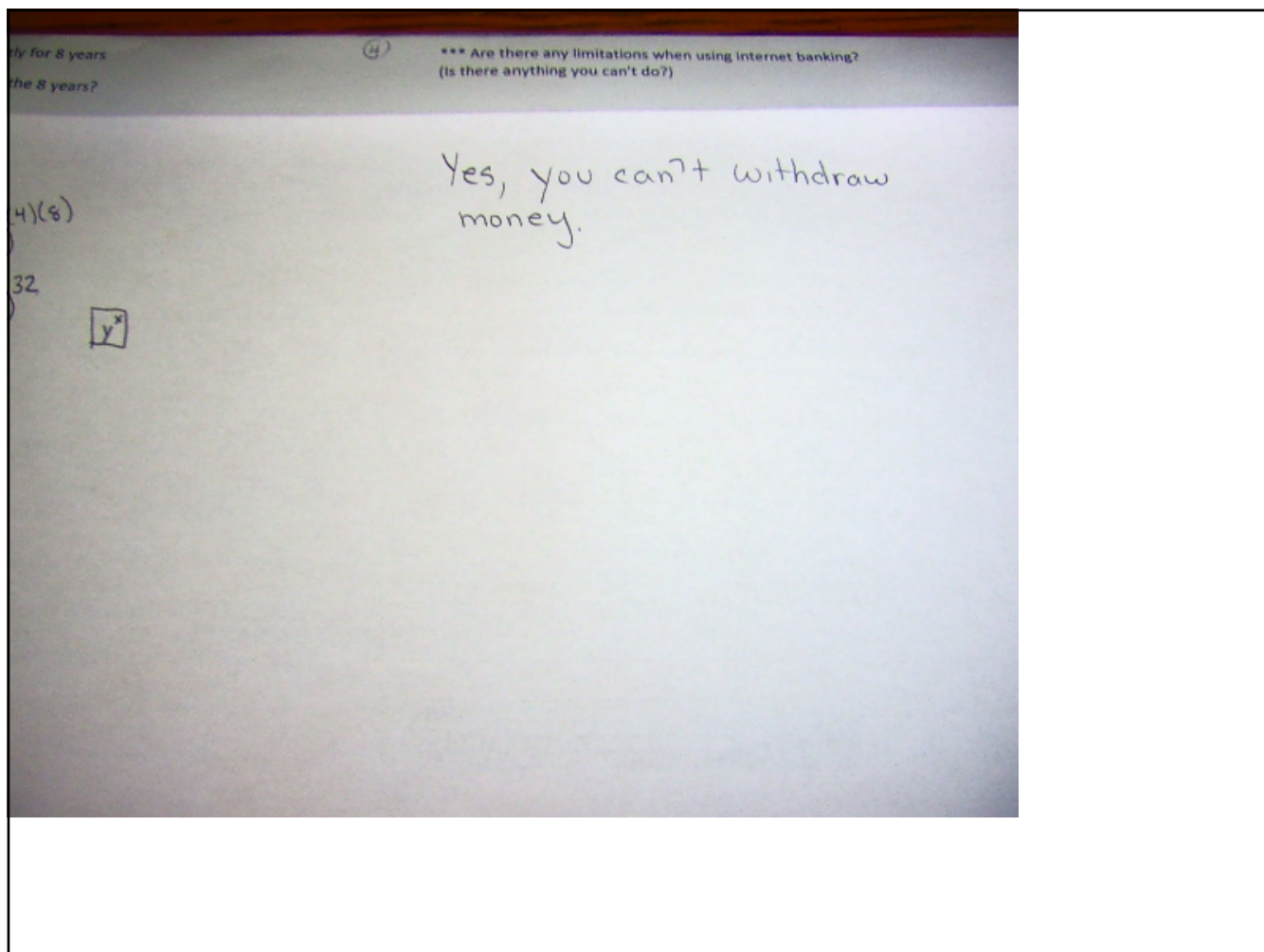
Sally invested 2500 at 4.25% interest compounded quarterly for 8 years

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

a) $A = P \left(1 + \frac{r}{n}\right)^{nt}$
 $= 2500 \left(1 + \frac{0.0425}{4}\right)^{(4)(8)}$
 $= 2500 (1.010625)^{32}$
 $= 2500 (1.4024)$ y
 $= \$3506.07$

