**Math 11 AWP Unit 3 – Investing and Borrowing Money**

Assignment 3 – Store promotions

1. Sol is buying a new TV. The cash price is $1675.89, or he can take the store promotion: “24 easy monthly payments of $75!” If Sol chooses the store promotion, what annual rate of interest will he pay for the TV?
2. A store offers a bike for $689.98. You want to purchase it, but cannot pay cash. Your payment options are:

**Option 1:** 10% down payment then 6 monthly payments of $115.00.

**Option 2:** No down payment and 24 monthly payments of $35.00

**Option 3:** Pay using a cash advance on your credit card. You would be charged interest at an annual rate of 20.95%, and you expect that it will take you 20 days to pay the credit card balance.

Which payment plan offers the better deal?

1. Jacquie bought a new car. The cash price was $24 789.00, but she is paying in monthly installments of $450.00 for 60 months. What interest rate is she paying?
2. Calculate the interest due on the following credit card balances:
3. An unpaid balance of $2987.69 at a rate of 21.50% for 45 days; and
4. An unpaid balance of $1539.99 at a rate of 20.95% for 6 months.
5. Simona’s credit card company charges interest at a rate of 19.50% per annum. On her statement dated June 18, she owed $1630.45. She paid only the minimum (5% or $10.00, whichever is greater). How much will she owe on her next statement (July 18) if she does not use her credit card again before the statement date?
6. Vlad’s credit card charges 18.50% per annum interest. On his June 12 statement, he had a balance of $398.51. By the due date, he made the minimum payment (5% of $10.00, whichever is greater). On June 14, he made a purchase of $575.54.
7. If he makes no other purchases or payments, what will his balance be on his next statement, dated July 12?
8. On his July 12 statement, what will his minimum payment be?
9. George wants to buy a new living room set. His payment options are:

**Option 1:** Pay $2543.90 cash.

**Option 2:** Store payment plan of 6 monthly payments of $435.00

**Option 3:** Pay using a cash advance on his credit card. He would be charged interest at an annual rate of 22.75%, and he expects that is would take him 30 days to pay the credit card balance.

1. If he chooses Option 2, how much will he pay in interest?
2. If he chooses Option 3, how much will he pay for the living room set?
3. Consider interest rate only, which is the better option on a $859.40 purchase?

**Option 1:** 4 monthly payments of $220.00

**Option 2:** 6 monthly payments of $150.00