

Name: \_\_\_\_\_  
 Teacher: \_\_\_\_\_  
 Class/ Block: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Unit 6: Financial Decision Making Review**

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<p>1. You have a starting salary of \$68,000. Find the following:</p> <ul style="list-style-type: none"> <li>a. Pre-tax monthly income</li> <li>b. Hourly wage</li> </ul>	
<p>2. How much is your pre-tax monthly income if you earn 6.34% commission on your forecasted monthly sales of \$355,000?</p>	
<p>3. You just accepted an Administrative Assistant position at IBM, Inc. with a starting salary of \$37,500 per year. What is the monthly net income if:</p> <ul style="list-style-type: none"> <li>a. Federal and State Taxes: 24.5%</li> <li>b. SSN and Medicare Taxes: 10.4%</li> <li>c. Retirement Contribution (monthly): 4.27%</li> <li>d. Medical Expenses: \$123</li> <li>e. Short-Term Disability Insurance: \$57</li> </ul>	
<p>4. You work 5 days a week for 8 hours a day; hourly salary is \$26.25. Your taxes are as follows: 15% for federal income tax, 2.9% for Medicare, 6.9% for SSN and 4% for Georgia state tax. What is your monthly post-tax income given you contribute 3.5% for your retirement plan?</p>	
<p>5. Morgan deposits \$5,000 in a CD account at Bank of America. The account pays 3% interest compounded semi-annually. What is the future value of the account in 13 years?</p>	
<p>6. If Eric inherits \$15,000 on his 18<sup>th</sup> birthday, how much interest will he earn when he's 25 years old if the account earns 4.25% compounded bi-weekly?</p>	

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<p>7. Which account will earn more interest:</p> <ul style="list-style-type: none"><li>a. \$7,500 deposited for 8 years at 2.75% compounded daily or</li><li>b. \$8,300 deposited for 7 years at 3.15% compounded hourly?</li></ul>	
<p>8. If you want to have \$10,000 in 4 years and you have a savings account with 4.99% interest compounded quarterly, how much do you need to put in now?</p>	
<p>9. Kaleb, a recent SCHS grad, is going to UCLA in the fall and is seeking to have enough money when he graduates from college to buy his first car; he would like to have \$5000 saved up. How much should he deposit now if he can secure a 6.57% interest rate that compounds monthly?</p>	
<p>10. Terry needs to make repairs to his flooded basement due to the recent storm. The cost of repairs is \$13,575 and he has qualified for a loan at 6.85% compounded monthly; he will pay the loan back in monthly payments for 4 years. How much will he actually pay back?</p>	
<p>11. Kaitlyn is prepared to buy a car valued at \$12,250 but she must deposit a \$3,000 down payment towards the value of the car. If she has a 5 year loan that has an interest rate of 3.39%; find the following:</p> <ul style="list-style-type: none"><li>a. What is the future value of the loan?</li><li>b. How much interest will the bank earn?</li><li>c. What is the monthly car payment?</li></ul>	
<p>12. Carrington wants to have buy a 2014 Toyota Camry priced at \$18,999; he has qualified to two loans and must decide which is a better deal for him:</p> <ul style="list-style-type: none"><li>a. 1<sup>st</sup> loan: What is the monthly payment if the loan has 3.36% interest for 5 years?</li><li>b. 2<sup>nd</sup> Loan: What is the monthly payment if the loan has 3.08% interest for 4 years?</li><li>c. Which loan is better? Why?</li></ul>	

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<p>Karen is buying a new Yukon Denali for \$45,000 and has an option to purchase it and get a loan or lease it for 4 years. If she chooses not to buy it, she can lease the car for \$675 per month with a one-time balloon payment of \$3,550.</p>	<p>13. What is the value of the loan if she puts down 9% and gets a loan for 3.37%?</p>
<p>14. How much will she pay in interest?</p>	<p>15. What will her monthly payments be?</p>
<p>16. What is the total amount she will spend on the car if she decides to sell it for \$30,000?</p>	<p>17. What is the total amount she will spend on the car if she leases it for the 4-year agreement?</p>

Solutions:

1. \$5,666.67, \$32.69
2. \$22,507
3. \$1,720.93
4. \$3,239.60
5. \$7,363.55
6. \$20,192.42
7. B will earn more
8. \$8,200.70
9. \$3,847.23
10. \$17,840.13
11. \$10,955.97, \$1,705.97, \$182.59
12. \$327.47, \$447.64, 1<sup>st</sup> loan is better
13. \$46,850.55
14. \$5,900.55
15. \$976.05
16. \$20,900.55
17. \$35,950