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HOMEWORK...

p. 568: #4, 5, 6, 10, 11

5. Susie purchased a limited edition print of a Robert Bateman painting for \$7800. Bateman's prints appreciate, on average, 1.5% annually.

a) How long will Susie need to keep the print until its value exceeds \$10 000?

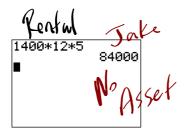
b) About how long will Susie need to keep the print until its value has doubled?

9188.001712 9325.821737 9465.709063 9607.694699 9751.81012 9898.087272 10046.55858

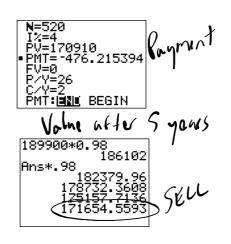
Ans*1.015 16917.21231 17170.97049 7800(1.015)^47 15703.577 7800(1.015)^46 15471.50444 Untitled.notebook May 24, 2018

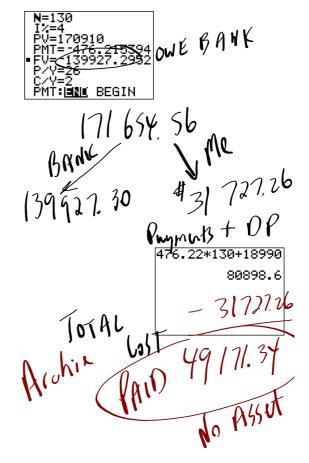
6. Jake and Archie are looking for places to live.

- Jake decides to rent a house for \$1400 per month.
- Archie buys a house for \$189 900, with a down payment of 10%. The bank has offered Archie a 20-year mortgage for the remainder of the cost, at 4% compounded semi-annually, with payments every two weeks.
 Jake and Archie both move after 5 years. Archie's house has depreciated by 2% per year. Compare Jake's and Archie's housing costs.



DP > 10.1. of 189 900 0 10 x 189 900 18990

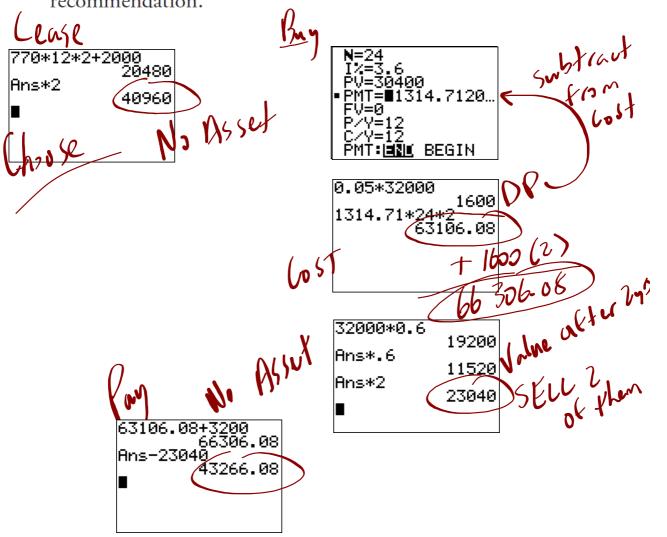




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10. A company has spent \$70 000 for car rentals over 2 years. The company's financial officer wants to determine if the company should continue to rent or if it should buy or lease two vehicles instead.

- A new car costs \$32 000. A 5% down payment is required. The rest can be financed at 3.6%, compounded monthly, for 2 years. Assume depreciation of 40% a year and monthly payments.
- A 2-year lease for a car requires a down payment of \$2000 and monthly payments of \$770.
- a) Determine the costs of each option: renting, buying, and leasing.
- **b)** Recommend a course of action for the company. Justify your recommendation.



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Ready for the test tomorrow? REVIEW Time...

Chapter 8: Investing Money

- mid chapter review p. 481
- chp review p. 507
- chp self test p. 506

Chapter 9: Borrowing Money

- mid chapter review p. 539
- chp review p. 573
- chp self test p. 572

Cumulative Review...Chp. 8/9 p. 576

Simple Interest

$$I = \operatorname{Pr} t$$

$$A = P + I$$

$$A = P + \operatorname{Pr} t$$

$$A = P(1 + rt)$$

Compound Interest

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

$$I = A - P$$
Present Value

Present Value

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

Rule of 72 and Rate of Return

Doubling Time =
$$\frac{72}{Rate}$$

$$ROR = \frac{\$ earn}{\$ invested} \times 100\%$$

TVM-Solver