

PLAN FOR TODAY...

- we went over the lessons for the last 3 days.
- all lessons are now posted online.
- we will finish 9.4 (Buy/Rent/Lease) in the New Year with the review/test to follow.

P. 452

4. While Cassie was in the Caribbean, she used her credit card and her cellphone. When she got home, she received a cellphone bill for \$1450 and a credit card statement with a balance of \$3465.47. She considered these options for being debt-free in 10 months:
- She could pay the \$1450 cellphone bill with her credit card (which already has a balance of \$3465.47) at 14.3%, compounded daily, and then pay off the entire balance on the credit card in 10 months.
 - She could consolidate both debts using her line of credit at 9.95%, compounded monthly, and pay it off in 10 months.
- a) What would her monthly payments be for each option?
 b) How much interest will she have to pay for each option?

Credit Card

L.O.C

a)

```
N=10
I%=14.3
PV=4915.47
PMT=-524.52910...
FV=0
P/Y=12
C/Y=365
PMT: [END] BEGIN
```

```
524.53*10    5245.3
Ans-4915.47  329.83
```

```
N=10
I%=9.95
PV=4915.47
PMT=-514.24121...
FV=0
P/Y=12
C/Y=12
PMT: [END] BEGIN
```

```
514.24*10    5142.4
Ans-4915.47  226.93
```

BEST
 less interest.

7. Joanne needs to use credit to buy a new dinghy, which costs \$3600 plus \$450 for the motor. Joanne wants to have the loan repaid in 4 months. She is considering these two credit options:
- Her line of credit at 10.4%, compounded monthly
 - Her new credit card, which has a \$100 rebate on its first use and an interest rate of 13.7%, compounded daily

Joanne thinks that she should choose her line of credit because it has a lower interest rate. Do you agree?

L.O.C vs Credit Card

N=4
I%=10.4
PV=4050
PMT=-1034.5321...
FV=0
P/Y=12
C/Y=12
PMT: [] [] [] BEGIN

← Payments →

N=4
I%=13.7
PV=3950
PMT=-1016.0027...
FV=0
P/Y=12
C/Y=365
PMT: [] [] [] BEGIN

Cheaper ↑
P/Y

1034.53*4 4138.12
Ans-4050 88.12

1016*4 4064
Ans-3950 114

Work on p. 554 # 9 ← Homework