b) Interest?
 $\$3506.07$
 $- 2500$

 $\$1006.07$

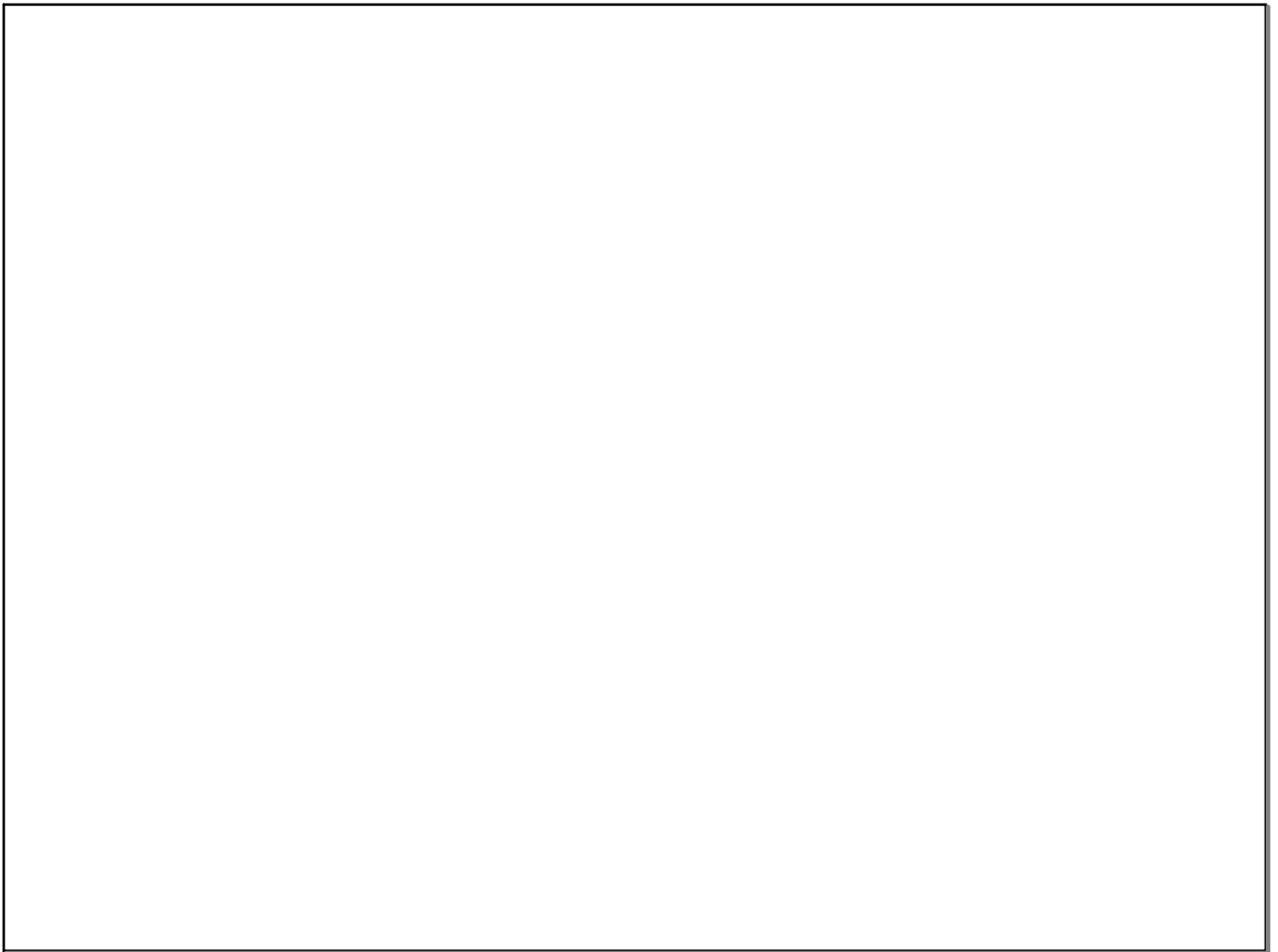


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Chapter 3 Financial Services

Write the letter of the correct match next to each problem.

1. <u>Q</u> term	d. an agreement with a bank that allows you to withdraw more money from an account than you have in it
2. <u>H</u> PIN	b. failure to repay a loan
3. <u>B</u> default	c. an item of economic value owned by an individual that could be converted to cash
4. <u>N</u> cash advance	d. $I=Prt$
5. <u>P</u> full-service banking	e. an agreement in which a borrower receives something of value, and agrees to pay for it later
overdraft	f. banking that is done over the internet; by telephone; or ATM
6. <u>A</u> protection	
7. <u>O</u> principal	g. an item of value pledged by a borrower to secure a loan
8. <u>F</u> self banking	h. a secret number (password) to help protect your identity
9. <u>J</u> Rule of 72	i. an approved loan amount that you can draw on as needed, with interest
10. <u>K</u> down payment	j. an estimate of the time it takes to double the investment $\frac{72}{\%} = \# \text{ of Years Double}$
11. <u>S</u> transaction	k. a partial payment sometimes required at the time of purchase
12. <u>D</u> simple interest	l. money earned on an investment or a fee paid for borrowing money
13. <u>L</u> interest	m. the time between calculations of interest



12.	<u>S</u> <u>D</u>	simple interest	<u>l.</u> money earned on an investment or a fee paid for borrowing money
13.	<u>L</u>	interest	m. the time between calculations of interest
		compound	n. a withdrawal of cash from an ATM or bank teller charged to a credit card
14.	<u>t</u>	interest	
		compounding	p. the original amount invested or borrowed
15.	<u>M</u>	period	
16.	<u>I</u>	line of credit	r. banking that is done with the help of a teller
17.	<u>✓</u>	loan	q. the time in years for an investment or loan (TERM)
18.	<u>W</u>	payday loan	r. the total amount of interest paid to borrow a sum of money
		amortization	s. any activity recorded on your bank statement (cash withdrawal, deposit, money transfer, bill payment, etc)
19.	<u>U</u>	period	
20.	<u>G</u>	collateral	t. the interest paid on the principal PLUS interest
21.	<u>E</u>	credit	<u>u.</u> the time required to pay back a loan
22.	<u>C</u>	asset	v. money that is borrowed for a specific term, to be paid back with interest
23.	<u>R</u>	finance charge	w. a small, short-term loan with a high interest rate intended to cover the borrower's expenses until their next pay day