

Name: _____
 Teacher: _____
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Unit 6: Financial Decision Making Review (key)

<p>1. You have a starting salary of \$75,300. Find the following: a. Pre-tax monthly income = \$6,275 b. Hourly wage = \$36.20</p>	<p>2. How much is your pre-tax monthly income if you earn 6.34% commission on your forecasted monthly sales of \$355,000? \$22,507</p>
<p>3. 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? \$3,080.35</p>	<p>4. 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? \$7,363.47</p>
<p>5. If Eric wants to have \$15,000 on his 25th birthday and he is 19 years old now, how much should he deposit now if the account earns 4.25% compounded weekly? \$11,624.95</p>	<p>6. Which account will earn more interest: A - \$7,500 deposited for 8 years at 2.75% compounded daily \$1,845.49 or B - \$8,300 deposited for 7 years at 3.15% compounded hourly? \$2,047.60 B is the better investment</p>
<p>7. 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? \$3,847.23</p>	<p>8. 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? \$17,840.13</p>
<p>9. 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: a. What is the future value of the loan? \$10,955.97 b. How much interest will the bank earn? \$1,705.97 c. What is the monthly car payment? \$182.59</p>	<p>10. 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: a. 1st loan: What is the monthly payment if the loan has 3.36% interest for 5 years? \$374.48 b. 2nd Loan: What is the monthly payment if the loan has 3.08% interest for 4 years? \$447.63 c. Which loan is better? Why? B is better because less interest is paid</p>

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<p>11. Karen is buying a new Yukon Denali for \$47,999 and has an option to purchase it and get a loan or lease it for 5 years. If she chooses not to buy it, she can lease the car for \$599 per month with a one-time balloon payment of \$4,500. Use #11 to answer #12-16</p>	<p>12. What is the value of the loan if she puts down 5% and gets a loan for 3.57%? \$54,495.70</p>
<p>13. What will her monthly payments be? \$908.26</p>	<p>14. What are her monthly payments? Omit</p>
<p>15. What is the total amount she will spend on the car if she leases it for the 5-year agreement? \$40,440</p>	<p>16. What would be the difference if she leases the car for 6 years instead? \$47,628</p>
<p>17. John is a car salesman and sold 15 cars for a total sales of \$210,500 for the month of November. If he earns 6% in commission, what is his annual pre-tax income? \$12,630</p>	<p>18. Your credit card balance is \$8,751.29, the finance charge this month is \$123.40 and the minimum payment is 3.2%. What is your minimum payment for the month? \$283.99</p>
<p>19. If the average daily balance is \$11,320 and the APR is 25.99%, what is your finance charge for the month of March? \$249.87</p>	<p>20. Calculate the average daily balance for April below:</p> <ul style="list-style-type: none"> - The five days is \$930 - The next seven days is \$1225 - The next four days is \$1,105 - The next nine days is \$1,653.21 - The last five days is \$1,345.98. <p>\$1,308.45</p>