

Name\_\_\_\_\_

Period\_\_\_\_\_

**DO CALCULATIONS FOR EACH OPTION TO BUY AND CHOOSE THE BEST DEAL.**

1. New Truck: You can purchase a new truck for \$25,000 from a local dealer which offers the following financing options:

Option A: \$1,500 cash back now with 2.9% financing for 48 months

Option B: \$0.00 cash back but 0.9% financing for 36 months

2. New Car: You can purchase one of the following new cars from a local dealer, which offers the following options:

Car A: costs \$20,000 with 7% financing for 60 months

Car B: costs \$23,000 with 3.9% financing for 30 months

3. A Big Screen TV: You can purchase one for \$1,900 and have the following financing options:

Store Financing: no payments for 90 days, but interest charges start immediately at 20%; then 6 months of payments

Credit Union: 11% financing for 12 months

4. A New Computer: You can purchase one for \$1,400 and have the following financing options:

Store Financing: 24 monthly payments at 11.9% financing

Credit Card: 36 monthly payments at 15.9% financing

5. A New Stereo System: You can purchase one for \$800.00 and have the following financing options:

Store Financing: 12 monthly payments at 13.5%

Credit Card: 24 monthly payments at 18%

Name \_\_\_\_\_KEY\_\_\_\_\_

Period\_\_\_\_\_

DO CALCULATIONS FOR EACH OPTION TO BUY AND CHOOSE THE BEST DEAL.

1. New Truck: You can purchase a new truck for \$25,000 from a local dealer which offers the following financing options:

Option A: \$1,500 cash back now with 2.9% financing for 48 months

**Monthly Payment**     **\$552.25**  
**Total Payment less \$1500.00 = \$25,008**  
**Finance Charge**     **\$8.00**

Option B: \$0.00 cash back but 0.9% financing for 36 months

**Monthly Payment**     **\$704.12**  
**Total Payment**     **\$25,348**  
**Finance charge**     **\$348.00**

2. New Car: You can purchase one of the following new cars from a local dealer, which offers the following options:

Car A: costs \$20,000 with 7% financing for 60 months

**Monthly Payment**     **\$396.02**  
**Total Payment**     **\$23,961.00**  
**Finance Charge**     **\$3,761.00**

Car B: costs \$23,000 with 3.9% financing for 30 months

**Monthly Payment**     **\$805.89**  
**Total Payment**     **\$24,176.00**  
**Finance Charge**     **\$1,176.00**

3. A Big Screen TV: You can purchase one for \$1,900 and have the following financing options:

Store Financing: no payments for 90 days, but interest charges start immediately at 20%; then 6 months of payments

**True price:**     **\$1,900 compounds for 3 months at 10% to equal \$1,948**  
**Monthly Payment**     **\$334.20**  
**Total Payment**     **\$2,005.00**  
**Finance Charge**     **\$105.00**

Credit Union: 11% financing for 12 months

**Monthly Payment**     **\$167.93**  
**Total Payment**     **\$2,015.00**  
**Finance Charge**     **\$115.00**

4. A New Computer: You can purchase one for \$1,400 and have the following financing options:

Store Financing: 24 monthly payments at 11.9% financing

<b>Monthly Payment</b>	<b>\$65.84</b>
<b>Total Payment</b>	<b>\$1,580.00</b>
<b>Finance Charge</b>	<b>\$180.00</b>

Credit Card: 36 monthly payments at 15.9% financing

<b>Monthly Payment</b>	<b>\$49.15</b>
<b>Total Payment</b>	<b>\$1,769.00</b>
<b>Finance Charge</b>	<b>\$369.00</b>

5. A New Stereo System: You can purchase one for \$800.00 and have the following financing options:

Store Financing: 12 monthly payments at 13.5%

<b>Monthly Payment</b>	<b>\$71.64</b>
<b>Total Payment</b>	<b>\$860.00</b>
<b>Finance Charge</b>	<b>\$60.00</b>

Credit Card: 24 monthly payments at 18%

<b>Monthly Payment</b>	<b>\$39.94</b>
<b>Total Payment</b>	<b>\$959.00</b>
<b>Finance Charge</b>	<b>\$159.00</b>