



Compare financing options

1

What is the simple interest in this situation?

Principle = \$500

Rate = 10%

Time = 6yrs

Interest = \$?

A 300

B 240

C 90

D 30

E 120

F 330

2

Add 30% interest to \$20 principle

A

\$24.70

B

\$15.60

C

\$35.10

D

\$18.20

E

\$26.00

F

\$32.50

3

Over the full term of this investment, what are the net earnings (interest minus fees)?

Investment Details	
Principal	\$2,300
Interest Rate	6.3%
Term	1 year
Fees	\$66.70

A \$144.90

B \$211.60

C \$78.20

D \$11.50

4

Over the full term of this investment, what are the net earnings (interest minus fees)?

Investment Details	
Principal	\$3,800
Interest Rate	8.8%
Compounding	Weekly
Term	2 years
Fees	\$194.74

A \$925.33

B \$535.85

C \$730.59

D \$341.11

5

What is the value of the final cash given this model of a monthly compounding growth of money in a savings account?

$$P = 1100 \cdot (1 + 0.02)^{(7)}$$

A

 $P = 1,620$

B

 $P = 1,490$

C

 $P = 860$

D

 $P = 1,263$ **6**

Which option is the better loan (the lower total cost)?

Option A: Loan		Option B: Loan	
Principal	\$3,200	Principal	\$3,200
Interest Rate	17.60%	Interest Rate	17.70%
Compounding	Continual	Compounding	Monthly
Term	5 years	Term	5 years
Fees	None	Fees	None

A A

B B

7

Which option is the better loan (the lower total cost)?

Option A: Loan		Option B: Loan	
Principal	\$1,450	Principal	\$1,450
Interest Rate	9.6%	Interest Rate	8.4%
Compounding	Weekly	Compounding	Weekly
Term	3 years	Term	3 years
Fees	None	Fees	\$91.55

A A

B B



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8 Which option is the better loan (the lower total cost)?

Option A: Loan	
Principal	\$3,000
Interest Rate	12.7%
Term	1 year
Fees	\$69.00

Option B: Loan	
Principal	\$3,000
Interest Rate	15.4%
Term	1 year
Fees	None

A B

9 Which option is the better investment (the higher net return)?

Option A: Investment	
Principal	\$1,450
Interest Rate	10.20%
Compounding	Continual
Term	4 years
Fees	None

Option B: Investment	
Principal	\$1,450
Interest Rate	10.30%
Compounding	Quarterly
Term	4 years
Fees	None

A B

10 Which option is the better loan (the lower total cost)?

Option A: Loan	
Principal	\$2,950
Interest Rate	6.7%
Compounding	Monthly
Term	4 years
Fees	None

Option B: Loan	
Principal	\$2,950
Interest Rate	4.9%
Compounding	Monthly
Term	4 years
Fees	\$220.76

A B

11 Which option is the better investment (the higher net return)?

Option A: Investment	
Principal	\$2,400
Interest Rate	7.5%
Term	1 year
Fees	None

Option B: Investment	
Principal	\$2,400
Interest Rate	8.8%
Term	1 year
Fees	\$28.80

A B

12 Which option is the better loan (the lower total cost)?

Option A: Loan	
Principal	\$1,450
Interest Rate	15.20%
Compounding	Quarterly
Term	3 years
Fees	None

Option B: Loan	
Principal	\$1,450
Interest Rate	15.15%
Compounding	Continual
Term	3 years
Fees	None

A B