

MAP4C1-Personal Finance Test 5a

Name: _____

Date: _____

PRAYER BEFORE TEST:

Holy Spirit, who gives us light and talents
Help us to do well on this test
Help us to recall all knowledge needed
So we can be rewarded for all our efforts and studying
In the name of the Father and the Son and the
Holy Spirit. Amen

MARKS: K/U: /16 App: /15 Comm: /8 TIPS: /6

Remember to state your word answer.

Knowledge:

1. Determine the future value of the following ordinary annuity:
quarterly payments of \$ 5 000 at 7%, compounded quarterly for 5 years. [/3]

2. Determine the present value of the following ordinary annuity:
Monthly payments of \$460 at 4% compounded monthly, for 4 years. [/3]

3. A certain model of a car depreciates 7% between the fifth and sixth years since it was new.
The car is valued at \$ 11 500 in the fifth year. How much will it be worth in the sixth year?
[/3]

MAP4C1-Personal Finance Test 5a

Name: _____

Date: _____

4. Mateusz wants to buy a Subaru priced at \$ 13 500. The options that he would like to have will cost another \$1 200. If the taxes are 14%, how much will the car cost including the taxes? [/4]

5. One week gas was selling for 98.3 ¢/L. Marzenka put \$ 35 worth of gas into her vehicle. How many liters did she buy? Round to one decimal place. [/3]

Application:

1. Marcin drives 15 km each weekday to school and the same coming back home. Additionally he travels about 200 km on the weekends. His car uses 8.2 L / 100km.
- a) how far does he drive per year? [/2]
- b) If the gas price is an average of 99.6 ¢/L, how much will he spend on gas during the year? Round your answer to the nearest dollar. [/3]

MAP4C1-Personal Finance Test 5a

Name: _____

Date: _____

2. An ordinary annuity has monthly payments of \$500, for 5 years. Interest is earned at 4%, compounded monthly.

a) What will the value of the annuity be at the end of its term? [/4]

b) How much interest will have been earned? [/2]

3. Marek's grandma has determined that she needs an additional quarterly income of \$ 1500. How much money does she need to invest today in an ordinary annuity for her to receive a regular income of \$1500 each quarter for \$10 years, if the annuity earns 5% interest, compounded quarterly? [/4]

Communication:

1.Explain clearly each variable in this formula: [/4]

$$FV = \frac{PMT[(1+i)^n - 1]}{i}$$

2.Explain clearly the abbreviations used in the following advertisement.

1998 Sedan, 5 spd, 110 K, AC, E-test, \$11 000 obo, 602-6172.

[/4]

*

*

*

*

*

*

*

*

Thinking, Inquiry and Problem Solving:

1. Michal is buying a new car priced at \$ 27 650, including all additional costs and taxes. He will be trading in his old vehicle for a discount of \$ 5 000 off the purchase price. The balance will be financed over 4 years at 1.8 %, compounded monthly. How much will each monthly payment be? [/6]