

**UNIT 4 SURVIVAL GUIDE: Finance**

<p><b>SIMPLE INTEREST</b></p> <p><math>I = Prt</math>                      <math>A = P + I</math></p> <p><math>I =</math>                                      <math>A =</math>  <math>P =</math>                                      <math>P =</math>  <math>r =</math>                                      <math>r =</math>  <math>t =</math>                                      <math>t =</math></p> <p>Calculate the interest and final amount of a \$1500 investment at 6.2% after 5 years.</p>	<p><b>COMPOUND INTEREST</b></p> <p><math>A = P(1 + i)^n</math></p> <p><math>A =</math>  <math>i =</math></p> <p><math>i = \frac{r}{C}</math>      <math>r =</math>                              <math>C =</math></p> <p><math>P =</math>  <math>n =</math></p> <p><math>n = Ct</math>      <math>t =</math>                              <math>C =</math></p> <p>Calculate the amount of interest accumulated on a \$500 loan if it were borrowed at 7.1% compounded quarterly for 2 years.</p>	<p><b>CHANGING CONDITIONS</b></p> <p>The following are the ideal conditions for making investments and paying back loans.</p> <table border="1" data-bbox="1369 358 1976 813"> <thead> <tr> <th></th> <th>INVESTMENTS</th> <th>LOANS</th> </tr> </thead> <tbody> <tr> <td>INTEREST RATE</td> <td></td> <td></td> </tr> <tr> <td>LENGTH OF LOAN/ INVESTMENT (TERM)</td> <td></td> <td></td> </tr> <tr> <td># OF COMPOUNDING PERIODS</td> <td></td> <td></td> </tr> </tbody> </table>		INVESTMENTS	LOANS	INTEREST RATE			LENGTH OF LOAN/ INVESTMENT (TERM)			# OF COMPOUNDING PERIODS		
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<p><b>SAVINGS ALTERNATIVES</b></p> <p>Types of financial institutions:</p> <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> </ul> <p>Types of accounts:</p> <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> </ul> <p>Considerations for Choosing an Account:</p> <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> <li>• _____</li> </ul> <p>A bank charges \$9.95 for the first 15 transactions per month plus \$1.25 for each additional transaction. Determine the service charge for 18 transactions.</p>	<p><b>INVESTING ALTERNATIVES</b></p> <p>_____ - ownership in a company</p> <p>_____ - money lent to a company/government for a set length of time</p> <p>_____ - money invested for a set length of time</p> <p>_____ - a pool of money invested in things you couldn't invest in on your own</p> <p>When investing, know</p> <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> <li>• _____</li> </ul> <p>The greater the risk, the greater _____.</p>	<p><b>CREDIT CARDS</b></p> <p>Types of cards:</p> <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> </ul> <p>Characteristics of Interest on Credit Cards:</p> <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> <li>• _____</li> </ul> <p>Calculate the minimum payment on a credit card balance of \$253.72.</p> <p>Calculate the interest charged on the above balance if the rate is 16.5% and it was paid 10 days late.</p>												

<b>OBTAINING A VEHICLE</b>		<b>OPERATING A VEHICLE</b>	
New advantages	Used advantages	Fixed Expenses	Variable Expenses
Payment Methods: <ul style="list-style-type: none"> <li>• Cash - _____</li> <li>• Finance - _____ - _____</li> <li>• Lease - _____ - _____</li> </ul>		Insurance: <ul style="list-style-type: none"> <li>• _____</li> <li>• can make _____ payment (cheaper) or _____</li> <li>• _____, _____, _____ can reduce costs</li> </ul>	
What is the final price of a \$15000 car that is being financed over 3 years if the down payment is \$2000 and monthly payments are \$389.		_____ - the amount of fuel a car uses to travel 100 km  Determine how many kilometers can be driven with a car with a 60 L tank and fuel efficiency rating of 9.8 L/100 km.	

TERM	NUMBER OF TIMES PER YEAR
annually	
semi-annually	
quarterly	
bi-monthly	
monthly	
semi-monthly	
bi-weekly	
weekly	
daily	