3. **0/1.57 points** | Previous Answers SmithNM12 11.1.030. **My Notes** **Ask Your Teacher**

Find the present value, using the present value formula and a calculator. (Round your answer to the nearest cent.)

Achieve $225,500 at 8.85% compounded continuously for 8 years, 145 days.

$ 113,751.91 ✖

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4. **–/1.57 points** SmithNM12 11.1.032. **My Notes** **Ask Your Teacher**

If $34,500 is invested at 6.7% for 30 years, find the future value if the interest is compounded the following ways. (Round your answers to the nearest cent.)

(a) annually

$

(b) semiannually

$

(c) quarterly

$

(d) monthly

$

(e) daily

$

(f) every minute (N = 525,600)

$

(g) continuously

$

(h) simple (not compounded)

$

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5. –/1.57 points SmithNM12 11.1.046. My Notes Ask Your Teacher

Suppose that an insurance agent offers you a policy that will provide you with a yearly income of $40,000 in 30 years. What is the comparable salary today, assuming an inflation rate of 4% compounded annually? (Round your answer to the nearest cent.)

$ [ ]

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6. –/1.57 points SmithNM12 11.2.025. My Notes Ask Your Teacher

Convert the credit card rate to the APR.

Oregon, $2\frac{3}{4}\%$ per month

[ ] %

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7. –/1.57 points SmithNM12 11.2.031. My Notes Ask Your Teacher

Calculate the monthly finance charge for the credit card transaction. Assume that it takes 10 days for a payment to be received and recorded, and that the month is 30 days long. (Round your answers to the nearest cent.)

$400 balance, 16%, $50 payment

(a) previous balance method

$ [ ]

(b) adjusted balance method

$ [ ]

(c) average daily balance method

$ [ ]

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8. –/1.57 points SmithNM12 11.2.045. My Notes Ask Your Teacher

Assume the car can be purchased for 0% down for 60 months (in lieu of rebate).

A car with a sticker price of $42,750 with factory and dealer rebates of $5,100

(a) Find the monthly payment if financed for 60 months at 0% APR. (Round your answer to the nearest cent.)

$ [ ]

(b) Find the monthly payment if financed at 2.5% add-on interest for 60 months. (Round your answer to the nearest cent.)

$ [ ]

(c) Use the APR approximation formula to find the APR for part (b). (Round your answer to one decimal place.)

[ ] %

(d) State whether the 0% APR or the 2.5% add-on rate should be preferred.

- ○ 0% APR
- ○ 2.5% add-on rate

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9. **–/1.57 points** SmithNM12 11.2.048. My Notes Ask Your Teacher

For the car loan described, give the following information.

A newspaper advertisement offers a $4,000 used car for nothing down and 36 easy monthly payments of $146.62.

(a) amount to be paid

$ [ ]

(b) amount of interest

$ [ ]

(c) interest rate (Round your answer to two decimal places.)

[ ] %

(d) APR (rounded to the nearest tenth percent)

[ ] %

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10. –/1.57 points SmithNM12 11.2.059. My Notes Ask Your Teacher

Karen and Wayne need to buy a refrigerator because theirs just broke. Unfortunately, their savings account is depleted, and they will need to borrow money in order to buy a new one. Sears offers them an installment loan at 15% (add-on rate). If the refrigerator at Sears costs $1,588 plus 5% sales tax, and Karen and Wayne plan to pay for the refrigerator for 3 years, what is the monthly payment? (Round your answer to the nearest cent.)

$

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11. –/1.57 points SmithNM12 11.5.020.CMI. My Notes Ask Your Teacher

Use a calculator to evaluate an **ordinary annuity formula**

$$A = m\left[\frac{\left(1+\frac{r}{n}\right)^{nt}-1}{\frac{r}{n}}\right]$$

for m, r, and t (respectively). Assume monthly payments. (Round your answer to the nearest cent.)

$150; 8%; 35 yr

A = $

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12. –/1.57 points SmithNM12 11.5.038.CMI. My Notes Ask Your Teacher

Find the amount of periodic payment necessary for the deposit to a sinking fund. (Round your answer to the nearest cent.)

$

Amount Needed A	Frequency n	Rate r	Time t
$50,000	semiannually	13%	10 yr

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13. –/1.57 points SmithNM12 11.6.015.CMI. My Notes Ask Your Teacher

Use a calculator to evaluate the **amortization formula**

$$m = \frac{P\left(\frac{r}{n}\right)}{1 - \left(1 + \frac{r}{n}\right)^{-nt}}$$

for the values of the variables P, r, and t (respectively). Assume $n = 12$. (Round your answer to the nearest cent.)

$150,000; 8%; 25 yr

$ [ ]

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14. –/1.57 points SmithNM12 11.6.032. My Notes Ask Your Teacher

Find the monthly payment for the loan. (Round your answer to the nearest cent.)

$500 loan for 12 months at 14%

$ [ ]

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15. 0/1.57 points | Previous Answers SmithNM12 11.6.040.CMI. My Notes Ask Your Teacher

Find the monthly payment for the loan. (Round your answer to the nearest cent.)

A $124,000 home bought with a 20% down payment and the balance financed for 30 years at 7.5%

$ 296.23 ✖

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16. –/1.57 points SmithNM12 11.6.042. My Notes Ask Your Teacher

Find the monthly payment for the loan. (Round your answer to the nearest cent.)

Finance $950,000 for a warehouse with a 9.50% 30-year loan

$ [ ]

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17. –/1.57 points SmithNM12 11.7.016. My Notes Ask Your Teacher

Classify the financial problem. Assume a 7% interest rate compounded annually.

Find the value of a $1,000 certificate in 4 years.

- amortization
- sinking fund
- ordinary annuity
- present value
- future value

Answer the question. (Round your answer to the nearest cent.)

$ _____

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18. –/1.57 points SmithNM12 11.7.026. My Notes Ask Your Teacher

The amount to be financed on a new car is $9,500. The terms are 4% for 4 years. What is the monthly payment?

(a) State the type.

- ordinary annuity
- future value
- sinking fund
- present value
- amortization

(b) Answer the question. (Round your answer to the nearest cent.)

$ _____

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19. **–/1.74 points** SmithNM12 11.7.038. **My Notes** **Ask Your Teacher**

If an apartment complex will need painting in $3\frac{1}{2}$ years and the job will cost $35,000, what amount needs to be deposited into an account now in order to have the necessary funds? The account pays 6% interest compounded semiannually.

(a) State the type of the problem.

- ordinary annuity
- amortization
- sinking fund
- future value
- present value

(b) Answer the question. (Round your answer to the nearest cent.)

$ _____

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