

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

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

13.	<u>l</u>	interest	m. the time between calculations of interest
14.	<u>t</u>	compound interest	n. a withdrawal of cash from an ATM or bank teller charged to a credit card
15.	<u>m</u>	compounding period	o. the original amount invested or borrowed
16.	<u>i</u>	line of credit	p. banking that is done with the help of a teller
17.	<u>v</u>	loan	q. the time in years for an investment or loan
18.	<u>w</u>	payday loan	r. the total amount of interest paid to borrow a sum of money
19.	<u>u</u>	amortization period	s. any activity recorded on your bank statement (cash withdrawal, deposit, money transfer, bill payment, etc)
20.	<u>g</u>	collateral	t. the interest paid on the principal PLUS interest
21.	<u>e</u>	credit	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

CANADA		Statement Dates:	Nov. 1, 2011 - Nov. 31, 2011
Transaction Date	Posting Date	Activity description	Amount (\$)
PREVIOUS STATEMENT BALANCE			\$421.57
Nov. 02	Nov. 03	PAYMENT - THANK YOU	(\$421.57)
Nov. 06	Nov. 07	SHOES	\$55.00
Nov. 20	Nov. 21	Burger King	\$10.79
Nov. 25	Nov. 27	Irving Oil	\$50.38
Payment Information		Calculating your balance	
Minimum payment		Previous balance	\$
Payment due date	Dec. 10	Payments & credits	\$
Credit Limit	\$4,000.00	Purchases	\$
Available credit		Cash advances	\$
Annual interest rate	19.50% -	Interest	\$
		Other fees	\$
		New Balance	\$

- The interest rate is: 19.5%
- What is the previous balance? \$ 421.57
- How much was her payment? \$ 421.57
- How much does she still owe after her payment? \$ 0
- What did she purchase in November? Shoes, Burger King (food), Irving Oil (Gas/Oil?)
- Calculate the new balance. \$ 116.77
- What will her minimum payment be? \$ 5.81 or 10.00
- What is her available credit? \$ 3883.83
- If she pays the balance on December 9th, how much interest will she have to pay?
No Interest

	3.25	4.00	4.75	5.50	6.25	7.00
5.00	84.81	43.09	29.19	22.24	18.08	
5.25	85.61	43.87	29.97	23.03	18.87	
5.50	85.72	43.98	30.08	23.14	18.99	
5.75	85.84	44.10	30.20	23.26	19.10	
6.00	85.95	44.21	30.31	23.37	19.22	
6.25	86.07	44.32	30.42	23.49	19.33	
6.50	86.18	44.43	30.54	23.60	19.45	
6.75	86.30	44.55	30.65	23.71	19.57	
7.00	86.41	44.66	30.76	23.83	19.68	
	86.53	44.77	30.88	23.95	19.80	

1. Randy has invested \$3000 in a savings account which earns 5.21% interest compounded quarterly.

$A = P(1 + \frac{r}{n})^{nt}$
 $A = 3000(1 + \frac{0.0521}{4})^{4 \times 5}$

a) How much will his investment be worth after 5 years?

Sally borrowed \$3500 at 6.25% interest for 5 years.

- a) What is her monthly payment?
- b) How much does she pay back to the bank in total?
- c) What is the finance charge?

$\frac{3500}{1000} = 3.5$

- a) $19.45 \times 3.5 = \$68.08$
- b) $60 \times 68.08 = 4084.80$
- c) $4084.80 - 3500 = \$584.80$

25% interest for 5 years.

bank in total?

	4	5
19.97	23.03	18.67
20.08	23.14	18.99
20.20	23.26	19.10
20.31	23.37	19.22
20.42	23.49	19.33
20.54	23.60	19.45
20.66	23.71	19.57
20.76	23.83	19.68
20.88	23.95	19.80

1. Randy has invested \$3000 in a savings account which earns 5.21% interest per annum, compounded quarterly.

a) How much will his investment be worth after 5 years?

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

$$A = 3000 \left(1 + \frac{0.0521}{4} \right)^{4(5)}$$

$$A = 3000 (1 + 0.013025)^{20}$$

$$A = 3000 (1.295398123)$$

$$A = \$3886.19$$

b) How much interest did he earn?

\$886.19

2. Fred has a Self Service Account from the Bank of Atlantic Canada, during the past month she withdrew \$50 from a Royal Bank machine, purchased \$100 worth of travelers cheques, paid the telephone bill using internet banking, and wrote 14 cheques. If his balance was \$2500 how much did he pay in service fees? (page 96 will help)

\$250

08
084.80
584.80