

Mid-Chapter Review

1. Laura and Mark are buying their first home. List the types of financial institutions they could use to get their mortgage.

e.g., banks, credit unions, loan companies, mortgage brokers

2. Laverne is saving to buy a new car. She plans to put 25% of every paycheque in the bank. She may need to withdraw some of the money once or twice a month.

- a) Which account would you advise Laverne to use?

e.g., a savings account

- b) Describe the account.

e.g., It earns interest and has high charges for withdrawals.

- c) Explain why you suggested the account.

e.g., She can earn interest. She expects to make only a few withdrawals a month.

3. Aziz is saving to buy a high-end computer gaming system. His savings account pays 1.5%/yr interest, compounded daily. Complete the chart to determine his month-end interest.

Date	Deposit	Balance	Number of days	Interest earned
Oct. 1	—	\$2800	4	\$0.46
Oct. 5	\$320	\$3120.46	7	\$0.90
Oct. 12	\$200	\$3321.36	8	\$1.09
Oct. 20	\$410	\$3732.45	11	\$1.69
Oct. 31	Total interest earned			\$4.14

4. Marla used an independent ATM 3 times in a month. The charge was \$3.75 for each transaction.

- a) How much did this cost? $3 \times \$3.75 = \11.25

It cost \$11.25.

- b) Suppose Marla continued these transactions at the same rate for a year. What would it cost?

$\$11.25/\text{mo} \times 12 \text{ mo/yr} = \$135.00/\text{yr}$

It would cost \$135.00.

